



Reserving for General Insurers

– Current Challenges and Future Opportunities

SEMINAR



Institute of Actuaries of Australia

Friday, 22 September 2006

SHANGRI-LA HOTEL 176 CUMBERLAND ST, THE ROCKS, SYDNEY

Professional Standard 300

- Key impacts –

Elaine Collins

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Overview

- Background
- Submissions from members
- Issues raised and response
- Consultation
- Key impacts
- Final comments

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Background

- Redrafting of Institute Professional Standards
- PS300 Sub-committee
- Discussion Draft distributed to members in February 2006
- Horizons discussions / submissions in March 2006

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Submissions from members

- Relationship to APRA Prudential Standards
- Relationship to PS100, PS305
- Verbal discussion at Horizons
- 15 written submissions from members
- Comprehensive commentary

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Issues raised in submissions and response

- Removed focus on APRA requirements
- Generalised reporting requirements
- Clarification of commencement date
- Need to dispense with certain requirements
- Repetition of items
- Variability and uncertainty
- Reconciliation

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Consultation

- Statutory requirements only
- One professional standard for general insurance valuations
- Opportunity for feedback from PSC, GIPC, APRA
- Exposure Draft distributed to members in September 2006
- Submissions strictly by 6 October 2006

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Key impacts

- Wording of “must” rather than “should”
- Actual versus expected experience
- Documentation of assumptions
- Commentary on controls around application of valuation methods
- Communication of uncertainty
- Analysis of change of valuation estimate

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Final comments

- Application to general insurers and self insurers where valuation mandated
- Issue of removal of APRA Attachment A to GPS 310
- Intended implementation date from 31 December 2006 valuations
- Does PS300 encompass practice requirements by which we would expect our members to abide?



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Thank you

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