



Institute
and Faculty
of Actuaries

PRICES, PRODUCTS AND PROFESSIONALISM – BRINGTON!

Richard Winter, Rebecca Deegan and Sameer
Keshani with Neil Hilary as facilitator
CIGI

22 April 2015 – RCP, London

Prices, products and professionalism

You cannot lose - A product in four movements

- What should the professional actuary do?



Professional
skills

Prices, products and professionalism

BRINGTON FINANCIAL SERVICES INSURANCE GROUP

- Richard (actuary) on GI side, works in pricing and products
- Laurence (non-actuary), chief underwriter and Richard's boss
- Sameer prod. development actuary at Life Line, sister company
- Brian (non-actuary), head of marketing and Sameer's boss



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Prices, products and professionalism

1. New product for Richard

- What should he do? Please discuss



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Prices, products and professionalism

1. New product for Richard

- Professionally, this work is outside his competence.
- What knowledge on the new subjects has been published?
- External consultant or reinsurer can help.
- Obtain product details from competitors.
- Old colleagues, dining clubs (but beware confidentiality).
- Audit trail behind on what he did, and why he did it.
- Ombudsman reports for any regular problems with the product.
- PSS
- TASs, Actuaries' Code
- Pressures from non-actuarial bosses.



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Prices, products and professionalism

2. “I want it and I want it now”

- What additional issues arise from the boss' command that numbers are on his desk by lunchtime? Please discuss



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Prices, products and professionalism

2. Lunchtime demand

- Documentation
- Thorough professional job
- External input
- Checking and peer review
- Other workload and priorities
- Pressures from non-actuarial bosses
- What if your boss is an actuary? Does that make a difference?
- Communication: “sighting act” first, more work later
- Guesswork => refuse?



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3. Colleague's error

- What should Richard do? Please discuss
- Options:
 - Sameer?
 - Your boss (Laurence) – this might get political
 - Compliance
 - IFoA – PSS?
 - IFoA – discipline?



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NEVERSAYNO REINSURANCE (GI)

- Rebecca (pricing actuary), long-term contact of Richard



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4. Error by outside actuary (in your favour)

- What should Richard do?



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Prices, products and professionalism

4. Error by outside actuary (in your favour)

- It's a commercial decision – Richard should fill his boots
- Richard must ask her if she is happy with her figures first
- Commercial reasons for her low quote?
- Richard should report her to IFoA immediately
- Go to IFoA – but **not until** reinsurance contract is signed
- Will reinsurer meet all claims? Review at renewal?
- Are reinsurer's judgement and practices now in question?
- Whistle-blowing?



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Prices, products and professionalism

5. Reinsurance price confirmed – who gets the profit?

- GI's arbitrage – it stays in the GI company
- It is Life Line's product – the profit must be returned here
 - Improve its tight margins
- Further Life Line should cut premiums to customers
 - Treating customers fairly
 - Competitors will do this in time anyway
- The profit has been generated by Neversayno (GI reinsurer). They control its emergence and will ultimately claw it back



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It's a commercial decision – Richard should fill his boots



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