



Institute  
and Faculty  
of Actuaries

## **Risk Appetite in Life Offices Working Party**

The Life Research Sub-committee supports this member-led working party, looking at the subject of risk appetite in life offices.

We are seeking to invite up to three additional members to join this working party. Ideally, these members will have a background in and knowledge of risk management in life insurers and an interest in survey data analysis and reporting.

### **Brief Description**

Areas for research include:

Part 1:

- Reviewing the work of the general insurance working party on risk appetite and preparing similar output for a life audience; this could include, for example, how risk appetite statements may be expected to differ between life insurance companies with different characteristics, e.g. small/large, specialist/multiline; a short case study of risk appetite in a life insurer (anonymous); some hypothetical examples of risk appetite in general insurance; statements of risk appetite and related material from life insurers' published accounts
- Considering the rules of (and any guidance from or thinking by) PRA and FCA relevant to risk appetite and include relevant comments
- Considering the report of a working party of the Society of Actuaries in Ireland by Phelan et al (2011), which examines how insurers might address the requirements of the Irish regulator in this area and whether practices suggested could usefully applied in the UK.

Part 2 (which the working party may or may not decide is feasible and may be addressed after part 1 has been completed):

- Reviewing the paper by Allan et al. (2013) on complex systems and risk appetite, and identify issues for life insurers
- Carrying out interviews with or questionnaires to life insurance actuaries, seeking views on aspects of risk appetite
- Possibly, some modelling of a life company and how outcomes may be affected by alternative risk appetites.

### **Working Party Objective/Aims**

The aim of this Working Party is to undertake research to improve the understanding of risk appetite as applied to life insurance companies.

## **Outputs**

Working parties should aim to produce a written record of their findings, as well as seeking opportunities to present their research.

The potential outputs could include:

- Article in "The Actuary" to draw attention to the research
- Presentation at Life Conference
- Preparing and presenting a Sessional Event or British Actuarial Journal paper
- Presentations at regional societies and other professional conferences (e.g. Risk & Investment conference)
- A website
- A research report based on the September 2017 survey data.

## **The types of tasks working party members take part in:**

- Chairing meetings
- Reviewing literature and draft papers/reports
- Reviewing the narrative in life insurers' reports and accounts
- Writing
- Reviewing survey data and producing a final report.

## **Time Commitment**

For this working party, volunteers will typically be expected to attend between six and 12 meetings per annum and to perform research between meetings. Additional volunteers are being invited to analyse the survey data results and to support the writing of a final research report. Meetings are likely to take place every two to four weeks and last 30 to 90 minutes.

Participation will be by conference call to allow us to widen this opportunity to all members. Conference calls will be arranged at a mutually convenient time for all involved. If you live or work near to one of the IFoA offices, you are welcome to make use of our facilities for the call. Similarly, if more than one member of the working party is based close to each other, you may agree to meet up and dial in together, but there will be no requirement for volunteers to meet in one place.