



The Introduction about the Development of Chinese Actuarial Profession

President of the CAA, Mr. WEI Yingning

April 8th, 2011 Sydney

- **Introduction about the Chinese actuarial circles**
- **Introduction about the Chinese insurance sector**
- **The status of actuaries in insurance sector**
- **The Chinese actuarial qualification and exam system**
- **The China Association of Actuaries**

Introduction about the Chinese actuarial circles

- Actuarial science first appeared in China about 20 years ago
- Actuarial science developed on the heels of the growth of Chinese insurance business
 - “Reform and Open” policy in China after 1978
 - Domestic insurance business resumed in 1980 in non-life sector first
 - Life insurance lines resumed in 1982

Introduction about the Chinese actuarial circles (continued)

- The insurance operations need actuarial techniques for pricing and reserve valuation
- Limited actuarial professional resource then

Introduction about the Chinese actuarial circles (continued)

- In 1988, under the support of SoA, Nankai University initiated actuarial education in China. First graduates finished their studies in 1991 and participated in qualification exams of SoA.
- Now, there are about 20 universities offering actuarial education in China with more than 2000 campus students in this major.

Introduction about the Chinese actuarial circles (continued)

- The fast development of insurance business needed more actuarial professional. The only source of campus education could not satisfy the need of the industry.
- In 1991, the Chinese insurance market opened up to foreign capital. Foreign companies invested in China and many foreign actuaries were transferred into Chinese market.

Introduction about the Chinese actuarial circles (continued)

- Actuaries in China can be classified as two groups:
 - Domestic trained actuaries, some passed foreign actuarial exams and holding foreign qualifications
 - Foreign trained actuaries with foreign qualifications
- Till the end of 2010, there were 357 individual members of the CAA holding actuarial qualifications ,among which 155 holding Chinese actuarial qualifications

Introduction about the Chinese insurance sector

- The Chinese insurance market is a highly-opened, strong competitive emerging market with fast development

Introduction about the Chinese insurance sector (continued)

- **Till the end of 2010, entities in the market included:**

8 insurance groups

125 insurance companies

9 assets management companies

2550 insurance agents, brokers and loss adjusters

189.9 thousand cross-sector insurance intermediaries

3.3 million insurance sales representatives

Introduction about the Chinese insurance sector (continued)

Capital source of the 125 insurers:

Categories	Domestic	Foreign	Total
P&C insurers	35	20	55
Life and health insurers	34	27	61
Reinsurers	3	6	9

Introduction about the Chinese insurance sector (continued)

- Premium incomes—— 1.45 trillion RMB(about 217.7 billion US\$) in 2010 with 27% annual growth in recent three years
- Total assets——achieved 5 trillion RMB(about 750.8 billion US\$) at the end of 2010 with 20% annual growth in recent three years

Introduction about the Chinese insurance sector (continued)

- The P&C premiums accounted for 27% and life and health part accounted for 73% of the whole market in 2010.
- The insurance penetration was 3.32% in 2010, ranked 44th in the world.
- The insurance density was 834 RMB (about 121 US\$) in 2010, ranked 64th in the world.

The status of actuaries in insurance sector

- Actuarial science is regarded as the core techniques of insurers and actuaries are playing significant roles in insurance companies and bearing important responsibilities.
- The Chinese *Insurance Law* requires that insurance companies must hire qualified actuaries.

The status of actuaries in insurance sector (continued)

- Insurers should set up the position of Chief Actuary in charge of actuarial administration. The Chief Actuary takes the responsibility as senior management and needs to be approved by the regulator.
- Many senior management holding actuarial qualifications

The status of actuaries in insurance sector (continued)

- The main tasks of actuaries include: product pricing, reserve valuation, actuarial reporting for regulatory purpose and risk management.
- The actuaries' work is important for the risk mitigation and business stabilization for the insurance companies.

The Chinese actuarial qualification and exam system

- The Chinese actuarial qualification exam system was established in 1999
- The passes of all exams are the preconditions for achieving the qualification
- The Chinese actuarial exam system refers to mature exam systems in advanced countries
- 2 categories of the Associateship and the Fellowship are established as many other countries

The Chinese actuarial qualification and exam system (continued)

- Associate phase includes 8 exams
- Holding the passes of all this 8 exams, the Associate qualification will be awarded after the ethical and professional training

Associate exams list	
A1	Mathematics
A2	Financial mathematics
A3	Actuarial Models
A4	Economics
A5	Actuarial sciences(life)
A6	Actuarial sciences(non-life)
A7	Accounting and Finance
A8	Actuarial management

The Chinese actuarial qualification and exam system (continued)

- Fellow phase covers exams for life and non-life two directions now.
- Based on the qualification of Associateship, the Fellow qualification will be awarded to the applicants after passing 5 senior exams and the ethical and professional training.

The Chinese actuarial qualification and exam system (continued)

- In 2008, the exam system was reformed and integrated after 10 years' practice. The subjects were adjusted and the curriculum was rewritten.
- The latest requirements of the IAA were strictly followed during this reform.
- All the related work has been finished and the new curriculum has been published.
- The new exam system are fully implemented from the spring of 2011.

The Chinese actuarial qualification and exam system (continued)

- The CAA established 15 exam centres in mainland China.
- 2 overseas exam centres were set up in the University of Hong Kong (HongKong) and the University of Waterloo (Canada).
- More exam centres might be set up according to demands

The China Association of Actuaries

- The CAA was established in November 2007.
- The administration level includes 1 president, 2 vice presidents; the Standing Council includes 17 directors and the General Council includes 51 directors.

The China Association of Actuaries (continued)

- The CAA has 6 departments:
 - Secretariat
 - the Department of Member Administration
 - the Department of Education and Exams
 - the Department of P&C Affairs
 - the Department of Life and Health Insurance Affairs
 - the Department of Communications

The China Association of Actuaries (continued)

- **The role of the CAA**
 - Drawing out the actuarial practicing standards and sector self-regulatory system
 - Organizing Chinese Actuarial exams and continuous training for actuarial practitioners

The China Association of Actuaries (continued)

■ The role of the CAA

- Performing ethical and disciplinary education, monitor and inspection and organizing business exchange and academic researches
- Coordinating relationships with the insurance industry and protecting the interests of members
- Promote international co-operations

The China Association of Actuaries (continued)

■ The vision of the CAA

- The sustainable and fast development of the Chinese macro-economy creates a broader scope for the development of insurance industry.
- The Chinese actuaries focus on and serve the insurance industry with the professional techniques, and
- Move forward to other financial sectors including social securities to present the advantages of actuarial sciences in risk management.

The China Association of Actuaries (continued)

■ The vision of the CAA

- Taking compliance, integrity and fairness as the core of the actuarial ethical and professional standards
- Taking broader contacts with international actuarial circles and commit to international communications to improve the Chinese actuarial science to international advanced level
- Taking an active part in the activities of IAA and fully implementing the responsibility of a regular member

The Chinese actuarial profession get strong supports and helps from the international actuarial circles during the development.

We sincerely look forward to continuous attentions and supports of international actuarial organizations for further improvement of the Chinese actuarial profession.



the Introduction about the Development of Chinese Actuarial Profession

Thanks !