



Maturation of Global Actuarial Functions

Test fast, fail fast, adjust fast – Changing risks to opportunities

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Changing Risks, Expecting the Unexpected
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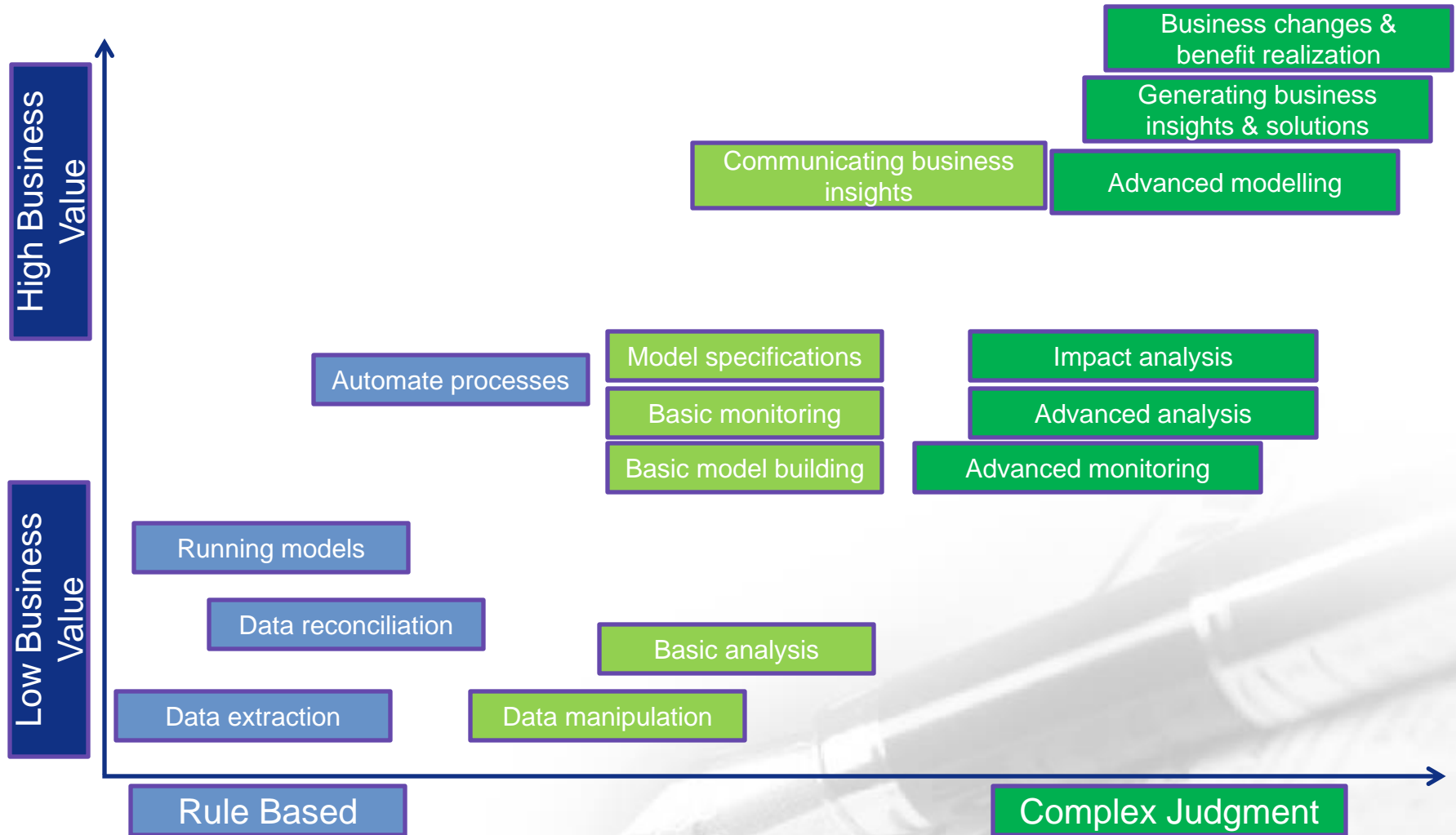
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The Actuarial Value Chain



Shift up the value chain – is it enough?

Changing Business Dynamics

Global insurance industry is experiencing unprecedented changes, both in the internal and external business environment, triggered by increased customer centricity, technology advancement, and regulatory regime



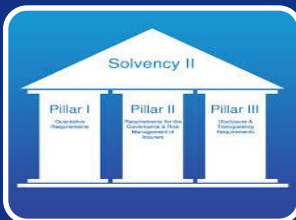
Social

- Customer expectations and risk awareness
- Demographic shifts



Technology

- Information & Analysis (Big Data, Digital)
- Devices, sensors, softwares, applications



Risk Management

- Regulatory requirements
- Increased focus on Risk Management

Risk or Opportunity?

Evolving Requirements

Insurance markets globally are in a transformative stage and experimenting new approaches, methodologies, & ideas with aim to improve agility and competitive advantage. Research indicates that early starters of today could emerge leaders of tomorrow



Global actuarial functions can be enablers of change

Risk To Opportunity

Crossroad for Global Actuarial Functions

Traditional offshored actuarial services (rule based, data intensive) will increasingly become irrelevant with evolving business dynamics and technological advancement. Global actuarial functions can turn risks to advantage with the right strategy

Drivers

- Everyone's experimenting – no one knows all the right answers
- Large dependency on technical & computing know-how & lack of such resources internationally
- Massive investment requirements (especially for IT infrastructure) – could be done centrally

Strategy

- Strong vision to support & invest in innovation will remove entry barriers
- Management entrepreneurship & risk appetite to experiment (test, fail, adjust) will lead to innovative solutions

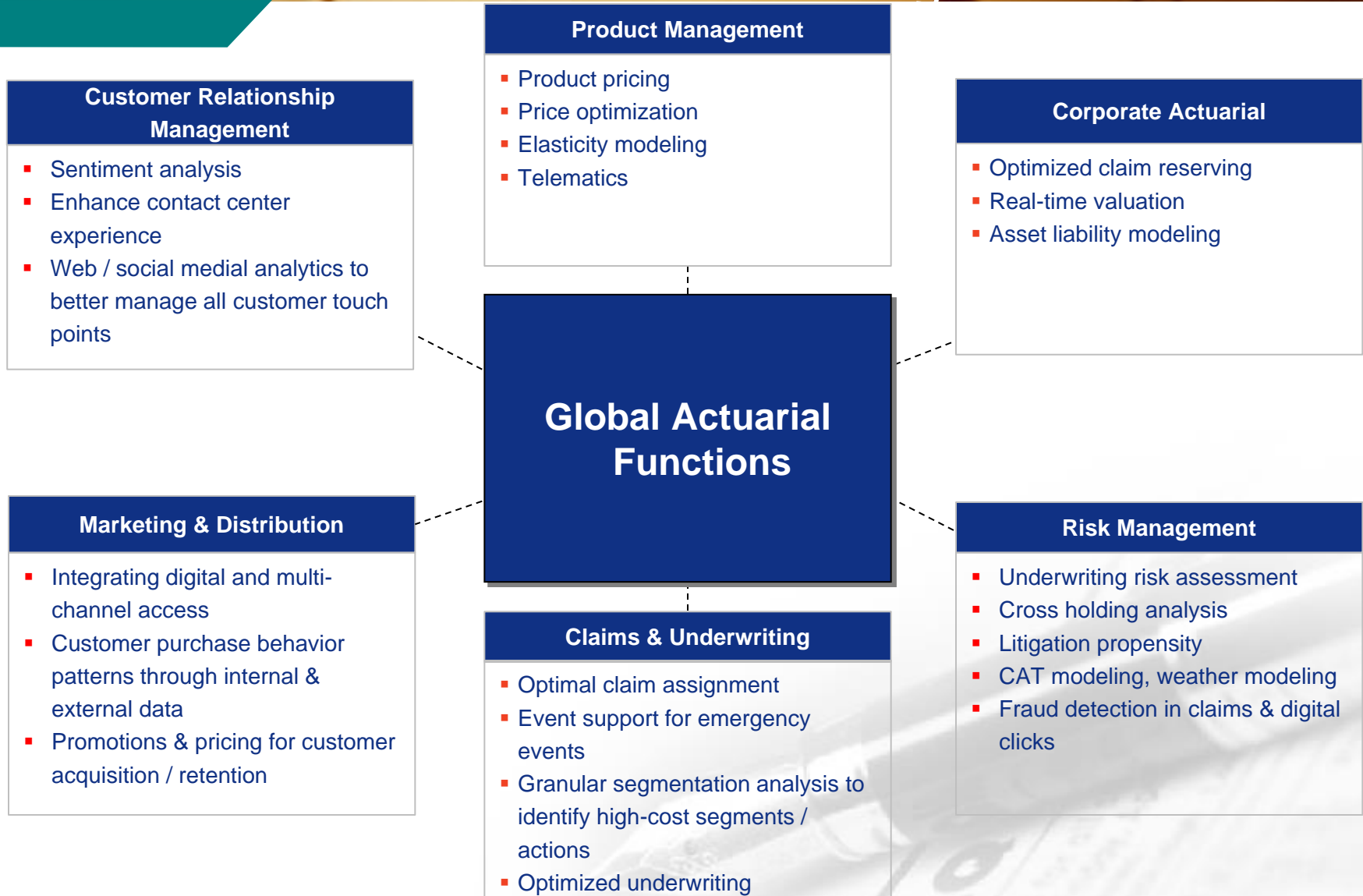
Benefits

- Opportunity to develop more end-to-end understanding of our client's business / processes
- Participation & success on new initiatives / pilots will build confidence and provide more opportunities to support in more complex, judgment-based actuarial work
- Create a talent pool with experience of both emerging technologies and insurance business

The future may be hard to predict but need not be hard to prepare for

New Appetite, New Menu

Possible Service Offerings



What we need is not an overhaul but to figure out how to plug the pieces – flexibility is the key

Challenges Persist...

Conventional Challenges

- Reducing Cost Arbitrage
- Increasing Competition From Other Outsourcing Destinations
- Scarcity of Experienced Resources
- Understanding Changing Customer Requirements
- Managing Expectations (both clients and resources)

Global Actuarial Functions have made good progress in battling conventional challenges through persistent measures; however, the rapidly changing business landscape presents newer challenges and future success hinges on building new strategies to counter them

Upcoming Challenges

- Management buy-in for entrepreneurship & long-term strategy (inflexible business models, risk aversion, etc.)
- Insufficient focus & investment on developing new capability / skills, pure-play R&D
- Shortage of domain expertise and experience on new skills (data science, analytics, etc.)
- Short-term trainings without sufficient exposure to real business problems not adequate
- Data privacy and compliance

The road to success is always under construction

Strategy For Future

Test Fast, Fail Fast, Adjust Fast

Conventional measures to overcome the challenges have focused on:

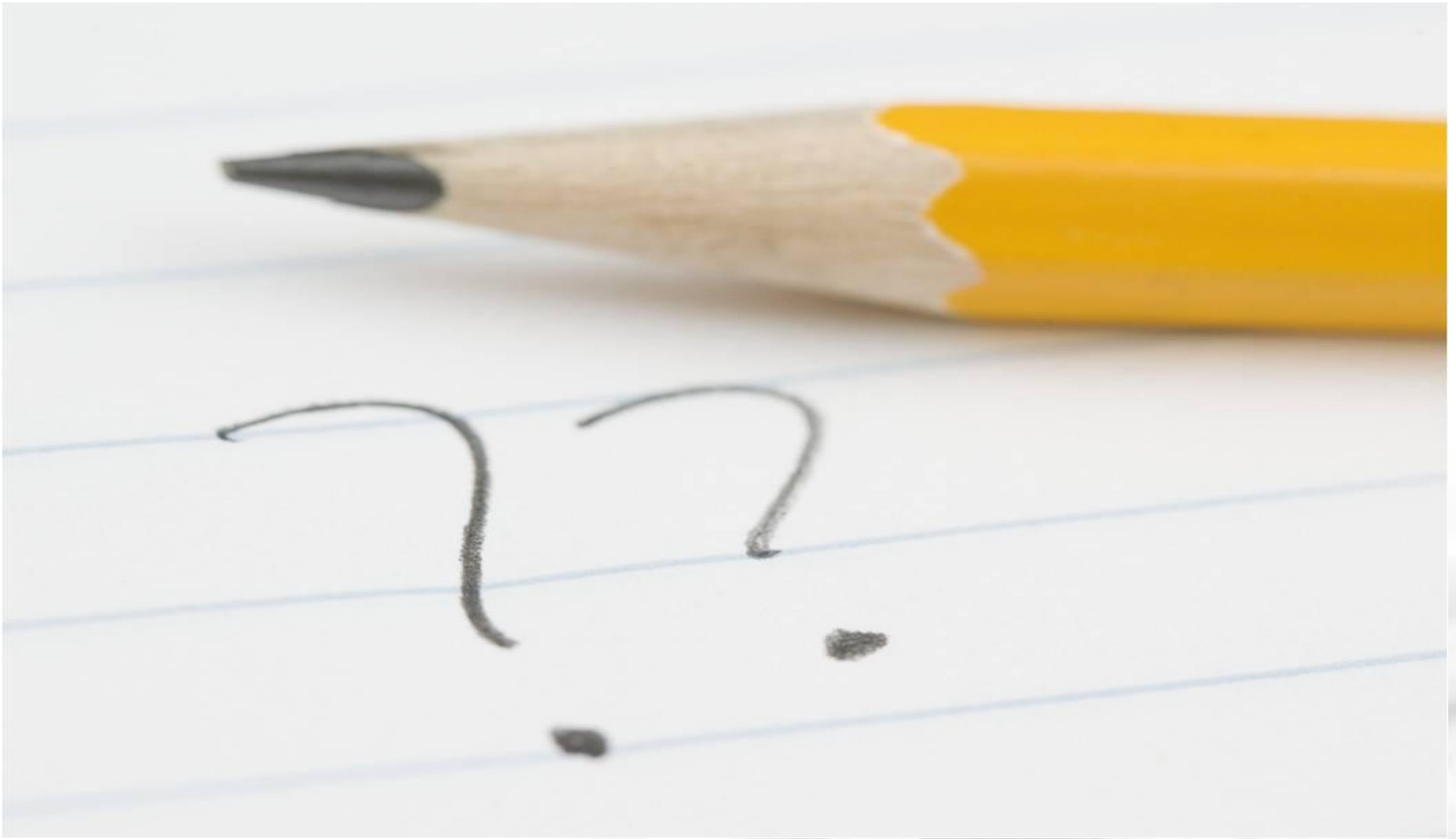
- Building Capabilities
- Managing Talent
- Value Propositions
- Promoting Services
- Cost Optimization

These measures have yielded positive results; however, a major strategic shift is required to catalyze the growth and fuel this journey further. Indian actuaries can play a pivotal role in this transformation through:

- **Management support for entrepreneurship and experimentation**
- **Greater impetus on understanding local business insights, challenges / solutions (technical support may not be enough) through interaction with business stakeholders, resource exchange programs, etc.**
- **Invest in R&D and innovation – set up separate R&D teams to keep abreast on new developments, testing new approaches, experimenting with models from other industry sectors**
- **Flexibility of approach and ability to learn & adapt – be receptive to failures**

Whatever makes a nail go in is a hammer

Question Time?



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