



The Actuarial Profession  
making financial sense of the future

## GIRO Conference and Exhibition 2012

Juggling uncertainty the actuary's part to play

Date of presentation

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making financial sense of the future

## GIRO Conference and Exhibition 2012

Headline news: "Actuarial Function"  
to get a capital A and F

**Laurence Townley**

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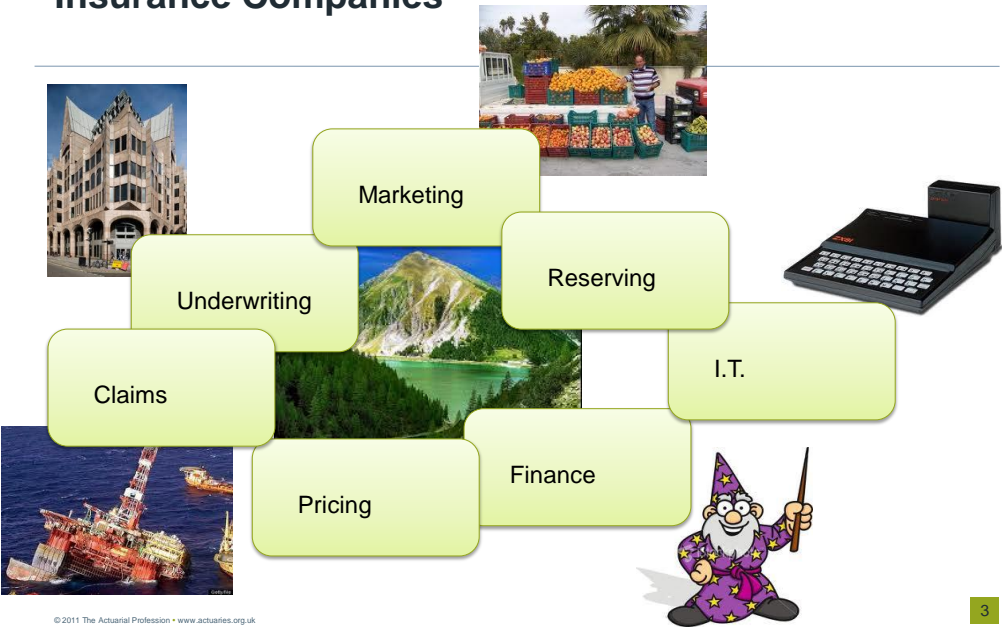
# Actuarial Function



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# Insurance Companies

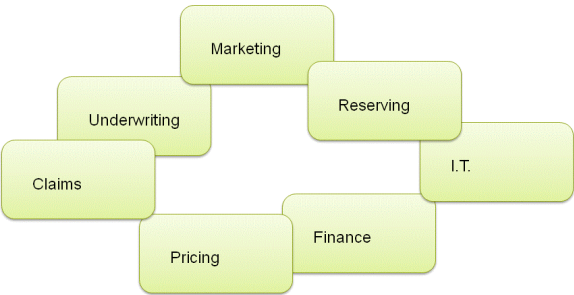


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# Insurance Companies

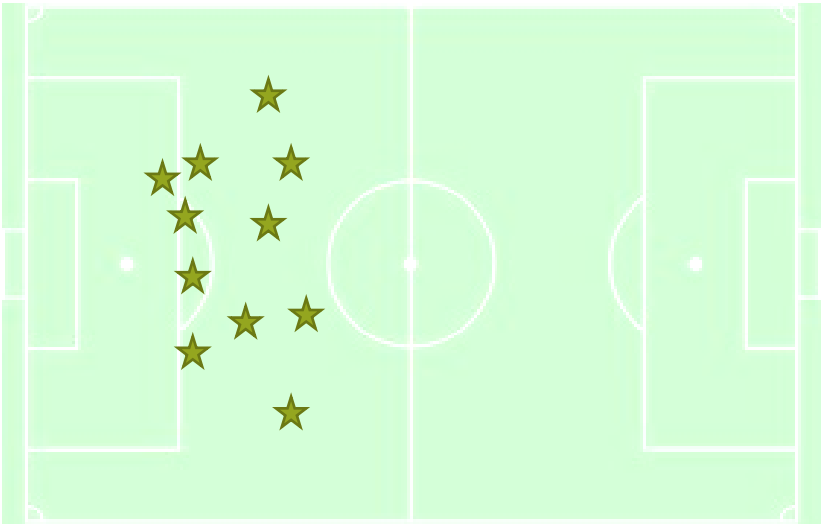
- ✓ Mission Statement
  - How they work
- ✓ Strategy
  - Chosen Market
- ✓ Plan
- ✓ Forecast
- ✓ Result



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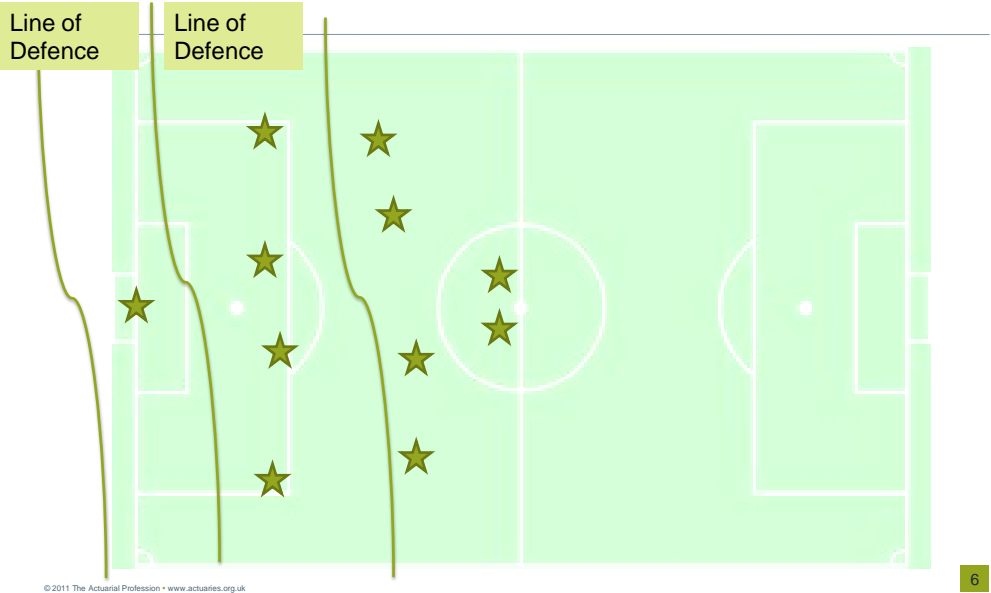
# Insurance Companies



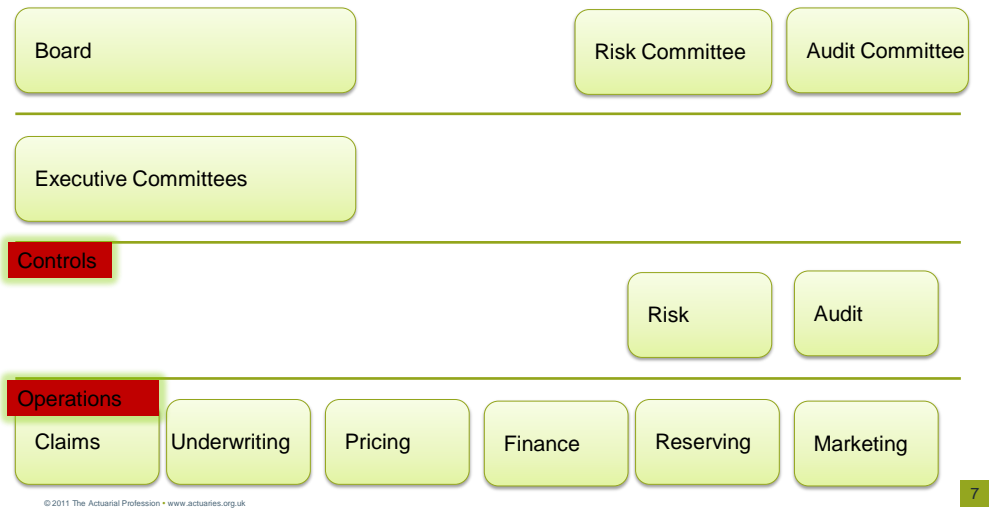
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Regulation



Governance



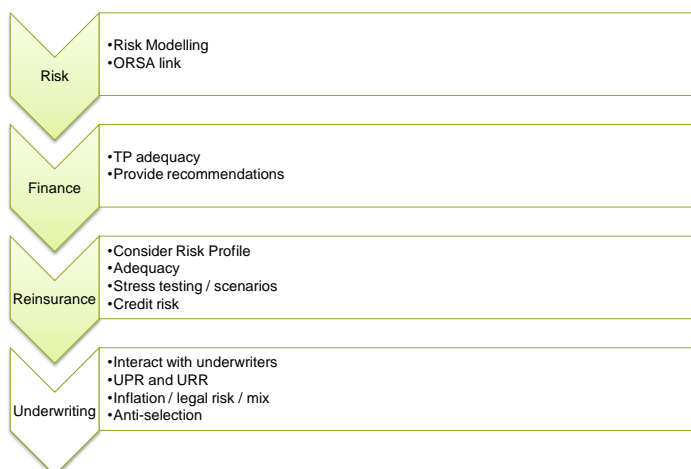
## Solvency 2 Directive

- a) Coordinate TP calculation
- b) Ensure appropriate methodologies and assumptions
- c) Assess data quality
- d) Compare A v E
- e) Inform on reliability and adequacy
- f) Oversee calculation when data limited
- g) Express an underwriting opinion
- h) Express a reinsurance opinion
- i) Contribute to the risk systems

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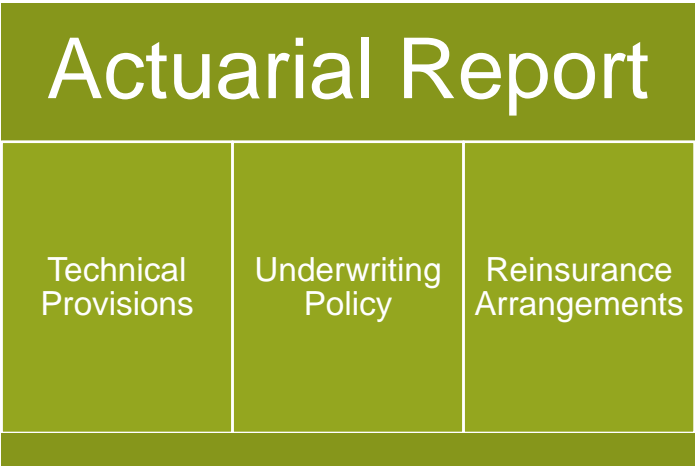
## Approach 1: List of Tasks



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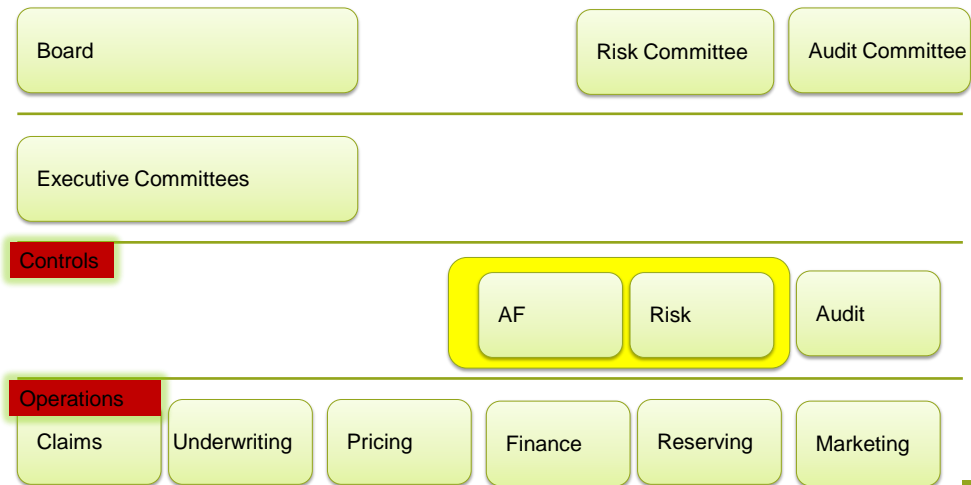
Approach 1: List of Tasks



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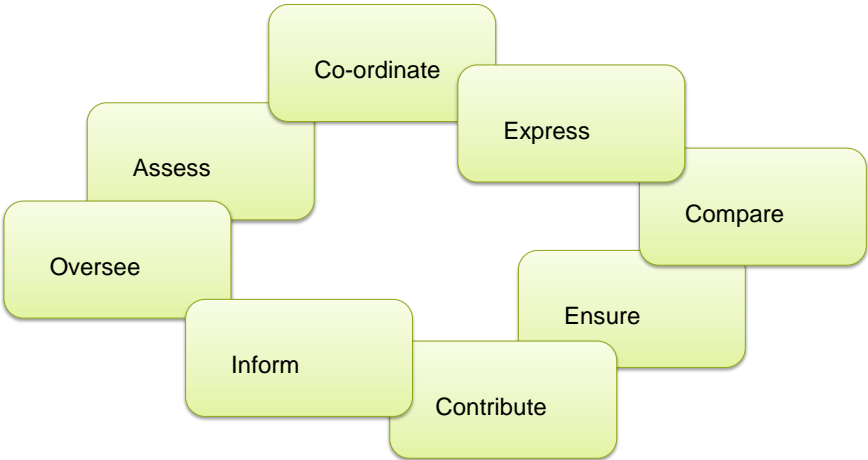
Approach 2: AF as a control function



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Article 48



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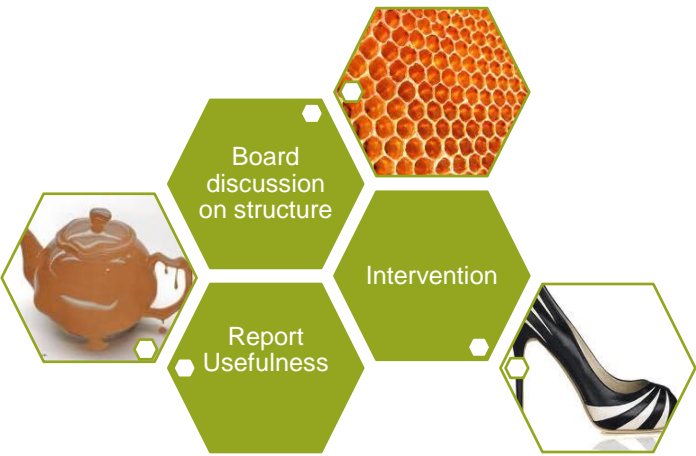
Issues to Consider



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# Issues to Consider



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# Risk / Actuarial Function Overlap

Risk	Actuarial
Article 44	Article 48
Emerging Risks	Co-ordinate TPs
Work with Internal Model Users	Appropriate M&A
Improve IMs	Data quality
Design/Test/Validate IM	TP Calculation
Co-operate with AF	Contribute to effective RMS
Monitor risk profile	Opinion u/w and r/I
ORSA	AF Report

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## Appendix: Solvency 2 Directive

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- a) Coordinate the calculation of technical provisions (TPs)
- b) Ensure the appropriate methodologies and assumptions made in the calculation of TPs
- c) Assess the sufficiency and quality of the data used in the calculation of TPs
- d) Compare best estimates against experience;
- e) Inform the administrative, management or supervisory body of the reliability and adequacy of the calculation of TPs
- f) Oversee the calculation of TPs in cases of limited data
- g) Express an opinion on the overall underwriting policy
- h) Express an opinion on the adequacy of reinsurance arrangements
- i) Contribute to the effective implementation of the risk-management system

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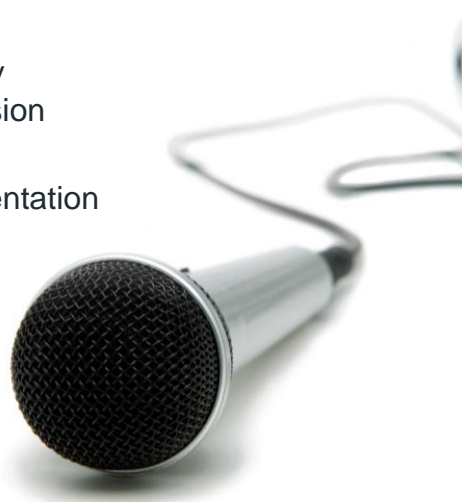
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## Questions or comments?

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Expressions of individual views by members of The Actuarial Profession and its staff are encouraged.

The views expressed in this presentation are those of the presenter.



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