



Institute  
and Faculty  
of Actuaries

# CP32/16 Dealing with a Market Turning Event in the General Insurance Sector

IFoA response to the Prudential Regulation  
Authority

21 December 2016

## **About the Institute and Faculty of Actuaries**

The Institute and Faculty of Actuaries is the chartered professional body for actuaries in the United Kingdom. A rigorous examination system is supported by a programme of continuous professional development and a professional code of conduct supports high standards, reflecting the significant role of the Profession in society.

Actuaries' training is founded on mathematical and statistical techniques used in insurance, pension fund management and investment and then builds the management skills associated with the application of these techniques. The training includes the derivation and application of 'mortality tables' used to assess probabilities of death or survival. It also includes the financial mathematics of interest and risk associated with different investment vehicles – from simple deposits through to complex stock market derivatives.

Actuaries provide commercial, financial and prudential advice on the management of a business' assets and liabilities, especially where long term management and planning are critical to the success of any business venture. A majority of actuaries work for insurance companies or pension funds – either as their direct employees or in firms which undertake work on a consultancy basis – but they also advise individuals and offer comment on social and public interest issues. Members of the profession have a statutory role in the supervision of pension funds and life insurance companies as well as a statutory role to provide actuarial opinions for managing agents at Lloyd's.



John Reed  
Prudential Regulation Authority  
20 Moorgate  
London  
EC2R 6DA

21 December 2016

Dear John

**IFoA response to CP32/16 Dealing with a Market Turning Event in the General Insurance Sector**

The Institute and Faculty of Actuaries (IFoA) welcomes the publication of this consultation. Members of our General Insurance and Risk Management Boards fully support the proposals contained in the paper.

Our Boards' view is they would expect our General Insurance members to take into account already the factors the PRA has identified in this paper. This would apply to our members advising firms in different roles, whether in reserving, modelling, pricing or risk management. Many of the factors highlighted in the paper should also be considered when developing ORSAs.

The PRA may also wish to consider the IFoA Risk Alert issued earlier this year that encouraged General Insurance actuaries to consider current market conditions.<sup>1</sup>

Should you wish to discuss any of the points raised in further detail please contact Philip Doggart, Technical Policy Manager ([Philip.doggart@actuaries.org.uk](mailto:Philip.doggart@actuaries.org.uk) / 0131 240 1319) in the first instance.

Yours sincerely

Colin Wilson  
**President, Institute and Faculty of Actuaries**

<sup>1</sup> <https://www.actuaries.org.uk/documents/risk-alert-general-insurance-reserving>