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Serving the Cause of Public Interest



19th Global Conference of Actuaries

30th - 31st January, 2018 | Mumbai, India

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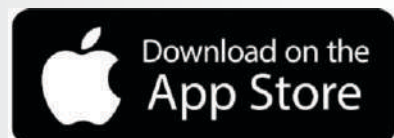
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Message From The President



Let us start with wishing all the readers a very Happy and Prosperous New Year 2018!

Every New Year brings both greater hopes for us for a better tomorrow; it brings greater challenges packed with many opportunities as well. Irrespective of individual and institutions, a better world can only be created by converting new challenges to the opportunities and so is the case Actuarial profession which always throws up multiple challenges and opportunities.

The first topic coming to my mind now is our signature event, 19th Global Actuarial Conference of our Indian Actuarial profession being held on 30th -31st January. For us, GCA has been our biggest celebration of the year as well. For student members, the event can be one of the biggest opportunity to understand the profession better in respect of professionalism, exploring career opportunities, understanding education and

examination related matters, and above all, filling abundance of energy by integrating with number of senior professionals from India and abroad.

The month of December has been a month of training programs for the IAI; there have been an overwhelming participation in all trainings be it two day R-statistical software training or 5 day training program on Product design & Pricing of life insurance products or 5 day program on Reserving. One of the limitation of all training has been the venue/location being at Mumbai, however, number of candidates travelled from other cities to take part. We are under the need of our students and members and always make an attempt to organise programmes at outside Mumbai as well; in the immediate we have an R-training program scheduled on 27th-28th January at Pllazio Hotel, Gurgaon in spite of limitations of higher cost and remote administration. Hence, all students in NCR to make use of this golden opportunity to learn R.

After successfully conducting two batches of R-Level 1 training for 82 students and as per the feedback received from participants, we have also scheduled a training on R-level 2 on 9th -10th January at IAI. The IAI is also keen to conduct such R trainings and exploring possibilities at any of South Indian cities sooner than later. Keeping in view of March 2018 examination requirements a series of CT level class room trainings are in the pipeline, three of them viz., CT6, CT2 and CT5 have already rolled by now.

In order to strengthen IAI on their administrative front, two immediate recruitments are made; the new joiners have introduced in the later pages of current issue of the magazine.

In the area of Seminars and Capacity building programs, various advisory groups are working on different proposals, which includes Current issues in Life Insurance and General Insurance, ALM etc., all of them are being planned for February or March this year.

Look forward to your support and to have face to face meeting on upcoming GCA on 30th and 31st January 2018.



Message From The Chief Editor



sponsors as far as look and feel and quality papers are concerned. More than 750 people are expected to attend the GCA not only from India but from all across the Globe. This is one of the events which all actuaries look forward to attend. The event provides a great opportunity to learn from each other. It also provides fantastic networking opportunity to professionals. The Event lives to its name "Global". Over 20 sessions are expected during the two action packed days. The 19th GCA is expected to have representations from Insurers, reinsurers, regulators, Indian Bankers Association, and actuarial Institutes. The Key notes address shall be given by Sh. T S Vijayan, the chairman of IRDAI. The event is expected to have full representation from the IRDA with the Presence of Ms. Pournima Gupte, Member Actuary.

It gives me immense pleasure to connect with you right before the 19th Global Conference of Actuaries (GCA) which is scheduled on 30th - 31st January, 2018 in Hotel Renaissance, Mumbai. Friends, many of you, in particular younger generation actuaries, may not know that the Global Conference of Actuaries was the brainchild of Mr. K Subrahmanyam along with some of the actuarial students in Northern Zonal office of Life Insurance Corporation of India. I was lucky to be part of this initiative along with my other colleagues, Dinesh Khansili, Pradeep Thaplial, R Hemamalini,

R Padmaja, Rajesh Rajput, Rajeev Mukherjee, Sonjai, Devender, Meenakshi Malhotra, PD Garg and few others. IAI (the then Actuarial Society of India) was a small organisation in 1999 and therefore it was decided to do this conference along with FICCI. The Venue continued to be FICCI, in New Delhi for the first 7 years. It was only in 2006, IAI decided to conduct the 8th GCA in Mumbai in Hotel Taj President. Since then we never looked back.

The preparations for the 19th GCA are on full swing. 19th GCA is expected to breed new interest amongst participants and

Next issue of Actuary India shall provide full coverage of proceedings of various sessions in GCA. I would like to thank all volunteers who have agreed to write reportage of various sessions for the benefits of those who may not be able to participate or attend all sessions.

Without taking too much of your time, I would like to sign off now. I look forward to see you in the 19th GCA.

Happy reading!

Training For The Art of Product Designing & Pricing of Life Insurance Products
5th - 9th December 2017



Training For R - The Statistical Software

15th - 16th December 2017



Training For Reserving of Life Insurance Business

19th - 23rd December 2017





EVENT REPORT

5th Capacity Building Seminar on Health Care Insurance

Organized By: Advisory Group on Health Care Insurance, IAI
Venue: The Pillazio Hotel, Gurgaon Date: 4th December 2017

Session : Pricing strategy for affinity channel

Speaker : Mr. Joydeep Saha - Head of Actuarial, Product and Analytics, Cigna TTK Health



The session kick started with a brief background about the affinity channel and the ecosystem. The discussion continued with an explanation about various stakeholders, the type of schemes currently prevalent in the market and the regulatory framework.

Mr. Saha emphasized on various points to be considered while pricing products for affinity partners and significance of these points. This included various factors like scheme design (waiting period, Sum Insured etc.) and partner profile (including the business volume, client profile and expected future growth). He also shared his insights on the importance of understanding the socio-economic profile of the underlying customers of the partner and the type of relationship between the clients and the partners to be able to assess the risk appropriately. The key points were elaborated very well with practical scenarios. The importance of waiting periods and partner - customer relationship was highlighted with rural schemes as an example. Impact of being unable to assess various risk factors accurately was also discussed. For example, insuring a partner with low growth rate may result in an ageing portfolio with selective lapse and hence higher than expected losses.

Further, he discussed the challenges pricing actuaries face while pricing such schemes. These included the lower waiting periods and different claims experience as

compared to similar retail products. The lack of medical underwriting and inaccessibility of remote locations and hence being unable to assess claims were also few of the key challenges highlighted.

Session : Technical Aspects of Pricing Health Insurance Products - Case Study and Practical Examples

Speakers : Ms. Anuradha Sriram - Appointed Actuary, Aditya Birla Health Insurance Company

Mr. Ankit Kedia - Senior member of the Actuarial team, Aditya Birla Health Insurance Company

Mr. Anshul Mittal - Senior Manager - Actuarial, Apollo Munich Health Ins. Co. Ltd.



The session was initiated with a refresher on fundamental

concepts surrounding the Health Insurance products including different product categories. Further the presenter elaborated the stages of the Product Control Cycle like the product designing and the impact of underwriting and claims management processes on the risk premium. The importance of each stage was explained with an example.

The presentation covered various stages of the Actuarial Control Cycle including identifying stakeholders, risk identification and management, modelling and monitoring and feedback process. The speaker explained the definition of an insurable risk and the underlying criteria. The technical aspects of pricing covered - defining the pricing objectives; creating a model to calculate risk premium; importance of data; components of gross premium; difference between the risk and rating factors and allocation of expenses.

The session continued with an interactive workshop on pricing health insurance product. The workshop illustrated use of member data to derive the claim frequency. The presenter apprised the use of credibility factors when the available data is inadequate. Severity was calculated using claims data and the speakers explained the importance of using medical inflation and carrying out an appropriate trend analysis to be able to estimate the severity correctly. While the example illustrated pricing methodology of a basic product, the speaker also briefly explained the methods used to price deductibles and co-payment features.

Session : Income Protection Models

Speakers : Mr. Sumit Ramani - Founder & Consulting Actuary, Actuarial Consultants



The session focused on the Income Protection Models including the features and the pricing methodology. The session started with explaining the need of such products. There are currently no products in India which address the financial need of an insured in the state of "Incapacity". Under such a state an individual is unable to perform his/her job and is unable to carry out daily chores.

Mr Ramani continued with explaining various features of an income protection product including the benefit

structure, type and term; the policy & premium term and the applicable waiting periods. The pricing model included a brief explanation of the components claims cost requires including - lives who fell sick at each policy year, current state of those alive, recovery rate and waiting period. The pricing was explained using examples and different scenarios. Under each scenario certain assumptions like recovery rate, death rate and waiting periods were changed and hence their impact on the pricing model was discussed.

The session was concluded with a very interactive session with the audience discussing applicability of such products in the Indian market and the challenges.

Session : Health Insurance Underwriting

Speakers : Mr. Lalit Baveja - Principal and Sr. Healthcare Management Consultant, Milliman



The session highlighted the concepts, approach and emerging opportunities surrounding retail health underwriting. The discussion was initiated by explaining the applicability of underwriting to actuarial control cycle. Medical underwriting is an important tool for risk assessment and helps charge fair rates for specific risks as the health costs vary within the population. Mr. Baveja explained with examples, the impact of having an unbalanced mix of healthy and unhealthy lives. The underwriting process was briefly explained highlighting the objectives, information sources and the approach.

The discussion on underwriting techniques included- acceptance on standard terms, declining the coverage, applying a premium loading, and the use of exclusion riders. The applicability and effectiveness of exclusion riders was explained using examples. Alternate solutions were discussed for the scenarios where exclusion based riders were not expected to give desired results. The challenges underlying include regulatory restrictions, sales (volume priority vs underwriting diligence) and cost.

The speaker highlighted that smart real time dynamic workflows are important to avoid process holdups and structured tele-underwriting processes could be used to develop a standard objective approach. The session was

concluded with emphasis on the significance of integrating multiple data sources for informed decision making and close collaborations between core operations.

Session : Introduction to Economic Capital in Product Pricing

Speaker : Mr. Sanjeeb Kumar - President, Institute of Actuaries of India



The session started with introduction of the concept of Economic Capital using the comparison between a statutory balance sheet and an Economic balance sheet. While the statutory balance sheet uses factor based methods defined by the regulator to estimate the solvency, the Economic balance sheet used market valuation based methods to estimate assets and liabilities. While explaining each component of an economic balance sheet, the Best Estimate Liability was defined to be the present value of best estimate net cash flows, discounted using a risk-free yield curve.

The session continued with defining the Economic Capital as the amount of Risk Capital that a financial institution estimates in order to remain solvent at a given confidence level and time horizon. The presenter further explained the need for calculating the Economic Capital and the underlying methodology. Various risks considered as a part of the calculation model were explained along with examples of various stress scenarios. These risks included - interest rate risk, morbidity risk, expense risk, catastrophe risk etc. Mr. Sanjeeb also highlighted the difference between the hedgeable and non-hedgeable risks and the significance and impact of building risk margins.

The session was concluded with a detailed discussion around applicability of Economic Capital while conducting a pricing exercise along with advantages and disadvantages of using such methods.

Session : Data Science Techniques in Pricing & Involvement of Actuaries in Unconventional Areas

Speakers : Ms. Yogita Arora - Appointed Actuary, ECGC & Consulting Actuary, AARC

Mr. Rohan Som - Head Insights & Analytics, Swiss Re



The speaker introduced the topic by highlighting the importance of data analytics in the insurance industry and also shared certain non-insurance scenarios like election. She also highlighted that while actuaries have great substantive expertise in analytical thinking & quantitative skills, but to be true data scientists they must have the technology skills viz. programming, visual representation ability, handling unstructured data etc., to interact with both their statistical and domain knowledge. The speaker also explained the applicability of big data analytics in health insurance. She explained that the data is the asset created today to enhance the future and hence the need to invest. While there are many traditional data sources that are being used for the purpose of data analytics, certain new age sources may also be explored. These include data from fitness wearables, social media, genetic data etc.

The speaker also explained that the proactive analytics like predictive analytics play a significant role in decision making. The discussion continued with a brief explanation about the control cycle surrounding the data analytics. The data analytics could be used to find solutions for a

wide range of challenges including customer acquisition and management, risk management, business strategy and planning etc. The speaker also discussed various challenges in the current scenario for employing actuaries in data analytics like focus on statutory/regular work, cost, low investment in innovation, lack of analytics/training of resources.

The session continued with discussions about smart analytics and how it enables to shape the next level of risk understanding and better products/services for consumers. Some of the areas discussed were predictive modelling, text analytics, cognitive computing and visual

analytics. The speaker shared some use cases like predicting smoking status using basic attributes such as gender, marital status etc. A model to predict smoking status could result in a faster underwriting process which is cheaper & less cumbersome for applicants than fluid tests, can help in targeted marketing, better risk prediction etc. Another use case discussed was the use of Analytics to have deeper understanding of comorbidities. With the improved risk understanding of comorbidities, we can define innovative critical illness products such as product with tiered payouts, variable payouts, products for critical illness survivors or product for comorbidities.



About the Author

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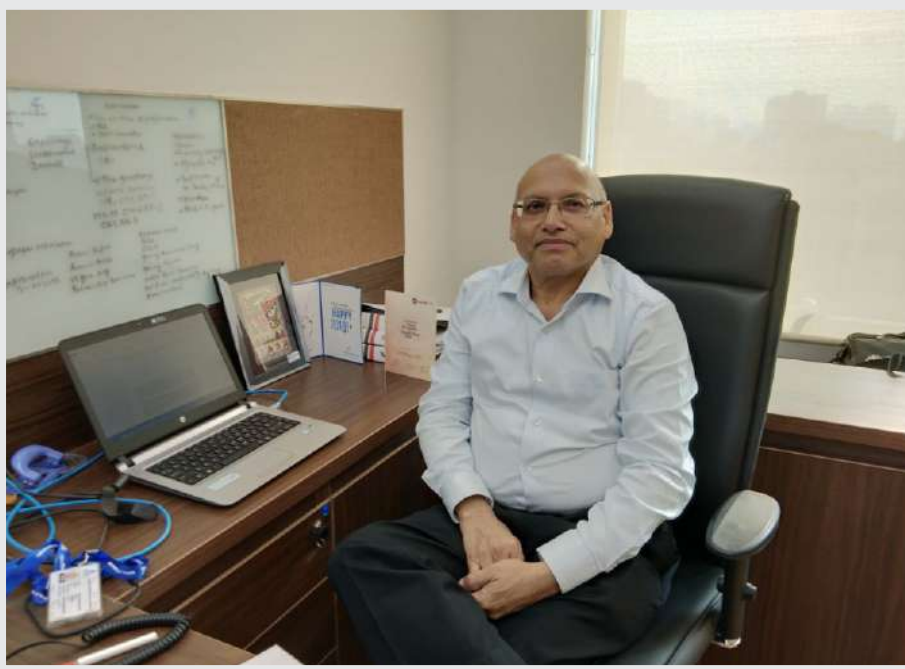
“Priyanka is currently working as Head - Analytics, Valuation and Actuarial Reporting with Religare Health Insurance Company.”



Ms. Ambreen Surve has joined on 5th January 2018 as Marketing Executive. She is a MBA - Marketing and carries 4 years of experience. Her hobbies include reading books. We welcome Ambreen to the family of Institute of Actuaries of India. She can be reached at +91-22-39686061



Update on 19th Global Conference of Actuaries



actuaries assemble in a global ambience to share thoughts and debate matters that affect the financial services industry in general and insurance and pension industry in particular.

This rhetoric update on IAI behalf is to generate the interest amongst readers in GCA- how it sees the day light and related efforts made so far. Many of the readers would know that IAI Council (with President as it's CEO) authorises the External Affairs and Research Committee (EARC) to conduct the GCA. EARC is a three members committee constituted with Mr. Dilip Chakraborty as the Chairperson and other two members- Mr. K. Subrahmanyam and Mr. Richard Holloway. It would not be out of place to mention that Mr. K Subrahmanyam was instrumental and actively involved in the 1st ever GCA of 1999 which was organised by the then Delhi Chapter of Actuarial Society of India. EARC keeps a close watch on all GCA activities be it income, expenses, program and participation in GCA. The GCA Organising Group (GCAOG) delivers the program from end to end which includes engaging sponsors, selection of topics, papers and its presenters, speakers from sponsors and their topics, finalising programme, guiding IAI staff in vendor selection and help taking appropriate approvals. The 7 members' 19th GCAOG is chaired by Mr. Kailash Mittal with Mr. Heerak Basu as Secretary and Mr. Bikash Choudhary, Mr. Mayur Ankolekar, Mr. Mudit kumar, Mr. Pankaj Tewari and Mr. Philip Jackson as other members. IAI team also actively participates in various GCA related activities e.g creating GCA web-site, mobile application, liaising with all concerned persons such as sponsors, speakers, delegates, vendors and publication, ensuring compliances,

A famous inspirational leader's quote aptly applies to the Global Conference of Actuaries (popularly known as GCA). He suggests- Attend seminars, forums, conferences, summits and sessions where interesting topics about dream fulfilment and personal branding are prioritized themes and topics. Get exposed to better ways of doing things.

GCA which has roots in 1999, have achieved many of the stated above objectives. In addition some could explore new or more attractive employment opportunities during GCAs. To my personal knowledge some even got alliances!

We all know that the Actuaries Act 2006 (herein after explained as Act) states the objectives of the Institute. The section 5 of the Act under heading Objects of Institute states- The objects of the Institute shall be- (a) to promote, uphold and develop the standards of professional

education, training, knowledge, practice and conduct amongst Actuaries; (b) to promote the status of the Actuarial profession; (c) to regulate the practice by the members of the profession of Actuary; (d) to promote, in the public interest, knowledge and research in all matters relevant to Actuarial science and its application; and (e) to do all such other things as may be incidental or conducive to the above objects or any of them.

The readers might observe that the GCA meets most of the Institute of Actuaries of India (IAI) objects and hence would remain as the IAI priority.

The 19th Global Conference of Actuaries (19th GCA) has been proposed to be held on 30th and 31st January, 2018. The Actuarial Gala Function and Awards (AGFA) 2018 evening would be on 30th January, 2018. The event organized by IAI is a platform where actuaries and non-

etc. In addition, they ensure that the delegates and participants especially foreign delegates are cooperated with their registration, visa, accommodation and assisting their other requirements. GCAOG and IAI staff get periodical guidance from EARC and the President.

The Message from the President, Mr. Sanjeeb Kumar could be found in 19th GCA website - www.19gca.org including reasons to attend GCA and many more. IAI strongly suggest to visit the web-site on regular basis to find the updated information. IRDAI Chairman, Mr. T.S Vijayan has kindly accorded his consent to deliver the key note address in the inaugural session. There would be many other movers and shakers of finance sector present and in particular for insurance and pension sector.

It's execution part started with thorough discussions whether 19th GCA should have theme and branding. The competition was floated. There were many interesting

themes suggested by the participants and finally the theme suggested by Mr. Tushar Chatterjee was unanimously selected by GCAOG and EARC. The theme for 19th GCA is - **Actuaries, through the crystal ball!** The logo for 19th GCA was subsequently designed at IAI part.

The initial good thing to share is that as compared to 18th GCA, all records of number of sponsorships and the sponsorship amount have been surpassed till date. The chief sponsor remains RGA and for other sponsors the readers may visit 19th GCA web-site. IAI thanks all the supporters.

General Insurance and Health Insurance industry is coming strongly with new players showing interest. Their needs and requirements are different than Life Insurance. Hence general and health insurance is in focus along with many other timely topics.

We are hearing about the sponsors and activities so far through

dedicated 19th GCA website and through this magazine. By the time Jan 2018 edition reaches you, a detailed program would be available on website.

The participation number has surpassed 700 figure. This GCA would be unique in many respects including look and feel and most important as regards to topics covered and their presentation. Be its journey through expression of interest, sponsors or other way. In case you have yet to register then please do so through www.19gca.org. Further, the mobile applications are ready to be downloaded in android and iOS platform. So now the reach to the 19th GCA is at your palm.

Look forward to see you in 19th GCA. The Venue is Renaissance Mumbai Convention Centre Hotel, Mumbai. A luxury hotel, nestled on the banks of Powai Lake and located within close proximity to the Mumbai domestic and international airports.



Agriculture Insurance Company Of India Limited

Regd. Office: "AMBADEEP" (13th Floor), 14, Kasturba Gandhi Marg, New Delhi – 110 001

Applications are invited from resident Indian Citizens for the post of **"APPOINTED ACTUARY"** on Contract basis.

1. Total No. of Vacancy - 1

2. Eligibility conditions - As on 01.01.2018

3. Qualifications - The candidate should be a "Fellow" of Institute of Actuaries of India and he/she should satisfy the requirements of IRDA (Appointed Actuary) Regulations, 2017 & other relevant IRDA regulations with regard to Appointed Actuary issued from time to time.

4. Duties and obligations - As per IRDA (Appointed Actuary) Regulations mentioned above.

5. Selection Procedure - The Selection procedure shall be by personal interview

6. How to Apply - Hard Copy of Application on A4 size paper neatly typed or handwritten in CAPITAL LETTERS, incorporating all relevant information, super scribed at left hand upper corner of the envelop "AIC-APPOINTED ACTUARY", along with self-attested photocopies of all the relevant documents, should be sent to the following address.

Deputy General Manager (HR)
Agriculture Insurance Company of India Ltd.,
HR Department, 21st Floor,
Ambadeep Building, 14 Kasturba Marg,
Connaught Place, New Delhi – 110 001

7. Last Date of receipt of Application - 22.01.2018

For details please visit company's website www.aicofindia.com



ANNOUNCEMENT

List of Speakers of 19th GCA



T S Vijayan
Chairman
IRDAI



Brad Lipic (Vice President)
Data Strategy Global Research & Data
Analytics, RGA Reinsurance Company



Karunanidhi Muthuswamy
Chief Actuary RGA Reinsurance
Compy Middle East Ltd



Georgio Mosis
Head of Innovation Management
RGAX Asia



D. K. Pandit
Partner K.A.Pandit
Consultants & Actuaries India



John Ferguson
Regional Chief Actuary
Gen Re



Tan Suee Chieh
Council Member
IFOA, UK



Nick Foster
FIA
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Louise Pryor
Director
of Callund Consulting



Darryl Wagner
FSA
MAAA



Andrew D. Rallis
Executive Vice President & Global Chief
Actuary MetLife, Inc.



Sanket Kawatkar
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Dr. David M. Dror
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Micro Insurance Academy, India



Archana Wadhwa
Founder and Managing Director
of Analytics Saves at Work(aSaw)



Mahidhara Davangere V
Managing Director
Pramartha



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Zainal Abidin Mohd. Kassim
Bsc. FIA
FASM



Dr John Taylor
Partner, Guided Outcomes



ANNOUNCEMENT

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EVENT REPORT

11th Seminar on Current Issues in Health Care Insurance

Organized By: Advisory Group on Health Care Insurance, IAI
Venue: The Pillazio Hotel, Gurgaon Date: 5th December 2017

Health Care Insurance in India is a growing segment of India's economy. It has grown at a rate of about 20% per year in the last decade, and is forecast to see the same growth trend in the coming years. The increasing life spans, increasing medical advancements and increasing cost of medical treatment in current times is making it more important for every individual and every family to have Health Care Insurance.

While the potential for growth is huge, this also means increased competition, new channels to reach customers, innovative product propositions, new sets of challenges, etc. The Seminar on Current Issues in Health Care Insurance provided a platform to deliberate on these opportunities and challenges together as an industry. Many renowned leaders from the industry and Insurance Regulatory and Development Authority of India (IRDAI) graced the occasion and shared their thoughts and insights on the topics such as prospects for the Indian market, underwriting in Health Care Insurance, regulatory facilitation and the challenges that the Health Care Insurance industry may face in the coming times.



The seminar was compered by **Ms. Raunak Jha**, Chief Actuarial and Risk Officer, Reliance Health Insurance. It was declared open by **Mr. Sanjeeb Kumar**, President, Institute of Actuaries of India.



In his address he welcomed all the participants, speakers and IRDAI members. He emphasized that there is a lot to do in General Insurance and health insurance sector, and actuaries have a key role to play in all the departments be it actuarial, underwriting, claims, technology, reinsurance, analytics etc. The roles and responsibility of an actuary will also increase with the introduction of risk based insurance. He talked about the steps the Institute has taken and will continue to do in future in order to create awareness and learning platforms for members and non-members. He closed his note by thanking all the participants and delegates for their august presence in the Seminar.

Session 1 : Leveraging on Insuretech: Prospect for the Indian market

Speakers : Mr. Rajesh Dalmia - Partner, Ernst & Young and Ms. Tanmeet Kaur - Manager, Ernst & Young



The session started with Ms. Kaur discussing the impact of upcoming technologies in various industries. She established how various new innovations and technologies are impacting the Health Care industry around the globe and how things are moving fast towards digitisation. To name some ground-breaking technologies that were showcased are the following - sensor predicting falls, home based HIV test, early detection through smart phone, digestible sensor, Google glass, wrist bands, bio-printers, on-the-spot testing machine etc. The increased use of smartphones for mHealth was also discussed. Health usage and its positive impact on the eco-system around healthcare was further supported with inferences drawn through various surveys.

Mr. Dalmia shared his views on some key areas of focus in the Health Care Insurance market such as rewarding consumer behaviour, creating awareness, wellness program, tailor-made products, data management analysis for appropriate pricing, customer experience, speed to market, sales productivity, claim and underwriting efficiencies were also discussed.

He also discussed emergence of customer dissatisfaction as a big risk for the Health Care Insurance industry. The session was concluded with discussions around key take-aways from the global market such as proper collection of detailed data, price comparison sites, enhanced usage of wearables and health tracking applications and digitisation that will eventually play a significant role in the growth of Health Care Insurance industry in India and how following a phased approach will be optimal to reap the benefits of technological advancements.

Session 2 : What is the Future of Underwriting?

Speaker : Mr. Joydeep K Roy - Partner, Insurance & Allied Business, Price water house Coopers (PwC) India



The session by **Mr. Roy** covered various aspects of underwriting from its evolution in India to the future state of hyper personalized needs and also how technology can change the dynamics and pace of underwriting.

The session focused on how the future underwriting will move towards individual risk assessment by performing behavioural study, sensory analytics and dynamic questioning. He supported his views using an example of traditional motor insurance and how it is embarking on digital transformation initiatives such as introduction of telematics thus laying the foundation for behaviour driven motor insurance underwriting in India.

Mr. Roy shared his views on how going forward underwriting in Health Care Insurance may use the behavioural study through wearables (such as Fitbit), individual customer data, social media, activities like adventure sports, life-style based info, workplace, etc. He mentioned how technology will play a major role in transforming the conventional underwriting practices dominated with manual interventions to instant underwriting and e-policy generator.

The session concluded with some food for thought by leaving some considerations for insurers, the regulator and the government, such as:

- Going digital across all phase of underwriting or insurance value chain
- Developing artificial intelligence and machine learning based analytics models for assessing risk
- Integrating policy pre-qualification data from telematics with the current data
- Establishing cyber security protocols and technology
- Forming conducive regulatory and legal framework to competently deal with issues and litigations

Session 3 : Regulatory Facilitation - A Paradigm Shift in Health Insurance

Speakers : Dr. S Prakash - Chief Operating Officer, Star Health and Allied Insurance Company

"Health care Insurance is the only sector that wishes every day that its clients remain healthy".



In this session, **Dr. Prakash** laid emphasis on the importance of market reality and ground reality alongside the data that is present. He shared a different view of looking at health insurance i.e. as a collateral security for an individual's savings, valuables and livelihood. While stating the evolution of Health care Insurance from an INR 380 crores gross written premium industry in 1999 to INR 8,000 crores in 2009 and to INR 34,000 cores in the current times, Dr. Prakash discussed some examples that demonstrate the paradigm shift such as moving from reimbursement claims to cashless claims and categorisation of some cosmetic procedures (as previously believed) to metabolic procedures as it leads to overall well being of the person, assisted by scientific advancements in healthcare. The other shifts that have been significant are movement of insurers to digitisation techniques and focussing on wellness of the customers rather than their illness.

Dr. Prakash concluded the session by asserting the regulator's role in supporting the insurers during the fast paced transformation occurring in the Health Care Insurance industry. He emphasized on how the insurers and the regulator should work hand in hand to create more awareness amongst themselves with respect to the

advancements in the healthcare industry and also making sure that Health Care Insurance is viable for the population.

Session 4 : Practical Challenges for Health Insurance Actuaries

Speaker : Ms. Joanne Buckle - Principal Consulting Actuary, Milliman



In this session, **Ms. Buckle** presented some practical issues that Health Care Insurance actuaries face. The major challenges that were identified in the session included non-credible data and supplementing it with data from multiple other sources, building standardized process for pricing, communication of uncertainty to non-actuaries and estimation of return on investment (RoI) of claims management activities, direct marketing or wellness initiatives, etc.

Ms. Buckle mentioned many concerns faced with respect to the data such as availability, format, etc., and also discussed ways to overcome them such as use of industry data, benchmarks and appropriate data grouping. She cited that the insurers need to take initiatives to ensure proper data culture is embedded in the organization that should also support the business strategy of the company. The other challenge that was brought up in the session was establishment of standardized pricing processes to cope with fast-changing product designs and introduction of increasing number of new products, essential in developing Health Care Insurance industry in India.

The other topic that Ms. Buckle discussed was communicating uncertainties in estimates to the non-actuarial audience and making them understand the reasons behind the same. She discussed various factors that may impact the estimates along with methods to estimate the uncertainty and ways of communicating the same to the management. The last subject discussed during the session was the impact of return on investment (RoI) of various management related activities, such as claims management and wellness initiatives. Ms. Buckle, while mentioning that there are various methods to measure the RoI of the above activities, also stated that none of the methods are perfect. Towards the end of the session, she discussed a UK case study with the audience,

along with easy to understand models having cost models combined with clinical judgement.

Session 5 : Distribution Challenges in Health Insurance

Speakers : Mr. Aditya Sharma - Strategy Officer, Bajaj Allianz General Insurance Company Limited

Mr. Sharma initiated the session using some statistics about the current scenario of the Indian Health Care Insurance industry. The facts stated that the standalone health insurers have seen the most growth followed by public sector and private sector companies. As per the available data of 2015-16, 87% of gross written premium (GWP) comes from only 10 states out of which 3 states, Maharashtra, Tamil Nadu and Karnataka, contribute more than 50% of the total GWP. Using these figures, Mr. Sharma gave a food for thought to the audience as to why the industry was not able to penetrate in other states/regions? What will be the growth rate like if other regions are also penetrated?

Some of the challenges illustrated and discussed in detail by Mr. Sharma were:

- Low levels of awareness of Health Care Insurance and their benefits
- Regulatory challenges - lack of data, time taken for approval, regulation on distribution channels
- Varying treatment costs, lack of standardization and accreditation in health care facilities
- Product innovation - lack of affordable and customised products, lack of consumer & disease pattern

The utilization of appropriate distribution networks to reach out to maximum population was discussed along with ways to overcome the hurdles. Health Care Insurance industry needs a cohesive health ecosystem implemented along with advanced technologies and analytical methods. Ease of access through new distribution channels will help capture new territories. These along with other growth factors such as process digitisation, innovative products and pricing techniques will lead to increased penetration. Mr. Sharma also emphasized on the need to reinforce a conviction for improvements in all areas especially services and grievance redressal policies.

He concluded the session emphasizing that overcoming the challenges and achieving new heights in Health Care Insurance industry depends on the mind-set of the government, regulator, insurers and distributors to create an ecosystem for providing adequate coverage and better services to each and every citizen.

Session 6 : Key Challenges Faced by Web Aggregators in Health Insurance

Speaker : Mr. Dhruv Sarin - Director, Policybazaar.com and Mr. Ankit Mittal - VP Actuarial, Policybazaar.com

Mr. Sarin and Mr. Mittal started the session with a presentation on the success story of policybazaar.com and how policybazaar.com is transforming the insurance market in India by providing policies from various insurers at one place. They discussed various behavioural parameters which are considered over conventional risk parameters and the impact of these on the loss ratios. To exemplify, they shared the data comparing the loss ratios from Assisted selling with those from Unassisted selling on policybazaar.com. It was apparent that loss ratios from policies sold through unassisted selling was lower.

While discussing the current Health Care Insurance scenario in India, Mr. Sarin and Mr. Mittal touched upon the key challenges that people face while purchasing health insurance. The issues ranged from unfamiliarity and unawareness about Health Care Insurance products to complex processes and inflexible premium payment options. They also presented the inferences drawn from a survey carried out by policybazaar.com on awareness of the products, misconceptions, affordability, product suitability etc.

Considering the challenges, the presenters believed that the best way to tackle these challenges is through innovations. Innovations can be in the form of new products coming up, or in the ways data should be collected and analysed, or in the form of technologies such as chat bot, voice bot, Health exchange etc. They discussed various initiatives taken by different insurers in these areas and stressed that more such initiatives will further add to the growth of health care insurance industry.

The speakers ended the session urging the insurers to leverage policybazaar.com's pool of analytics, actuarial, operations and market knowledge for product development, benchmarking and utilizing behavioural parameters.

Vote of Thanks

The seminar ended with a vote of thanks from Mr. Irvinder Kohli, Appointed Actuary, Religare Health Insurance, to all the speakers for sharing their valuable insights and thoughts on the current issues in the Health Care Insurance industry, to the participants for making the seminar interactive and interesting, and also to the organisers for ensuring smooth conduct of the seminar.

In his thank you note, Mr. Kohli also summarized the various topics that were covered in the seminar which ranged from innovative technologies impacting the Health Care Insurance industry to the way underwriting is changing. The topics in the seminar spanned regulatory facilitations for the development of the industry, deliberations on distribution channels and the challenges faced in various aspects by the actuaries, the insurers, and the aggregators. The seminar also provided ample networking opportunities to the participants.

About the Author



Ms. Tanushree Gupta

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“Consultant at Willis Towers Watson with around 9 years of working knowledge on a variety of actuarial and business consulting areas in the General Insurance practice.”



WELCOME!



Ms. Anamika Avinash Patil has joined on 19th December 2017 as Executive- Education and Training. She is a Commerce Graduate and an Actuarial Student. Her hobbies including reading, writing and watching movies. We welcome Anamika to the family of Institute of Actuaries of India. She can be reached at +91-22-39686081



Feedback of HCI Event

Looking forward to more such conference to put light on pricing

We have been having sessions that touch upon macro level issue. It will be more helpful if we would discuss specific challenges faced like application of EC and ALM for health insurance, complex pricing techniques for specialised products, etc.,

The audience is very widely spread in terms of education and skill level. The seminars need to be separately conducted to ensure targeted delivery.

Though it is an actuarial seminar, the content and presentation were easy to infer for non actuarial professional. Added real value and developed good understanding of pricing side.

Some practical/ experience based examples should be based in the presentation.

Economic capital case studies should be based on general insurance. More workshop on EC required in the future.

For Session No.1, the practical application could have been conducted more personally. With the actuaries team moving around the room to see if everyone is being able to conduct and apply the examples as expected. Other than that, the technical session was very well structured and informative.





Success

Success is the ability to go from one failure to another without any loss of enthusiasm - Sir Winston Churchill.

While Churchill might be talking of bigger failures, I am very much able to relate to these words with the life I spent as an actuarial student, where failure in exams can definitely lead to a loss in enthusiasm, especially if it is happening for a second or a third time. The fact that most of us, while studying, have to manage our demanding jobs, attend all the weddings, keep our social media accounts up to date and risk being called 'always studying type' just doesn't help the cause. A portion of our brain is always on the lookout for ways to pass the exams quicker and get that fat paycheck sooner than later!

Luckily I have been continuously engaged with actuarial exams over and above finishing my own back in 2011 - be it as an undergraduate exam marker in Cass Business School to earn some pocket money, as an examiner with IFoA, while teaching actuarial science in personal capacity or as the study program manager/mentor at three of my employers, including the current one. This has provided me with some wisdom which I would like to share with the actuarial student fraternity through this magazine. This essay is not going to give you any magic formula (sorry!), but I intend to share with you some tips which may make the journey easier.

To begin with, the skills required to pass a CT series exam are completely different (annoyingly so) to those required for passing the CA, ST and SA series exams. In my honest opinion the skills required to pass CT Series exams are almost the same as those required to pass Class XII exams. In

fact, the effort required would have been less, had there been a pattern in the past ten years' papers for actuarial exams. Yes, there is a relatively stable marks distribution across years, but what makes an actuarial exam different to others is the application based examination system; hence it is of utmost importance that the concepts are clear to you. Without that you cannot go very far, and any good interviewer will be able to make it out whether you have passed the exams by learning the concepts or by rote. With an increasing supply of actuarial candidates, it is important to be able to make a mark for yourself by answering well on technical questions during an interview.

The second tip applies to all actuarial exams actually, and is the old favorite one - regular study time. Applied to CT Series, I have not known many people who have passed the CT Series exams purely by a week or 10 days of solid hard work (exceptions always exist). These exams cannot be assimilated in a short time-frame. Before you start thinking that studying regularly is difficult while juggling so many responsibilities, let me bring to your attention that the suggested study hours by the Institute are 150 hours. Assuming you have 12 weeks to prepare, here is my plan for you - 2 hours every alternate day on weekdays, and 5 hours each on Saturday and Sunday. If you follow this for 12 weeks, you would have studied 192 hours, already in excess of what is required, so any slippages and mock exam time is also covered. Not to mention the additional push you will be making closer to time and the exam leaves provided by your employers which should also make it easier. If you're writing 2 CT series exams, you will have to be even

stricter with your time.

Finally, try and attempt at least 6-8 past papers, and definitely 2 of these should be in a timed condition. Again, experience tells me that the brightest of students sometimes struggle to finish the exam, and give into the temptation of getting a 6 marks question correct to the 20th decimal point accuracy at the cost of missing a 15 marks question altogether. Avoid that.

That was rather easy and common sense isn't it?! Cases are aplenty where students make swift progress through the CT Series, and hit a wall when CA1 comes up. Truth be told, most people have forgotten to prepare for wordy exams by the time it comes to writing CA1 exam - at least those of us who cleared majority of the exams at the workplace. To add to our woes, even the recommended study time is a hefty 400 hours, so all my CT Series math above goes for a toss! While everyone has a different way of dealing with this exam, I have 3 tips for you here as well - first is that you should try preparing for it one session in advance. Doesn't matter if others see your approach as school-like and find it odd, but an almost sure shot way of passing CA1 is to have finished reading the course once in the previous session. Might be hard to achieve, but try to make it happen. Give yourself some time for new concepts such as actuarial control cycle, contract design, and different risk types etc. to register with your mind, which has largely been in a question-solving mode all this while.

This brings us to my second tip- try to have least 10 weeks left before the exam only to be spent on doing unit-wise assignments, ASETs and memorizing the acronyms to help you

generate sufficient pointers in the exam. It might sound too ambitious, but with good planning, it is not impossible. It is important to do extensive revision for each chapter to ensure you do not lose marks in the straightforward questions. Definitely have a timetable which spans over 8-10 months, as it is unlikely you will be able to read more than 15-20 pages in depth at a single sitting during initial days of preparation. Here is what a sample plan for CA1 could look like for an attempt in the last week of October:

Month	Unit Number
January	Unit 1
February	Unit 2
March	Unit 3
April	Unit 4
May	Unit 5
June	Unit 6, 7
July	Unit 8
August	Unit 9, 10
September	Revision + timed exam 1
October	Practice + timed exam 2

With the above sample schedule, you should be able to fit in one CT Series paper in the April attempt as well because the initial chapters of CA1 course are not that demanding and will make for an interesting change when you need a break from, say, pricing Options!

Good news is that unlike CT Series, you do not really need to do 6-8 past papers because the nature of questions will not change that much and with sufficient practice, it is

relatively easy to spot which chapter the question relates to. Once the topic is identified, it is all about how well you understand and remember that chapter's contents. Having said that, you should aim for at least 2-3 timed papers. Self-assess your answer script, or get a colleague or friend mark it for you if you tend to get biased when marking yourself. This will either give you great confidence if you are doing well, otherwise it will bring to light areas you need to focus more on. Both are necessary. Third, but equally important tip I have for the CA1 and later series exams is to do time management during exams, because for me, the wordy exams are 50% about knowledge and content and 50% about exam techniques. Write to the point, and keep going back to the question to ensure you don't digress.

Techniques to pass the ST Series exams are largely the same as those required for CA1 exam, except that you do need practice area knowledge. Most of us would have acquired a certain number of years of experience by the time we start writing ST exams. My only advice here will be not to try and write these exams too early in your

exam journey for two reasons - one, you might not be having the knowledge to pass the exam and might get demotivated if you fail, and second, even if you pass the exam, you will not be able to make the most of what is being taught in the syllabus. Remember, ST stands for Specialist Technical (although the names are going to change next year), so they're meant for Specialists in the field. At least from a GI perspective where I work, preparing for these exams is the only time when one reads theory behind what we do, otherwise at work it is all about meeting deadlines and doing what is required. No doubt it is important to know how to get the task done at work, but it is also good to have a solid theoretical knowledge.

Some of the tips above might have been common sense, while others might help you in specific areas, but if you found the above too lengthy to read, I would like the students to have at least two key takeaways - regular study, plus time management before and during writing the exams. And the very final tip - never ask an actuary how many attempts it took him/her to pass an exam, because in the end, it doesn't matter! Happy studying!

About the Author

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“Charchit Agrawal is a qualified GI actuary currently working with XL Catlin in Gurgaon, having almost ten years of work experience spread across time spent in UK and India.”



PEOPLE'S MOVE

Mr. Chung has joined Techcom bank as head of its insurance division. He will be based in Hanoi, Vietnam.

Prior to this Mr. Chung was CEO and General Manager of Generali in Hong Kong responsible for all of Generali's operations in Hong Kong.



What ails Motor Insurance in India?

Introduction

Change is the only thing that is almost always constant. Organisations have to keep revamping their business strategies from time to time to grow their business and capture a greater share of their market. Adaptability to change and flexibility to change the operational model in response to market needs is a great strength. The insurance sector is no exception to this rule. In the last few years, the insurance sector has witnessed a lot of positive changes. The private non-life players have proved to be a threat to the national insurance companies as they are far too aggressive in winning orders and writing risks. Price cutting by the private companies has proved to be a major hurdle for national non-life insurers. IRDA has also played an effective role as the regulatory authority.

However, there is one area that IRDA really needs to think about. Dismantling of the TAC (Tariff Advisory Committee) may have been a hasty move. It should be possible to resurrect TAC by giving it a structure that is more contemporary and fit for purpose. The other area that IRDA needs to focus on is to overcome the avarice that dogs the health and motor insurance sector due to the insatiable greed of the stakeholders concerned. In this article, I shall focus on Motor Insurance alone but this does not mean that fraudulent health insurance claims are any less in number than that in motor insurance.

Motor Insurance and Unethical practices/behaviours

There is one illness for which no medicine can ever be discovered.

This illness is called unethical behaviour. This sort of behaviour is most common in Motor Insurance apart from Health Insurance. All the basic principles of insurance like - "Uberrima Fides" (Utmost Good Faith), "Principle of Indemnity", "Principle of Insurable Interest" etc are relegated to the side lines with impunity. It is really a sorry state of affairs if one looks at the manner in which the claims are made in motor and health insurance defeating the basic purpose of insurance as a risk mitigating measure.

Insurance claims are not intended to make a profit out of the loss - they are a means to make good the loss in the most reasonable manner. However, in reality, all motor insurance claims have an element of fraudulence in them that is hard to miss. Majority of car owners are reckless in their driving habits as they feel that any damage to the vehicle will be taken care of by insurance even if the damage is a result of careless behaviour or wilful/malicious intent.

The Law and the Law-breakers

As per law (Motor Vehicles Act), every vehicle has to be compulsorily insured. The intention of the law is honest but the vehicle owners and garages and service stations use it as a means to earn money via claims. Where is the question of indemnity if there is wilful intent to allow the risk to occur so that a claim can be made? No wonder, the non-life insurers are bleeding when it comes to motor insurance claims. As a student pursuing insurance almost a decade ago, I have read about the number of claims pending in Motor Accidents Claims Tribunal. It appears that the situation has worsened now.

The private non-life insurers are far too aggressive about business growth, so they end up diluting underwriting standards in favour of writing more business regardless of the merits of the case. If this is their strategy, then there is no point in crying about mounting motor insurance claims. If the losses have to be avoided, then there is a need for revamping the pricing model in motor insurance.

An IT geek in Bangalore who earns a handsome salary is reckless while driving mainly because there is insurance cover for the vehicle. Does the insured not have duty or responsibility for taking suitable precaution to protect his vehicle from damage? The garage shops / service centres are thrilled when a vehicle is brought to them for maintenance.

In the service stations/ workshops, oil will be charged whether it is required for the vehicle or not, spare part expenses will be claimed whether those parts are needed or not - simply because there is an insurance cover for the vehicle. There is also no way to cross-check this and stem the rot. There are no benchmarks, no standard rates for repairs in service stations/ repair shops. Even if the workshops do have standard rates, who is to check their veracity and logic behind fixing those rates? Some service station personnel in Bangalore are so splenetic enough to claim that they shall not entertain vehicles that are covered by a particular insurer.

New Product Development in Motor Insurance

Due to the high level of moral hazard, a tighter claim control is needed. But is that enough? Not at all. We have to

look at this malaise holistically. Piece meal solutions won't work.

Even the age old concepts like No claim discounts, depreciation allowance for new parts etc are just not enough. The entire risk pricing model for motor insurance needs a total revamp.

The insurance principle of contribution must be enforced in case of motor insurance. The claims cost must be shared equally between the insured and the insurer. There can be riders to it based on the earning capacity of the individual. Alternatively, the motor insurance premiums must be so structured that the share ratio between insured and insurer should change as the vehicle ages. This can be done progressively. For instance, a new vehicle can be insured where contribution in case of claims can be 20 (insured):80 (insurer). As the vehicle ages and is subject to wear and tear, the ratio can be tweaked so that insured vehicle owner's share of contribution increases. This will propel the insured to take proper care of the vehicle. Another thought that emerges is - why not price the premium based on the earning capacity of the individual as an additional factor?

Premium should be calculated based on the type of the vehicle, the safety features in the vehicle, the experience of the driver, age of the vehicle, the defensive driving techniques learnt, the usage of the vehicle and also the geographical location. For instance, motor insurance written in metro cities should command a higher premium than that written in rural areas where the incidence of traffic congestion is low.

Periodic audits of repair workshops can be conducted by automobile experts who can be authorised by IRDA for carrying out this task. IRDA must regularly monitor the business parameters that govern underwriting norms to preclude price wars and



dilution of underwriting standards. Many corporates train their contractors so that they are well-equipped to carry out the work as per the standards laid down by the corporate. Extrapolating this logic, we can work out a way of accrediting the service centre workshops of OEMs.

Considering the engineering talent available in India, IRDA should encourage more and more engineers to take up surveyor jobs either on a full time or on a free lance basis.

Designing of the product definitely needs a completely different approach. As we all know, vehicles are segmented in different categories like Mini/Micro, Compact, Sedan, Premium, Luxury etc. Going forward, it will be good to have a motor insurance product that is specific to a particular category of vehicle. Calculation of premium must be done on a scientific basis using the weighted points method where factors like age of vehicle, driver competence, earning capacity of the individual, type of vehicle, usage must be used to arrive at a computation of premium. Policy renewals must be made on a sound basis rather than using the archaic concept of "last year's premium + 10%".

My personal opinion about insurance claims is that there are two ways to look at it. One way is to pre-empt the large claims by making the claims procedure more robust that leaves little scope for doubt. The other way is to work towards faster disposal of cases pending in the tribunal. But a

proactive approach (the former method) is always a better one than a reactive one (the latter method), isn't it?

Networking with the automotive sector

The automotive industry is coming up with innovations galore and technological advancements in vehicle technology are ruling the roost. If a user can purchase a vehicle along with all the desired features, he can also pay a nominal amount towards the motor insurance premium and share the risk with the insurer.

One cannot help but look at the irony of the situation. The pollution from vehicles is creating havoc with our environment. Automobile OEMs are doing all that they can in terms of innovation and break through thinking to grow business and capture market share. OEMs are trying to be socially and environmentally responsible by introducing more environment friendly technologies. They are taking strategic actions to meet the evolving emission norms. Yet, the fact is that, despite infrastructure in India being more or less the same, the phenomenal growth in the number of vehicles that are being manufactured and sold is a grim reminder to the fact commerce and business clearly takes precedence over environment protection. Notwithstanding this, the non-life insurance sector needs to keep itself abreast with the technology trends sweeping the automotive sector.

OEMs that are using environment friendly technologies in their vehicles must be encouraged by insurance sector by way of suitable allowances in the premium. This may be a small step but can be a large contributor to create a sustainable future for the future generations. Networking with the OEMs is also a good strategy to take their support in accreditation of authorised service stations.

By and large, pricing of a risk is also determined by claims experience. But this is something that the insured will not understand so easily. Greater visibility on the pitfalls of making fraudulent claims must be created in the audio-video and print media.

The Final word

All said and done, the instances of moral hazard in motor insurance

claims are something that insurers have to deal with. Intelligent ways need to be explored to short change the intentions of fraudsters. This is a tall order but not something that is impossible. As I have said before, one can always tackle the situation in a fire-fighting mode which is more of a reactive approach. But then this is not the right strategy. The key thing is to have a relook at the claims procedure and build a robust underwriting mechanism. New motor insurance products must be developed that are more

contemporary and are in sync with the rapidly changing market dynamics and demographics.

A well-known scholar has remarked that problems are actually opportunities in disguise. Therefore, IRDA must guide the insurers in such a manner that the level of fraudulent claims in motor insurance is vastly reduced by proactive means and corrective actions taken at the right time.

About the Author

Prof. Venkatesh Ganapathy



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“Mr. Venkatesh is working as - Associate Professor at Presidency Business School, Bangalore.”



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- ☐ Responsible for correctness of data input in various models, testing output of various reporting tools, models, etc
- ☐ Monthly IBNR estimation and quarterly reserve utilization report
- ☐ Evaluate quotes for corporate customers

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- ☐ 3-6 years of relevant experience in handling Actuarial tasks in a non-life insurance company
- ☐ Pricing experience of personal lines will be preferred
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Education & Certificates

- ☐ Minimum Requirement: Graduate/ Post-graduate in Maths, Stats, Actuarial Science, etc
- ☐ Preferred: Completed atleast 6 CT series exams of Institute of Actuaries of India/UK

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ANNOUNCEMENT

Call for Articles

CALL for ARTICLES

We invite articles from the members and non members with subject area being issues related to actuarial field, developments in the field and other related topics which are beneficial for the students of the institute.

The font size of the article ought to be 9.5. Also request you to mark one or two sentences that represents gist of the article. We will place it as 'break-out' box as it will improve readability. Also it will be great help if you can suggest some pictures that can be used with the article, just to make it attractive. Articles should be original and not previously published. All the articles published in the magazine are guided by EDITORIAL POLICY of the Institute. The guidelines and cut-off date for submitting the articles are available at http://actuariesindia.org.in/subMenu.aspx?id=106&val=submit_article



The Actuary India wishes many more years of healthy life to the fellow members whose Birthday fall in January 2018

MR. BHUDEV CHATTERJEE
MR. N K PARIKH
MR. RAJENDRA PRASAD SHARMA
MR. SRINIVASAN NAGASUBRAMANIAN





UK Update

Brexit

The uncertainty caused by Brexit continues to be a huge issue for UK insurers at and this uncertainty is likely to persist for a number of years.

Insurers are setting up large internal programmes to plan and manage the resulting work, although this is a difficult task given the lack of detail and information on the final Brexit outcome.

Some insurers are considering, for example, Part VII transfers of their UK businesses into their EU operations, with much of this business subsequently reinsured back to the UK. This approach would allow much of their UK insurance business to continue to be regulated as EU business.

Solvency II

As reported in my last update, Solvency II is not stable and continues to be consulted on and amended. For example, European Commission and EIOPA are currently reviewing and consulting on the Standard Solvency Capital Requirement, with consequential changes to be implemented in 2018. Important areas being consulted on include: mortality and longevity risk calibrations, interest rate risk, loss absorbing capacity of deferred taxes and the risk margin, amongst a number of other areas.

In October 2017, the House of Commons Treasury Committee published its report "The Solvency II Directive and its impact on the UK insurance industry" (see the link below).

<https://publications.parliament.uk/pa/cm201719/cmselect/cmtreasy/324/324.pdf>

This report is well worth a read and, for example, sets out a steer from UK

government that it is looking for UK regulators to be more pragmatic going forward in their implementation of Solvency II.

Mifid II

The EU's revamped Markets in Financial Instruments Directive (Mifid II) was implemented on 3 January, affecting UK banks, insurers, asset managers, exchanges, trading venues, brokers, pension funds and retail investors. This huge piece of legislation has been 7 years in the making and, sadly, contains more than 1.7 million paragraphs of rules.

Mifid II is designed to offer greater protection for investors and to inject more competition into the trading of all asset classes. For example, asset managers are now required to unbundle the cost of investment research from that of executing trades with banks and brokers.

There remains a lot of certainty about the meaning of the rules and certain sections of the European financial services industry are believed to be behind on being ready for implementation.

It will be interesting to see how this well-intentioned, though highly complex, piece of EU legislation pans out in practice and how it affects global markets.

Market

The market remains challenging as a consequence of low interest rates,

with Solvency II's risk margin especially hurting annuity writers. General insurers are also being challenged by technological developments and the superior data analytic capabilities of new entrants.

As a consequence, corporate activity is expected to increase as insurers consolidate to try and stay competitive, or are taken over by closed book consolidators, or transform their business models in response to the new market realities eg some motor insurers are considering transforming themselves into data companies in response to the expected introduction of self-driving cars.

The market is also seeing enhanced levels of risk transfer transactions, sometimes quite new and innovative, as insurers try to shift risk off balance sheet to reduce capital requirements.

Asset Allocation

Private market assets like infrastructure debt, commercial real estate loans, long lease loans continue to be of great interest to insurers as they try to access the illiquidity premium available on these assets.

It seems very likely that, in due course, these types of assets will comprise a large proportion of insurers' assets, once regulators gain confidence that insurers understand the associated risks and are managing them appropriately.

About the Author

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"Dr. Bruce works at Standard Life Investments as an Investment Director, developing Standard Life Investments insurance solutions proposition and business."





Letter to the Editor



We invite readers to respond briefly to our articles and to suggest new features with letters to the editor. Kindly mail your responses on library@actuariesindia.org with your name & contact details. Appropriate responses will be published in Actuary India magazine with the approval of competent authority.



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- Fulfill other requirements regulatory reports as and when required by Authority Conducting experience analysis such as Claim Analysis, Expense Analysis and Investment analysis. Participate in various management meetings as member of different committees. Pricing of new product and revision of existing products.
- Finalizing technical reports and ensuring that F&U guidelines are adopted as per extant regulations.Suggest top management on various issues such as price adequacy, solvency ratio etc.

Interested candidates are requested to mail across the CV to tanmaya.panda@universalsampo.com at the earliest

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Prize money for students scoring Highest Marks in September 2017 Examination

The Prize fund for highest marks is instituted by contribution given by various donors to Institute of Actuaries of India. This Prize fund has been constituted for student scoring highest marks in March/September exam diet. The Award consists of prize money of Rs. 5000/-

SUB	SUBJECT NAME	PRIZE FUND	CANDIDATE NAME	MEMBERSHIP ID	PLACE
CT1	FINANCIAL MATHEMATICS	Shri R. Krishnaswamy Memorial Prize Fund	MANU BANSAL	34561	DELHI
CT2	FINANCE AND FINANCIAL REPORTING	Sh. Atma Ram, Sh. Chhaju Ram & Smt Parvati Devi Memorial Scholarship Endowment	PRAVEEN KUMAR MUNDHRA	34482	CHENNAI
CT3	PROBABILITY AND MATHEMATICAL STATISTICS	Shri H V Krishnamurthy Prize Fund	VIVEK KRISHNAMOORTHY	27274	MUMBAI
CT4	MODELS	Shri R. Krishnaswamy Prize Fund	GAUTAM KUMAR GOYAL	32897	KOLKATA
CT5	GENERAL INSURANCE, LIFE AND HEALTH CONTINGENCIES	Smt. Vidhya Wati and Smt. Santosh Kumari Memorial Scholarship Endowment	HRITIKA GUPTA	33870	DELHI
CT6	STATISTICAL METHODS	-	VINAYAK RAWAT	33684	JAIPUR
CT7	BUSINESS ECONOMICS	Prof R M Joshi Prize Fund	AHNEES KAUR ARORA	34876	DELHI
CT8	FINANCIAL ECONOMICS	Prof G S Diwan Centenary Commemoration Prize	RAHUL GOPALKRISHNA SOMANI	31799	MUMBAI
CA1	ACTUARIAL RISK MANAGEMENT	The Future Actuary Prize Fund	ANSHUL MITTAL	10922	DELHI
CA3	COMMUNICATION- (October 2017)	J R JOSHI PRIZE	CHANDRA SHEKHAR DWIVEDI	1896	MUMBAI
ST1	HEALTH & CARE INSURANCE	G S Diwan 100th Birth Anniversary Memorial Education Fund	JINAL MAULIK SHAH	5570	MUMBAI
ST2	LIFE INSURANCE	Late Shri Janardan Pundalik Nenurkar Prize Fund	ALBINA CHETTIAR	20662	MUMBAI
ST4	PENSION & OTHER EMPLOYEE BENEFITS	Shri K A Pandit Memorial Prize Fund	GARIWA PRAKASH SINGH MANISHA SHARMA	20821 11199	MUMBAI BANGALORE
ST5	FINANCE AND INVESTMENT A	Mr. Kamal Kumar Noranglal Podar Prize Fund	ANUJ BUDHIA	1304	MUMBAI
ST6	FINANCE AND INVESTMENT B	Late D Basu Prize Fund	IMRAN ALI SAYED	5477	MUMBAI
ST7	GENERAL INSURANCE - RESERVING AND CAPITAL MODELLING	Mr. Peter Akers Prize Fund	PIYUSH JAIN	25571	GURGAON
ST8	GENERAL INSURANCE : PRICING	-	PIYUSH JAIN	12274	MUMBAI
SA1	HEALTH & CARE INSURANCE	G S Diwan 100th Birth Anniversary Memorial Education Fund	SAURAV RAJGARIA	4945	MUMBAI
SA2	LIFE INSURANCE	Prof G S Diwan's Memorial Prize Fund	VIPUL AGGARWAL	534	DELHI
SA3	GENERAL INSURANCE	Late Shri K P Sarma Memorial Prize for the Meritorious in General Insurance	NO CANDIDATES PASSED	-	-
SA4	PENSION & OTHER EMPLOYEE BENEFITS	Canada Life Scholarship Endowment Fund	NO CANDIDATES PASSED	-	-
SA5	FINANCE	-	NO CANDIDATES PASSED	-	-
SA6	INVESTMENT	Prof G S Diwan Memorial Scholarship Fund	NO CANDIDATES PASSED	-	-



The Actuary India - Editorial Policy



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The Actuary India - Editorial Policy

Version 2.00/23rd Jan 2011

A: "The Actuary India" published monthly as a magazine since October, 2002, aims to be a forum for members of the Institute of Actuaries of India (the Institute) for;

- a. Disseminating information,
- b. Communicating developments affecting the Institute members in particular and the actuarial profession in general,
- c. Articulating issues of contemporary concern to the members of the profession.
- d. Cementing and developing relationships across membership by promoting discussion and dialogue on professional issues.
- e. Discussing and debating issues particularly of public interest, which could be served by the actuarial profession,
- f. Student members of the profession to share their views on matters of professional interest by way of articles and write-ups.

B: The Institute recognizes the fact that;

- a. there is a growing emphasis on the globalization of the actuarial profession;
- b. there is an imminent need to position the profession in a business context which transcends the traditional and specific actuarial applications.
- c. The Institute members increasingly will work across the globe and in global context.

C: Given this background the Institute strongly encourages contributions from the following groups of professionals:

- a. Members of other international actuarial associations across the globe
- b. Regulators and government officials
- c. Professionals from allied professions such as banking and other financial services
- d. Academia
- e. Professionals from other disciplines whose views are of interest to the actuarial profession
- f. Business leaders in financial services.

D: The magazine also seeks to keep members updated on the activities of the Institute including events on the various practice areas and the various professional development programs on the anvil.

E: The Institute while encouraging stakeholders as in section C to contribute to the Magazine, it makes it clear that responsibility for authenticity of the content or opinions expressed in any material published in the Magazine is solely of its author and the Institute, any of its editors, the staff working on it or "the Actuary India" is in no way holds responsibility there for. In respect of the advertisements, the advertisers are solely responsible for contents of such advertisements and implications of the same.

F: Finally and most importantly the Institute strongly believes that the magazine must play its part in motivating students to grow fast as actuaries of tomorrow to be capable of serving the financial services within ever demanding customer expectations.

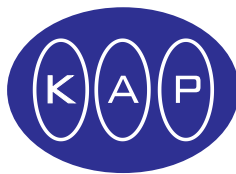
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