

The Actuarial Profession
making financial sense of the future

Highlights of the 2009 life conference
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Lessons learned from Lehmans

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Who we are



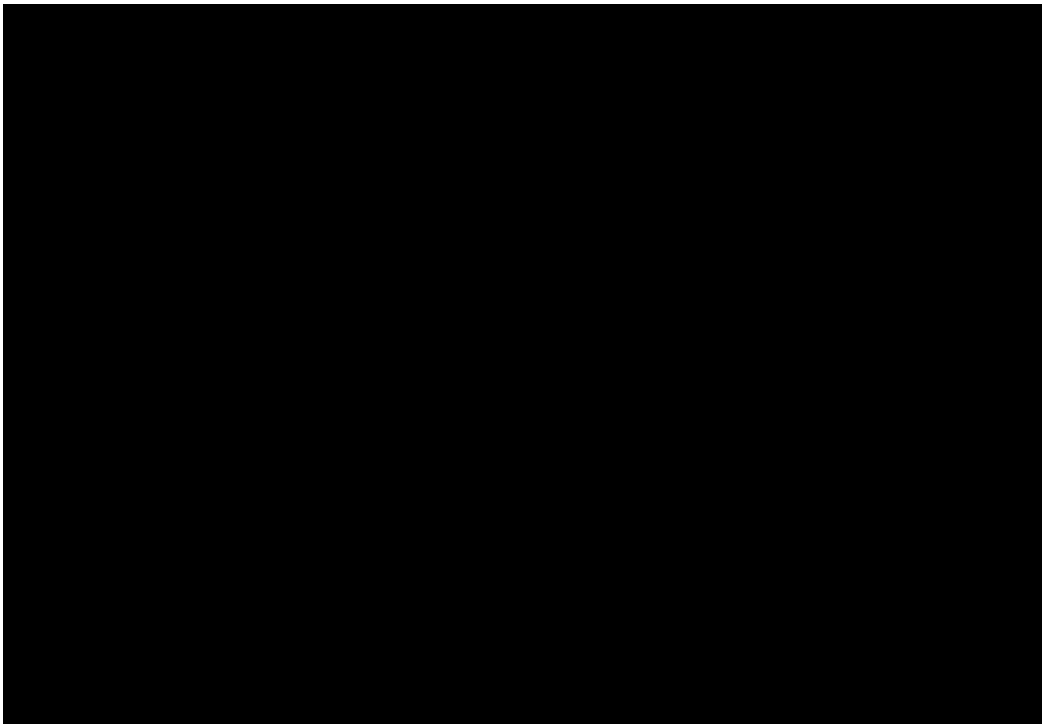
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29 August 2008 – Alistair Darling

Economic times “are arguably the worst they've been in 60 years, and I think it's going to be more profound and long-lasting than people thought.”

Alistair Darling, Chancellor of the Exchequer
The Guardian, 29 August 2008

13 September 2008 – The Economist

“The world economy may well muddle through, as it has so often in the past. Growth in much of the developing world is still strong. And the recent fall in commodity prices, although partly sparked by economic fears, should be a boon.”

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Lessons learned

- Strive for simplicity
- Draw diagrams!
- Understand contracts, including contracting parties
- Establish collateral and insolvency provisions
- Assess counterparty strength
- Establish how management are rewarded
- 'Fire drill' insolvency

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Warning signs

- Rolls-Royce with personalised number plates
- Fountain in the reception area
- Flag pole
- Queen's Award for Industry
- and.....

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Warning signs

- Quality / attitude of management
- Legislation and new case law
- Catastrophic losses
- Alleged fraud
- Significant change of business
- Rapid growth
- Unidentifiable business advantage
- Poor stockmarket performance
- Low ratings
- Reinsurance failure

“If it looks too good to be true, it probably is”

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Questions?



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