

Profit Margins in Regulated Insurance Markets

Presented by: Profit Margins Working Party

Tuesday 7 August 2012
12.00 - 2.00pm
Actuaries Institute
Level 7 • 4 Martin Place • Sydney 2000



Actuaries regularly provide professional services to private sector insurers on premium rating. In addition to the expected cost of claims, investment return, expenses, reinsurance and any relevant levies, it is necessary to consider the expected profit margin. The appropriate allowance for profit has been a contentious issue within regulated insurance schemes for decades, both in Australia and globally.

In order to assess what is an appropriate profit margin, it is necessary to consider the measure of capital required to support the business, and the required rate of return on that capital. Both the methodology and the assumptions involved have been the topic of debate for decades, and the issue may appear to remain as unresolved as ever. Recent actions by both actuaries and regulators have again sparked controversy by advocating one side of the debate.

This working party will summarise and assess the input that the field of economics makes to the question of profit margins, including the measure of capital that supports the business and the required rate of return on that capital. It will propose a framework that actuaries can use that incorporates this input along with other relevant considerations, in order to advise on the appropriate rate of return and profit margin within a regulated insurance market.

The purpose of this Insights session is to outline progress made by the working party and to engage in discussion with interested members of the profession on this issue.

Presenters

Geoff Atkins	Darren Robb
Andrew Doughman	Rick Shaw
Stewart McCarthy	David Whittle
Siddharth Parameswaran	

Places are limited so registration is essential. • A light lunch will be provided.
The presentation will begin at 12.30pm.

If you wish to join this session via dial-in please events@actuaries.asn.au for further details.

[Register online](#) or via email events@actuaries.asn.au by 31 July 2012.

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