

The Actuarial Profession

making financial sense of the future


34th ANNUAL GIRO CONVENTION

Celtic Manor Resort, Newport

Presidential address

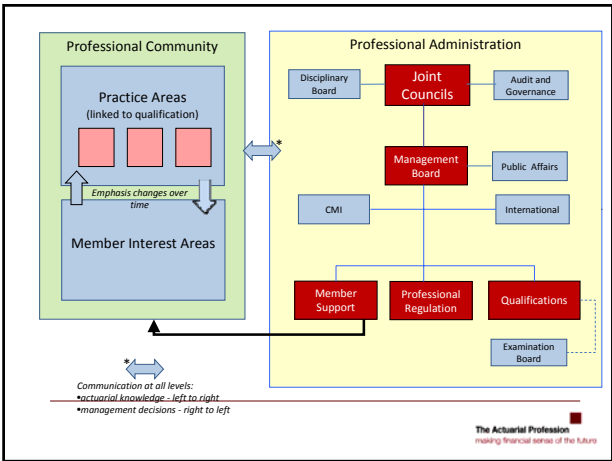
Nick Dumbreck

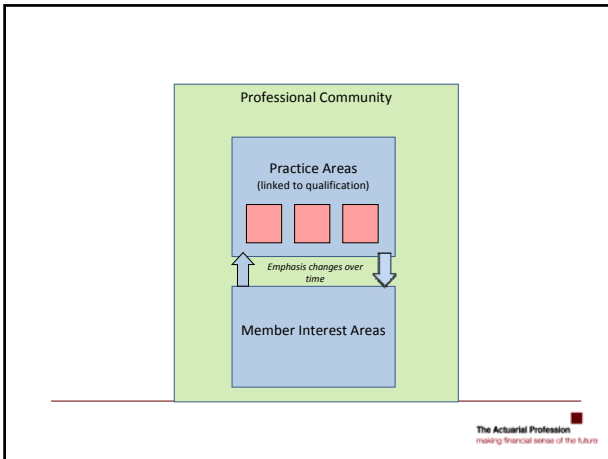
Structure of the Profession

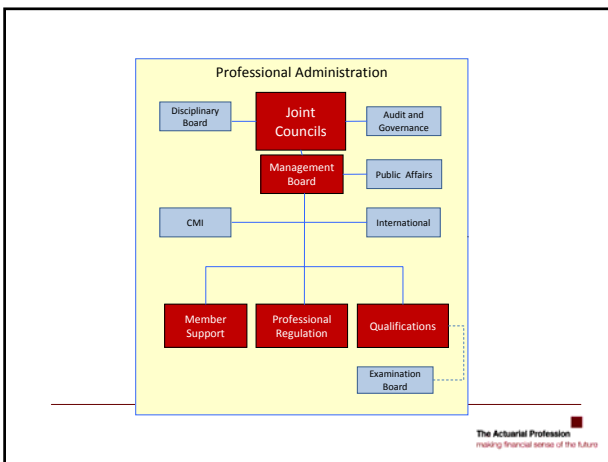


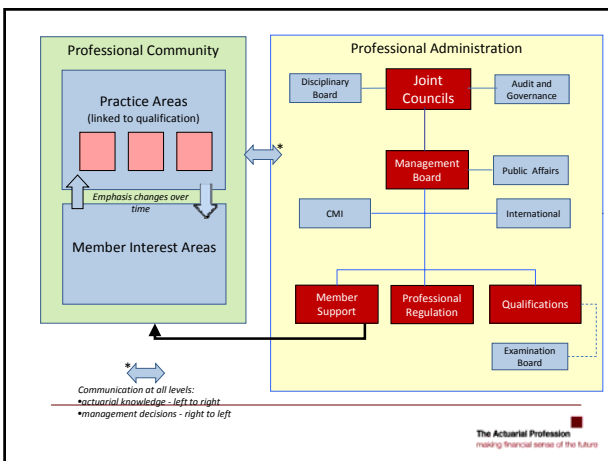
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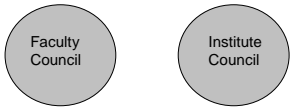




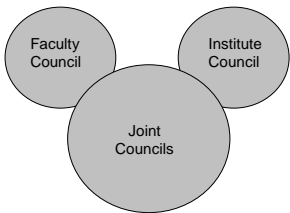




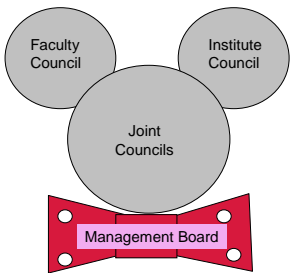
The governance structure



The governance structure



The governance structure



Research

- Review organisation
- Focus funding on projects commissioned by practice executive committees/ member interest groups
- Increase volunteer activity, especially in life and pensions



Engineering and Physical Sciences
Research Council

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CPD

- Consider increased minimum for Category 1 members (practising certificate holders)
- No plans to change requirements for categories 2 and 3



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Promoting the Associateship...

- ...as a stand-alone qualification
- Inclusive not exclusive
- Global risk management qualification at AIA/AFA level?



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Consultations – Actuaries’ Code

- Conduct
- Common Good
- Competence
- Compliance
- Conflicts
- Confidentiality
- Commencing Appointments
- Communication



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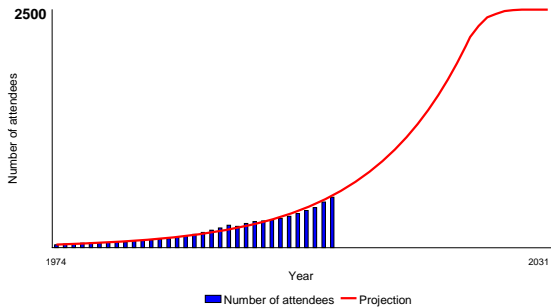
Consultations - BAS

- Conceptual framework – Autumn 2007
- Mortality assumptions – January 2008



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GIRO - number of attendees



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Minimum Actuarial Requirement (MAR)

MAR = greater of:

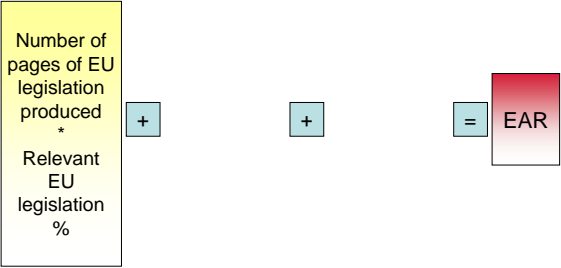
- 16%/18% of underwriters employed
- 23%/26% of accountants employed

Minimum Actuarial Requirement (MAR)

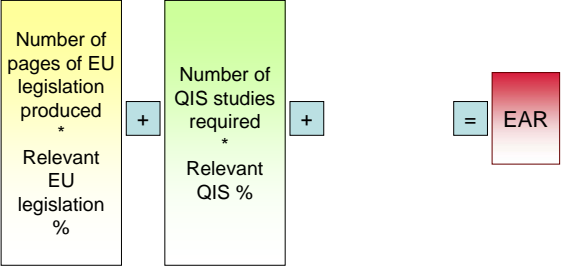
MAR = greater of:

- 16%/18% of underwriters employed
- 23%/26% of accountants employed
- Peer review notes: Rewards a company for having fewer underwriters or accountants

Enhanced Actuarial Requirement (EAR)

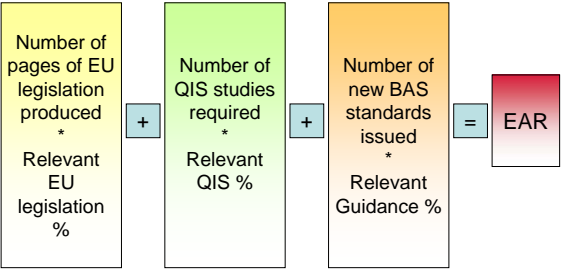


Enhanced Actuarial Requirement (EAR)



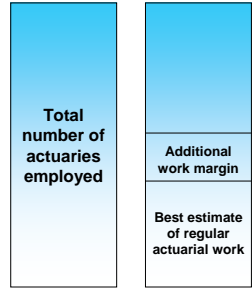
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Enhanced Actuarial Requirement (EAR)



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Redundancy II



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Redundancy II

Total number of actuaries employed

Additional work margin

Best estimate of regular actuarial work

“Cost of Consultants”
approach used to determine the “Additional work margin”

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Sufficient Actuarial Requirement (SAR)

Total number of actuaries employed

SAR

MAR

Additional work margin

Best estimate of regular actuarial work

“Minimum Actuarial Requirement”
calculated using simple factor model

“Sufficient Actuarial Requirement”
calculated stochastically allowing for 1 in 200 year events

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Free Actuaries!

Total number of actuaries employed

Free Actuaries

SAR

MAR

Additional work margin

Best estimate of regular actuarial work

“Free Actuary Ratio”
is a measure of a company's financial strength and management foresight and expertise

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Further investigation

- A series of market consultation studies –
 - Repetitive Impact Studies
 - RIS1 – RISxx?

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With thanks to

Script writers:

- Richard ("J.R.") Bulmer, and
- Andrew ("Fitzwilliam") D'Arcy

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