

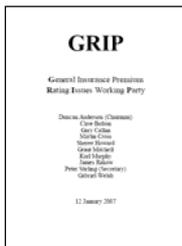
GRIP Update

Duncan Anderson

GIRO 2007

GRIP 2005 - 2007

- Born 2005
- Consultation draft Sep 2006
- Report 12 January 2007
- Special GI Board meeting March 2007
- Sessional paper May 2007
- Now disbanded
- GI Board & individual members of GRIP are pushing forward recommendations through existing and new Institute/Faculty groups



Consultation & communication

- | | |
|--------------------------|--|
| UK | International |
| ▪ GIRO 2005 | ▪ USA - CAS Seminar on Ratemaking, March 2007 |
| ▪ CIGI 2006 | ▪ South Africa - ASSA Short Term Conference, June 2007 |
| ▪ GIRO 2006 | ▪ Japan - IAJ meeting, November 2007 |
| ▪ CIGI 2007 | ▪ Australia - IAA Pricing Seminar November 2007 |
| ▪ Sessional Meeting 2007 | |

GRIP - Key Recommendations

- Role
- Methods
- Education
- CPD
- Guidance

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- Role
- Methods
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- Guidance
- GI Board debate the desired role the Profession should play in evolution of GI pricing
- The Profession should debate and agree how to balance need for strong governance with desire for actuaries to hold management positions in value-adding pricing functions

GRIP - Key Recommendations

- Role
- Methods
- Education
- CPD
- Guidance
- Undertake research & development in:
 - Integration with ICA models, Expense loadings, Variable capital loads, Catastrophe models, Implementation and delivery systems, Market prices of insurance liabilities, Link with reserving, Effect of climate change, Pricing for latent claims, Industry benchmarks / market information, Game theory, Demand modelling, Price optimisation
- Establish a pricing wiki
 - setting out good practice (cf best practice) "Premium Rating Manual"
 - international collaboration

GIRO pricing working parties 07/08

- Integrating pricing with ICA models
 - Chairman: JB Crozet
- Variable capital loads in pricing
 - Chairman: Martin Cairns
 - Justin Skinner
- Demand and elasticity modelling
 - Chairman: James Tanser

GIRO pricing working parties 07/08

- Implementation and delivery systems in pricing
- Benchmarks / market information (non-personal lines)
- Catastrophe models in pricing
- Using pricing models within reserving
- Price optimisation
- Expense allocation in pricing
- Pricing for latent claims
- Market prices of insurance liabilities
- Game theory pricing

GI Pricing Wiki

- New group established
 - Karl Murphy (Chairman)
 - Tony Lovick
 - James Tanser
 - Will Forster
 - Gary Callan
 - Martin Cross
- Terms of reference:
 - to establish a pricing methods wiki as recommended in the GRIP paper
 - to consider where to host the wiki
 - to populate an initial wiki
 - to determine rules for access for editing
 - to publicise the existence of the wiki
 - to liaise with other interested bodies (such as the CAS and IAA) to encourage a broader involvement
 - to monitor content, to encourage contributions in under-performing areas and to moderate any disputes

GI Pricing Wiki

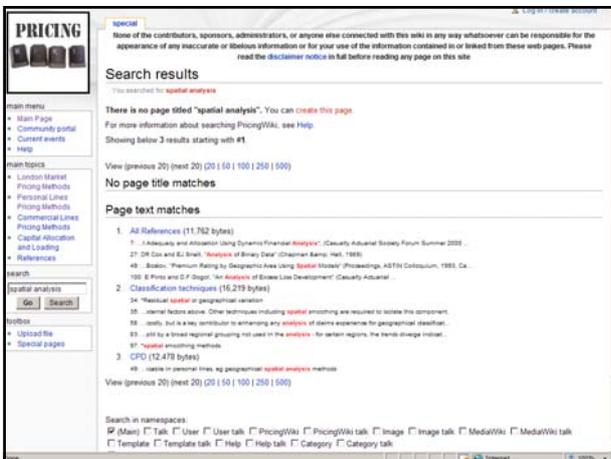
- Hosting software reviewed
- Prototype site established independently
- Intend to move to Institute systems as soon as practical
- Formal international launch will then follow
- In the meantime....

www.ratemaking.org

The Actuarial Profession
making financial sense of the future



The screenshot shows the main page of the Pricing Wiki. At the top, there is a navigation bar with links for 'article', 'discussion', 'view source', and 'history'. Below this is a disclaimer: 'None of the contributors, sponsors, administrators, or anyone else connected with this wiki in any way whatsoever can be responsible for the appearance of any inaccurate or libelous information or for your use of the information contained in or linked from these web pages. Please read the disclaimer notice in full before reading any page on this site.' The main heading is 'Main Page' followed by 'Welcome to the Pricing Wiki'. The page contains a welcome message, a list of main topics (London Market Pricing Methods, Personal Lines Pricing Methods, Commercial Lines Pricing Methods, Capital Allocation and Loading, and References), and a search box. A footer indicates the page was last modified on 1 October 2007 and has been accessed 257 times.



The screenshot shows the search results page for the query 'spatial analysis'. The search results are empty, with a message stating: 'There is no page titled "spatial analysis". You can create this page. For more information about searching PricingWiki, see Help. Showing below 3 results starting with #1.' Below this, there is a section for 'Page text matches' with a list of search results. The first result is 'All References (11,762 bytes)', and the second is 'Classification techniques (16,219 bytes)'. The page also includes a search box and a footer with navigation links.

Pricing Wiki

- Please visit
- Please sign up as editor

www.ratemaking.org

GRIP - Key Recommendations

- Role
- Methods
- Education
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- Guidance
- GI element of examination syllabus be enhanced to provide more detail on:
 - pricing basics
 - policy terminology
 - insurance products
 - exposure measures
 - experience rating
 - trends
 - profit, expense, risk and catastrophe loads
 - GLMs
 - demand modelling
 - price optimisation
 - understanding rating factors
 - individual risk rating
 - excess and deductible rating
 - reinsurance rating
 - catastrophe modelling
 - medical malpractice and professional liability
 - use of ISO / NCCI information

Syllabus re-write

- GIECPD Committee driving forward re-write of GI education material
- Majority of GRIP's recommendations on course to being included
- Target date for revised exams April 2009

GRIP - Key Recommendations

- Role
- Methods
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- Guidance
- Introduce one day annual UK pricing seminar from 2008
- Profession to consider
 - partnering with a third party training company to develop training material relating to communication and management skills
 - extending professionalism course to cover non-technical skills

One Day Pricing Seminar

- **Friday 13 June 2008**
- Royal College of Physicians
- ~20 speakers already
- Personal lines, commercial lines, London Market
- Mostly concurrent workshops

Proposed Communication Course

- Two day (assessed) residential communications course as part of exam syllabus
- Specialist external trainer in communications will be used as necessary to develop the programme and assist with running as required
- First courses Spring 2009

Next steps...

- Sign up for a pricing working party today
- Feed back pricing issues on professional guidance to GI PSC / Peter Copeman
- Visit and add sign up to **www.ratemaking.org**
- Come to the pricing seminar on 13 June 2007!

GRIP Update

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GIRO 2007
