

## GIRO Convention

23-26 September 2008  
Hilton Sorrento Palace

---

---

---

---

---

---

---

## GIRO Convention

23-26 September 2008  
Hilton Sorrento Palace

Masala, Monsoons & Mathematical Models: Working as an  
Actuary in India

Satnam Bhooee, RSA

---

---

---

---

---

---

---

### Masala Monsoons & Mathematical Models: Working as an Actuary in India



---

---

---

---

---

---

---

Masala Monsoons & Mathematical Models: Working as an Actuary in India



The Actuarial Profession  
making financial sense of the future

---

---

---

---

---

---

---

---



---

---

---

---

---

---

---

---



---

---

---

---

---

---

---

---



---

---

---

---

---

---

---

---



---

---

---

---

---

---

---

---



---

---

---

---

---

---

---

---




---

---

---

---

---

---

---

---



**The Actuarial Profession**  
making financial sense of the future

**GIRO Convention**

**The Insurance Industry  
steps forward under  
the flag of Deng Xiao  
Ping**

China Non-Life Insurance Market

David Campbell  
September 2008

---

---

---

---

---

---

---

---

Where it all began



**The Actuarial Profession**  
making financial sense of the future

---

---

---

---

---

---

---

---

Where it all began (again)



The Actuarial Profession  
making financial sense of the future

---

---

---

---

---

---

---

---

Non-Life Insurance History In China

1949.10	People's Insurance Company of China ("PICC") was established in Beijing, marking the development of insurance industry in China.
1966 - 1977	All insurance business came to a stop due to political turmoil.
1978 - 1979	11th Central Committee of the Communist Party recognized the importance of restarting insurance business.
1979	PICC restarted business. People's Bank of China ("PBOC") was the regulatory body.
1988.05	Ping An was established and headquartered in Shenzhen.
1991.04	China Pacific Insurance Company ("CPIC") was established and headquartered in Shanghai.
1992.09	American International Group ("AIG") was granted insurance licenses to operate in both life and non-life businesses in Shanghai, the first foreign company operating in China post 1978.
1995.06	<Insurance Law of The People's Republic of China> was published.
1998.11	The China Insurance Regulatory Commission (the "CIRC") was established, replacing PBOC, to assume the responsibility of supervising insurance industry. CIRC directly reported to the State Council.
2001.12	CIRC promulgated the <Administration of Foreign-funded Insurance Companies>.
2004.12	CIRC promulgated the <Administration of Reserves for Non-life Insurance Business (Trial)>.
2005.11	CIRC promulgated the <Administration of Insurance Provision and Premium Rates of Property Insurance Companies>.

The Actuarial Profession  
making financial sense of the future

---

---

---

---

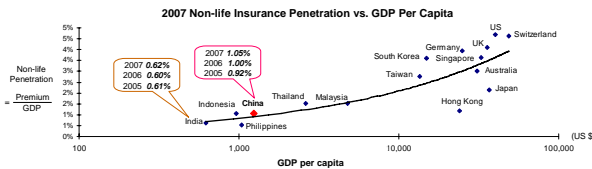
---

---

---

---

Market Potential – Non-life Insurance



Source: Swiss Sigma No. 32/08

The Actuarial Profession  
making financial sense of the future

---

---

---

---

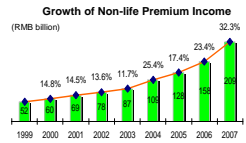
---

---

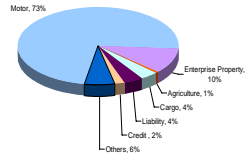
---

---

## Market Potential – Non-life Insurance



**Business Mix of Non-life Insurance in China, 2006**



Source: China Insurance Year Book

**The Actuarial Profession**  
making financial sense of the future



**The Actuarial Profession**  
making financial sense of the future



**The Actuarial Profession**  
making financial sense of the future

**Meeting the real insurance needs**



"There is too much capacity for the foreseeable future....what we need is a major flood in Shanghai"

*China CEO of a major global insurer*

The Actuarial Profession  
making financial sense of the future

---

---

---

---

---

---

---

---



The Actuarial Profession  
making financial sense of the future

---

---

---

---

---

---

---

---



The Actuarial Profession  
making financial sense of the future

---

---

---

---

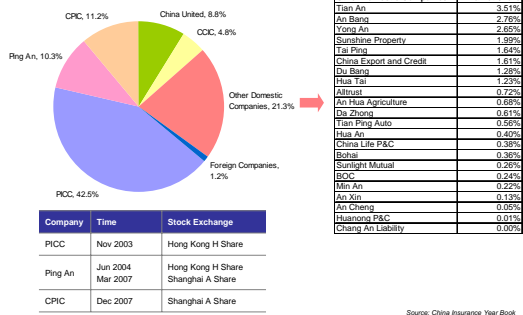
---

---

---

---

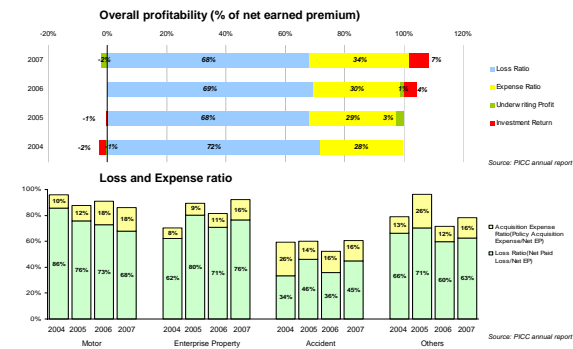
## Non-life Insurance Market Share in 2007



Source: China Insurance Year Book

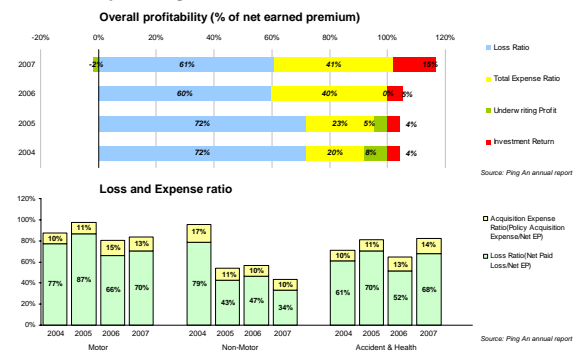
The Actuarial Profession  
making financial sense of the future

## Profitability - PICC



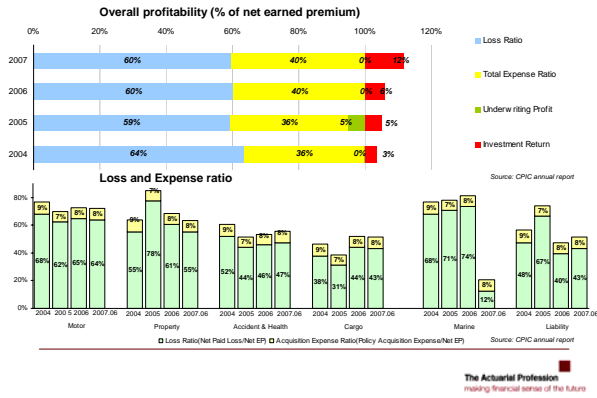
The Actuarial Profession  
making financial sense of the future

## Profitability – Ping An



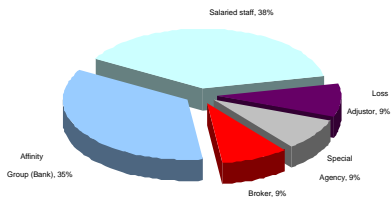
The Actuarial Profession  
making financial sense of the future

## Profitability - CPIC



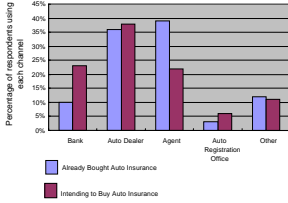
## Distribution Channels

2007 Distribution Channels for all lines in China

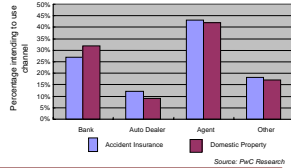


## Distribution Channels

Distribution Channels for Auto Insurance



Distribution Channels for Personal Lines



## CIRC Actions & Actuarial Professions

### □ Regulatory Drives on Reserving and Pricing

- Stipulate rules requiring insurance companies to report profits under proper actuarial valuation, but granting 2-year grace period, effective from Jan 2005;
- Stipulate rules requiring companies to submit annual actuarial reports and statistics, effective from Jan 2005;
- Stipulate rules requiring actuary's sign off on quarterly solvency and year end reserve, effective from Jan 2006;
- De-regulate Motor tariff premium, but demanding actuary's sign off on product pricing, effective from Jan 2006;
- Issue circular on non-life business supervision, especially internal control and data quality, effective from Feb 2008;
- Stipulate rules requiring all insurance companies to have its own chief actuary, but allowing leaner rules for non-life insurers, effective from Apr 2008;

### □ Continuous Effort

- Establish Chinese actuarial education syllabus and examinations.
- Establish Chinese actuarial association
- Establish insurance industry association.
- Organize regular industry seminars, forums and trainings
- Issue rules and guidance on actuarial reserving
- Beef up regulatory team and divide supervision responsibility
- Support IPO of State Own Enterprise insurance companies
- Subcontract external advisers and professors to conduct researches.
- Encourage discussions on solvency II
- Plan for Dynamic Solvency Test Implementation

Life and Non-Life Actuarial Practitioners in China		number
Chinese Actuarial Association - Fellow		111
Chinese Actuarial Association - Associate		640
Internationally qualified Fellow and unqualified practitioners		200

The Actuarial Profession  
making financial sense of the future



The Actuarial Profession  
making financial sense of the future



The Actuarial Profession  
making financial sense of the future

Thanks to

Judy Cheng and her team at PricewaterhouseCoopers China for pulling together the data

Ruth Lear and Barbara Green for the photographs, some of which appeared in their two walking guides to Shanghai:

*The Streets of Changing Fortune: six Shanghai walks*

*Patterns of the Past: six more Shanghai walks*

David Campbell : [david@frymans.net](mailto:david@frymans.net)

The Actuarial Profession  
making financial sense of the future