Provision of actuarial services in microinsurance markets
IAA Task Force

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22 May 2013
Actuarial services in microinsurance markets

Agenda

> Scope of the Task Force
> Membership
> Progress to date
> Some key themes
Actuarial services in microinsurance markets

Scope of the Task Force

> To develop a short paper outlining the issues with respect to actuarial functions within microinsurance markets.

> To propose ideas, including specific approaches, to address these issues and assist in making qualified technical resources available for providers in inclusive insurance markets.

> To address other avenues to increasing capacity.
Scope of the Task Force

> To consider appropriate training and qualifications of persons performing actuarial functions in microinsurance organizations.

> To investigate other approaches to managing the gap in technical skills given the lack of actuaries in many parts of the world and the expense of hiring them from elsewhere.
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Task Force membership

> Co-chairs Kelly Rendek and Dermot Grenham

**Members**
- Howard Bolnick (United States) – MiWG Chair
- Dave Sandberg (United States) – Insurance Regulation Committee Chair, Executive Committee
- Nigel Bowman (South Africa) – MiWG, ASSA
- Ben Marshall (Canada) – AWB
- Kirsten Armstrong (Australia)
- Gantulga Donorov (Mongolia) – Managing Director, Society of Actuaries of Mongolia
- William Collins (United States/Kenya) – Microinsurance Fellow, ILO
- John Wipf (Philippines)
- Tienie Hamman (South Africa) – FSB
- Mayur Ankolekar (India) – Institute of Actuaries of India, AWB
- Luis Huerta (Mexico) – Colegio Nacional de Actuarios A. C.

**Observers**
- Craig Thorburn, World Bank
- Maria Victoria Saenz-Samper, InterAmerican Development Bank
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Progress to date

> Issue of initial set of questions to stimulate debate
> Meeting of the Task Force to discuss questions
> Meeting of UK microinsurance member interest group to discuss these questions
> Draft paper prepared
Some key themes and considerations

> How to apply proportionality?

> Important to consider different dimensions of analysis:

  > Region/country
  > Product type
  > Category of actuarial services
  > Need for in-house actuaries vs delegated/contracted services
  > Microinsurance as a distinct market within insurance industry
  > Type of microinsurance organisation (regulated insurance company, cooperative or mutual organisation, informal community group)
Some key themes and considerations

> Microinsurance markets generally in countries:
  > where there are few if any local actuaries
  > graduates from actuarial courses don’t go on to work as actuaries locally
  > lack of demand for actuaries possibly due to limited understanding of role of actuaries and perceived cost

> Does developing actuarial capacity for microinsurance have to go hand in hand with developing actuarial capacity for traditional insurance in low and middle income countries?
Some key themes and considerations

> Microinsurance providers will be carrying out work that is often carried out by actuaries in more developed markets. Who is doing it and how?

> Scope for simplification of actuarial requirements e.g. regulators to provide pricing or reserving factors. However, is this a short term fix and could it hold back the development of the actuarial profession in that country?

> Importance of the role of regulators
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Some key themes and considerations

> Identify any differences regarding actuarial needs of traditional and microinsurance and question if justified