GIRO Convention
23-26 September 2008
Hilton Sorrento Palace

Masala, Monsoons & Mathematical Models: Working as an Actuary in India
Satnam Bhooe, RSA
Where it all began
Where it all began (again)

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.

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>.

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.

India  Philippines

Indonesia  China

Thailand  Singapore

Hong Kong  Malaysia

Japan  Taiwan

South Korea  UK

US  Switzerland

Australia  Germany

Market Potential – Non-life Insurance

2007 Non-life Insurance Penetration vs. GDP Per Capita

Source: Swiss Sigma No. 3/2008
Market Potential – Non-life Insurance

Growth of Non-life Premium Income

Business Mix of Non-life Insurance in China, 2006

Source: China Insurance Year Book

Motor, 73%
Motor Property, 2%
Liability, 2%
Credit, 2%
Others, 6%
Cargo, 4%
Agriculture, 1%

Market Potential – Non-life Insurance

Growth of Non-life Premium Income

Source: China Insurance Year Book


14.8% 14.5% 13.6% 11.7%
25.4% 17.4%
23.4%
32.3%

The Resource: Freezing
Penalty financial and the lack of
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
**Distribution Channels**

**2007 Distribution Channels for all lines in China**

Pie chart showing distribution channels for all lines in China for the year 2007. The chart includes categories like Bank, Agency, Group, Direct, and others, with percentages for each channel.

**Distribution Channels for Auto Insurance**

Bar chart showing distribution channels for auto insurance, with categories such as Bank, Agency, Group, and others. The chart indicates the percentage of respondents using each channel.

**Distribution Channels for Personal Lines**

Bar chart showing distribution channels for personal lines, with categories like Accident Insurance and Personal Property. The chart indicates the percentage of respondents intending to use each channel for personal insurance.

Source: PwC Research
CIRC Actions & Actuarial Professions

Regulatory Drives on Reserving and Pricing

- 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 2006.
- Issue circular on non-life business supervision, especially internal control and data quality, effective from Apr 2006.

Continuous Effort

- Establishment of Chinese actuarial education syllabus and examinations.
- Establishment of Chinese actuarial association
- Establishment of non-life actuarial practitioners in China
- Organization of 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 Owned 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

- Chinese Actuarial Association - Fellow: 111
- Chinese Actuarial Association - Associate: 640
- Internationally qualified: 200

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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

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