Economic Thought and Actuarial Practice
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Overview

• Background and context

• Day-to-day interactions with economics

• How does economics link with actuarial practice

• Who is responsible for thinking about economics for actuaries?

• Consequences, debates, and some tentative conclusions
Background and context

• The rise of financial economics and market based valuation

• Schisms within the Profession

• Regulation

• 2008 – the great re-think?

• Fumbling towards a conclusion (2005-2017 and counting)

Day-to-day interactions with economics

• The spectre of economics

• Projections Vs forecasts

• ESGs – lots going on in there and not everyone knows

• Updating models – pragmatism Vs theoretical developments

• Extreme market movements – black swans have been known about for a lot longer than people think
How does economics link with actuarial practice?

- Managing risk or managing measurement - Gilts+ what does this really tell us?

- The Ogden Rate

- Do markets provide us with information for risk management in the long-run?

- Does the insurance and pensions industry herd?

- Regulatory regimes and political lobbying

- Risk and uncertainty

Who is responsible for thinking about economics for actuaries?

- Within firms

- Within the profession

- Actuarial training – you’ve got to read all the books…

- Debates, discussions, arguments, and pistols at dawn
Consequences, debates, and (tentative) conclusions

• There are two types of actuary

• With the decline of DB and the rise of FinTech pensions and insurance are in decline

• There are going to be fewer actuaries – we therefore need more actuaries

• The broadening of the Profession – climate risk

• Managing uncertainty with professionalism – ‘what can we do better?’