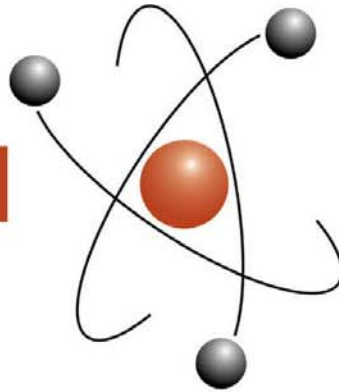


**S U S T A I N**



**A B I L I T Y**

**ACTUARIES AND THE FUTURE**

# Contemporary Issues General Insurance

**GIPC: Alan Smee**



Institute of Actuaries of Australia



# **GI Actuaries are...**



# Ongoing Issues

- Tort Reform
- Asbestos
- Medical Malpractice
- Environmental



# Tort Reform

- **Indicators positive**
- **ACCC reports: Liability premium down**
- **Professional Indemnity improvements**



# Asbestos

- **Another wave of claims**
- **James Hardie**
- **Several papers produced**
- **Need to address compensation method**



# Medical Malpractice

- **Crisis is probably over**
- **Significant government assistance**
- **Providers treated as insurance companies**



# Environmental

- **Natural catastrophe exposures**
- **Global warming**
- **New sources of claim**



# Current Issues

- Profit, risk & prudential margins
- IFRS: DAC and LAT
- IPR
- FCRs (who, why, when)





# Profit, risk & Prudential Margins

- Fair profit margins an issue for regulated products
- Fair value different to prudential margins
- Issues of frictions, betas and regulation



## **IFRS: DAC & LAT**

- **Changes to recognition of losses**
- **LAT and PoS**
- **Profit recognition**
- **Transition concerns**



# Independent Peer Review

- **Interaction with audit and APRA**
- **Responsibility to Board or Shareholders**



# FCRs

- **Looking forward**
- **Issue as to scope**
- **Signoff by actuary**
- **Dependence on other information**



# Priorities Forward

- **FCRs**
- **Research**
- **Course / Exams**
- **Textbook**
- **Communications**



# Research

- **Risk Margins / Economic & Fair Value**
- **Asbestos**
- **Industry Cycles**
- **ARCA**



## Course / Exams

- **New Structure**
- **Greater demands**
- **Single marking of assignments**



# Textbook

- **Sections:**

- **A: Background**

- **B: Tools**

- **C: Reserving**

- **D: Pricing**

- **E: Reinsurance**

- **F: Financial Control**

- **G: Miscellaneous**

- **Target: A-D by 31 December**

- **Many changes**





# Communications

- **Need to summarise information**
- **Newsletter to be produced**



## Looking Forward...

- **Risk Margin Seminar**
- **Industry Data**
- **GI Seminar**
- **APRA Stage 2**



# Final

- Questions?
- Comments!
- Discussion