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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

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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)

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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

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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

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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

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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?'

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Questions

Comments

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