



4th Enterprise Risk Management (ERM) Seminar

Enterprise Risk Management Issues in General Insurance

Manalur Sandilya

03/12/2015, Mumbai

Acknowledgements

I have developed these slides to help me focus on key issues underlying the ERM function in General Insurance. The contents are based on ideas I have gathered from years in general insurance businesses across the globe in the United States, Bermuda, Europe, and India. I have also gained from my association with the Casualty Actuarial Society, USA, and the Institute of Actuaries in India. I am alone responsible for the contents. This presentation is only an academic discussion of various issues and should not be construed as actuarial advice.

Agenda

- Formulating the Problem
- Underwriting Risk
- Stress Scenarios
- Exposure Management
- Mid-Course Correction

Formulating the Problem



- Optimization Problem Subject to Constraints
- Board should be made aware
- Board sets the Risk Tolerance
- Roles of Board Risk Committee, CRO, and Appointed Actuary
- Focus on the Primary Risk faced by General Insurance Companies

Underwriting Risk

- Multiple Aspects of Underwriting Risk
- Pricing Risk
- Classification Risk
- Adverse Development Risk
- Catastrophe Risk
- Risk Selection
- Weak Windows
- Risk Accumulation
- Data and Reports

Stress Scenarios

- Focus on Catastrophes
- Natural
 - Earthquakes
 - Weather
 - Pandemics
- Man Made
 - Motor Third Party
 - Poor Design
- Methods of Mitigation

Exposure Management

- Basic Insurance Principle to blame?
- Overwhelmed by Accumulations?
- Primary GI Companies
 - Motor OD
 - Property
- Reinsurance Companies
 - Domestic
 - Foreign

Mid Course Correction

- Is mid course correction possible?
- Importance of Reporting
- Protection Arrangements
- Old adage – Prevention is Better than Cure
- Control System example

A BIG THANK YOU

- Can be reached at
 - manalur.sandilya@hotmail.com
 - Mobile: 98692 38582