



Institute  
and Faculty  
of Actuaries

# Who profits? Delivering an ethical return

21 October 2015



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## Insurance, Pricing and Trust

Duncan Minty

erprise  
 onorship  
 Thought leadership  
 Progress  
 Community  
 Sessional Meetings  
 Education  
 Working parties  
 Volunteering  
 Research  
 Shaping the future  
 Networking  
 Professional support  
 Enterprise and risk  
 Learned society  
 Opportunity  
 International profile  
 Journals  
 Support

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## Important Words...

...to advance all matters relevant to actuarial science and its application and to regulate and promote the actuarial profession

## Important Words... from the Royal Charter

“The objects of the Institute and Faculty of Actuaries shall be

to advance all matters relevant to actuarial science and its application and to regulate and promote the actuarial profession.

## Important Words... from the Royal Charter

“The objects of the Institute and Faculty of Actuaries shall be

in the public interest

to advance all matters relevant to actuarial science and its application and to regulate and promote the actuarial profession.

## Questions in the Public Interest

What does this look like to the person  
on the Clapham omnibus?

How would this look if I explained it to  
family and friends over dinner?

## Testing for Fairness

The 'veil of ignorance' test

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## Testing for Fairness

The 'veil of ignorance' test

The 'least well off' test

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## Fairness as the Dominant Theme

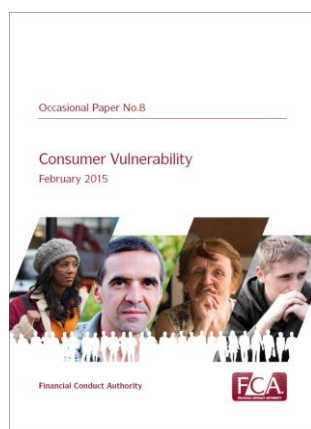
For leaders today – both in business and regulation – the dominant theme of 21st century financial services is fast turning out to be a complicated question of fairness.

Martin Wheatley, CEO of FCA, October 2013

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## Vulnerable People



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## Personalisation

With insurance no longer a matter of risk pooling,  
policyholders pay a fairer premium

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## Price Optimisation

Rates shall not be inadequate, excessive, or  
unfairly discriminatory

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## Panoptic Regulation



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## Four Recommendations

- integrate 'fairness' into how your firm makes important decisions

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## Four Recommendations

- integrate 'fairness' into how your firm makes important decisions
- make sure that fairness is a feature of your big data projects

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## Four Recommendations

- integrate 'fairness' into how your firm makes important decisions
- make sure that fairness is a feature of your big data projects
- learn how to evidence fairness for when the board needs answers

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## Four Recommendations

- integrate 'fairness' into how your firm makes pricing decisions
- make sure that fairness is a feature of your big data projects
- be able to evidence fairness for when the board needs answers
- prepare for the emergence of panoptic regulation

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