

Stress Testing – Use of Scenarios

A perspective from health insurance

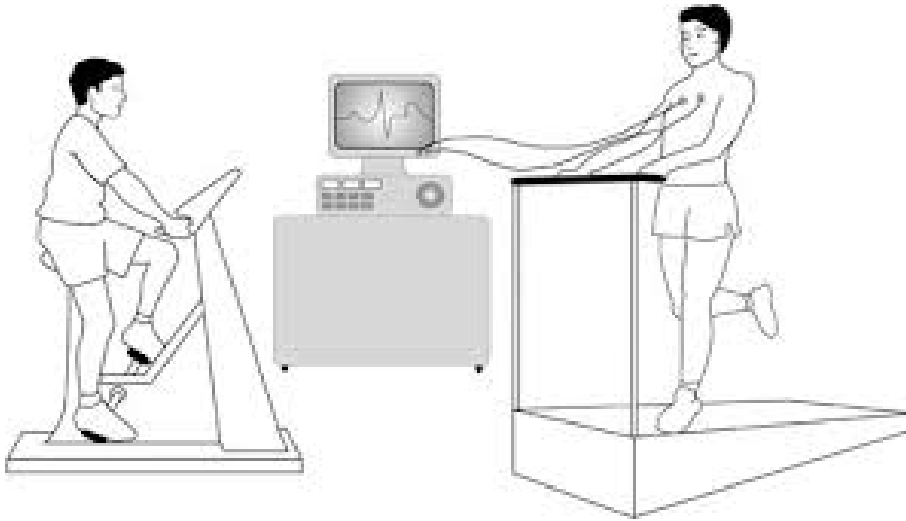
Ignatius Li

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*This presentation has been prepared for the Actuaries Institute 2014 ERM Seminar.
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STRESS  (*strěs*):

A state of extreme difficulty, pressure or strain



Advantages of Stress Testing + Scenarios

- Complex statistical models challenging to explain
- Check against capital models
- Engagement of key stakeholders
- Rehearse management actions

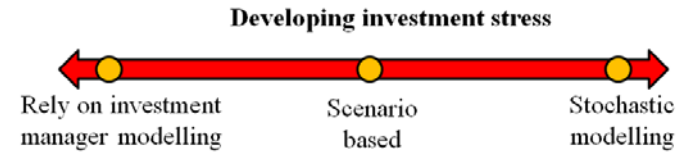
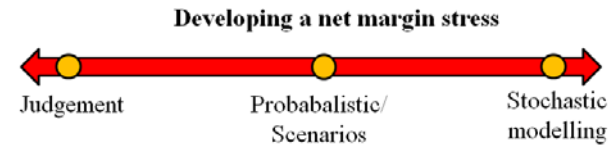
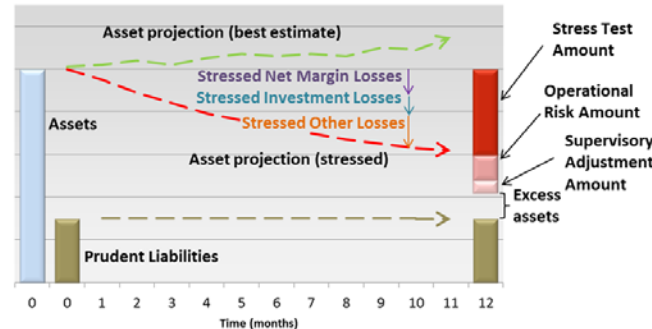
... complement not replacement

Examples from Health Insurance

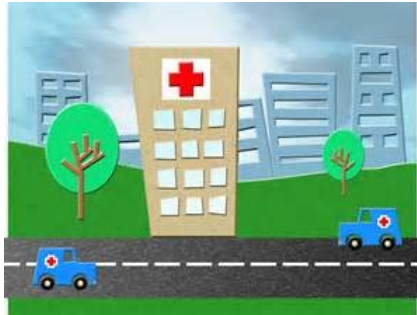
Singapore



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Implications and Actions



Ebola Virus Scenario

