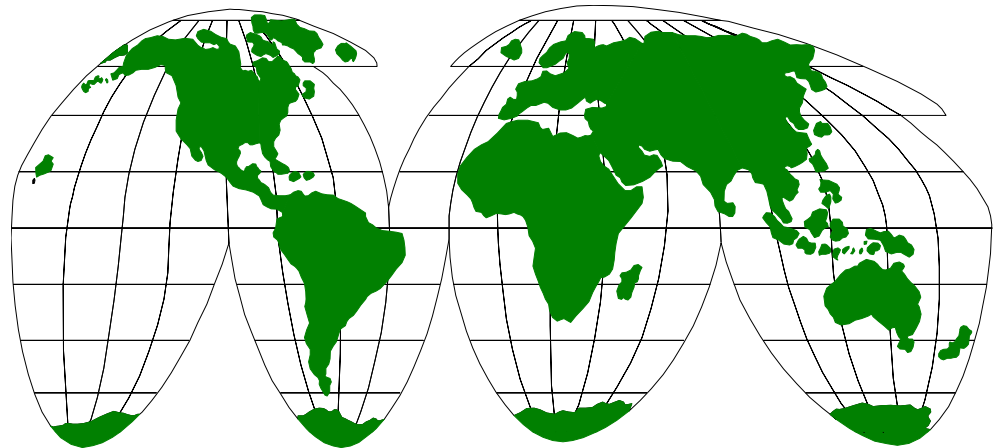


International Congress of Actuaries

Impact of Globalization on the Actuarial Profession

David J. Oakden

March 19, 2002



Globalization

- Expectation
 - Global Companies
 - Global Market



Globalization

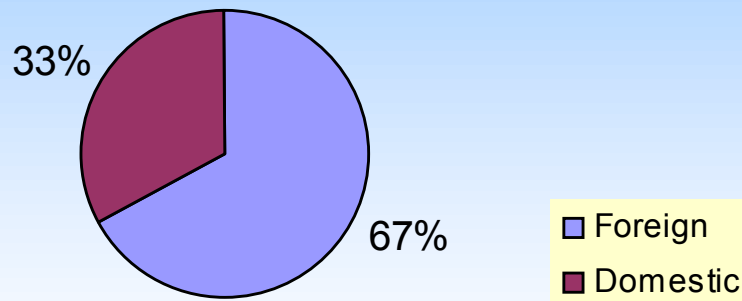
■ Reality

- P&C Reinsurance has been global for a long time
- Regional companies still dominate
- Global companies not truly global
- Pace of change is slow
- European companies show greatest change

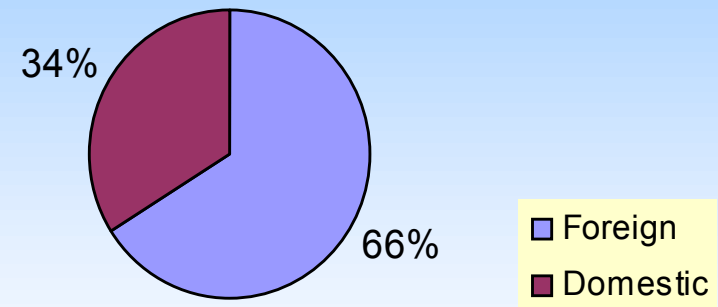


Canadian Market Share

1976 Canadian Market Share

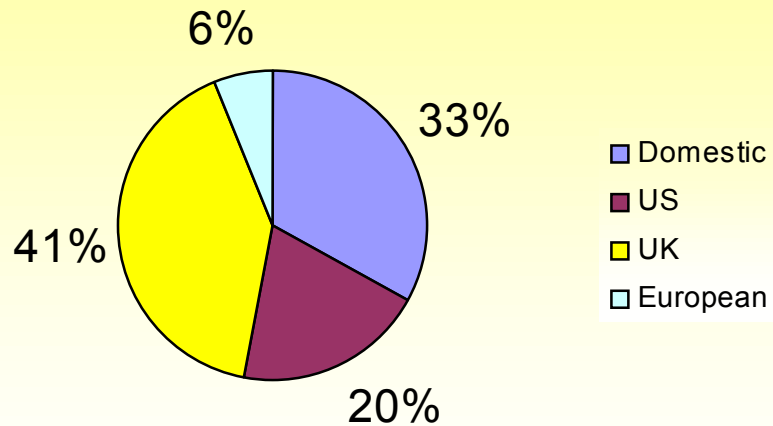


2001 Canadian Market Share

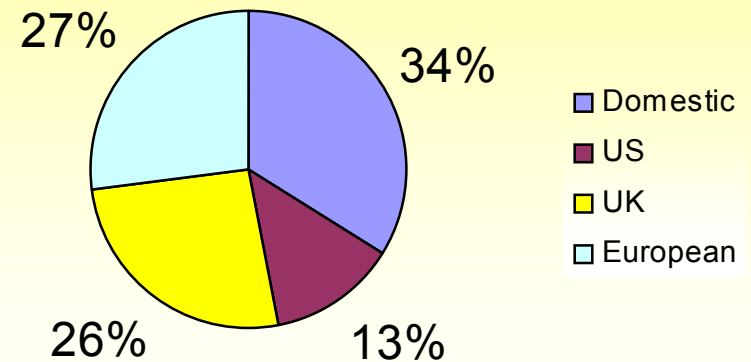


Canadian Market Share

1976 Canadian Market Share

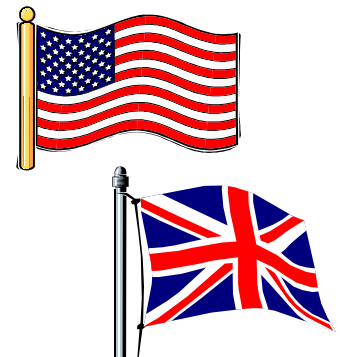


2001 Canadian Market Share



Globalization

- In Canada, over the last 25 years, European companies have increased market share, US / UK have declined. Canadian companies have maintained market share.
- No Asian Companies Among the Top 25

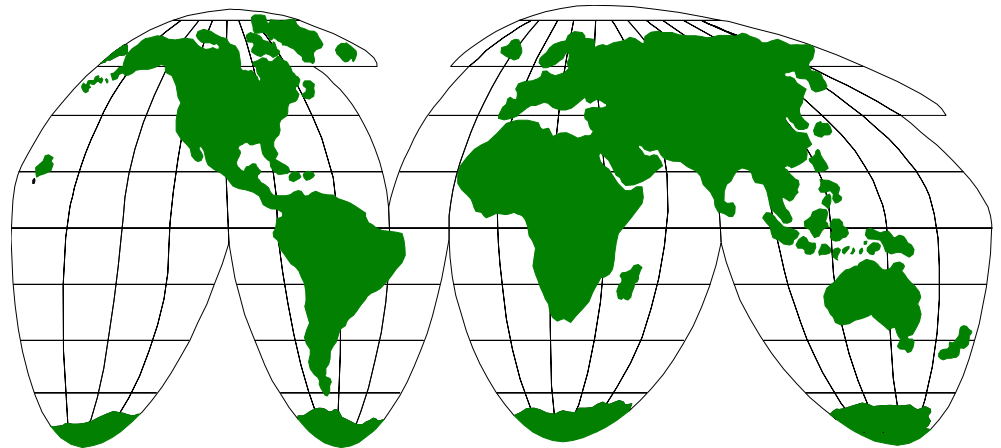


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Global Company Actuarial Issues

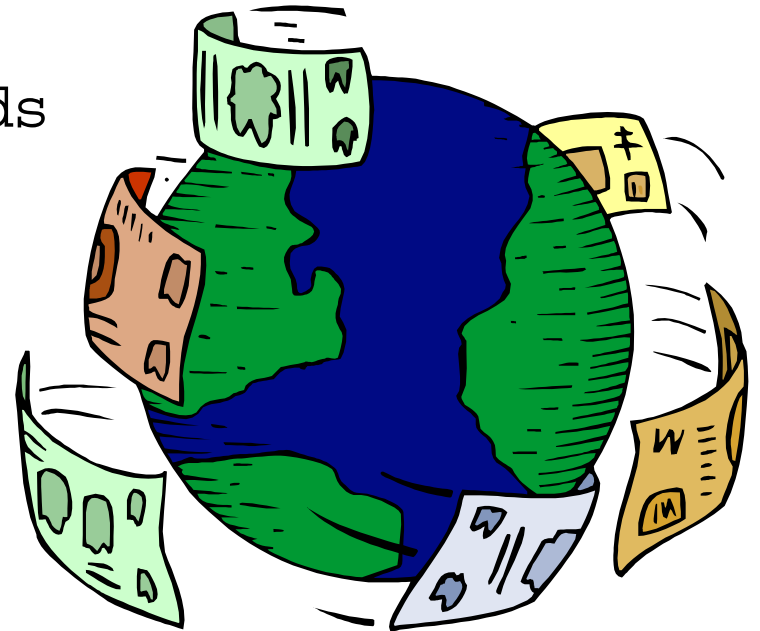
- Accounting
- Reserving
- Pricing
- Professionalism
- No Practical involvement
 - Management Resistance



Accounting

■ Accounting Basis

- GAAP vs. Statutory
- Local Accounting Rules
- Multiple Countries
- Internal Company Standards
- Capital Requirements
 - internal
 - external
 - bcal regulatory
- Economic Value



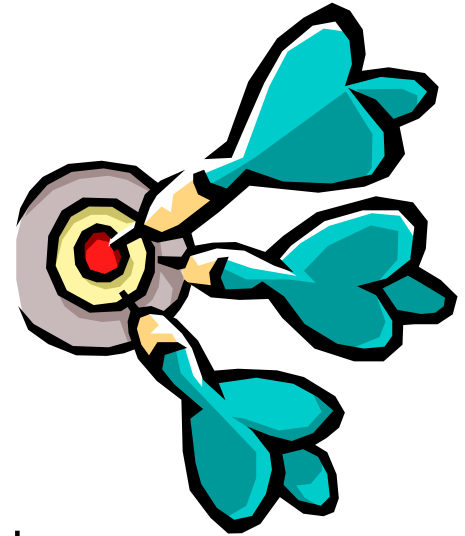
Reserving

- Discounted vs. Undiscounted
- Local Accounting Rules Impact Data
- Other Local Differences
- No Actuarial Standards
- No Actuaries
- No Data
- Audits



Pricing

- Capital Requirements
- Data Considerations
 - Quality
 - Creditability
 - Industry Data
 - Applicability of data from other countries
- Other Considerations
 - Profit Margins
 - Capital Requirements
 - Accounting Basis



Professional Issues

- Actuarial Profession is Portable
- Different Perspectives Based on Training
 - Business Actuary (US, UK, Canada, Australia)
 - Mathematical Actuary (Europe)
- Subtle Language Issues
- For Multinational Companies
 - Local Actuaries are Essential
 - Head Office Actuary Can Only Influence
 - Audits Needed to Maintain Quality
 - Reserves Must Be Calculated Country by Country

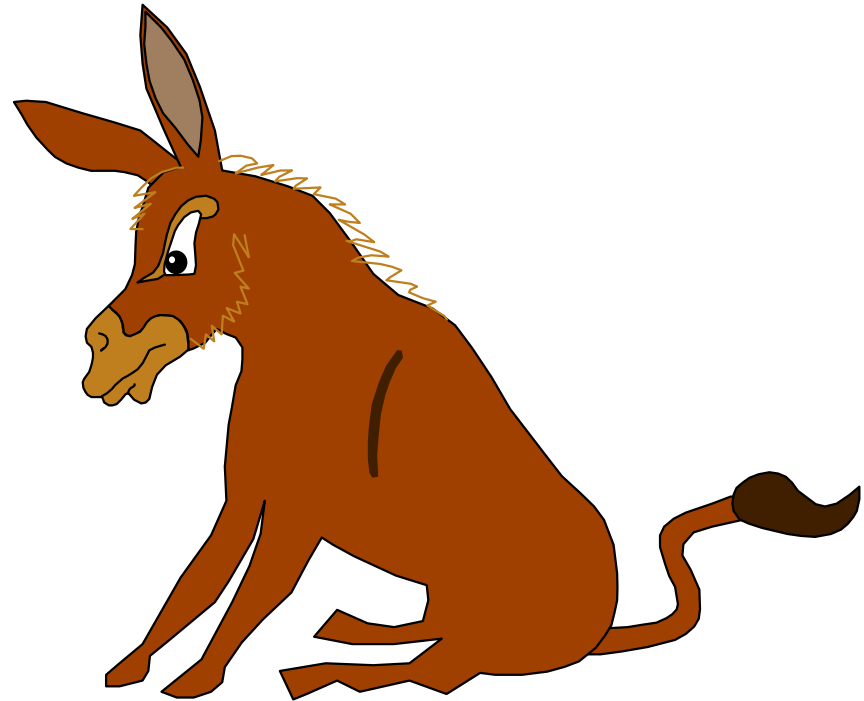
Resistance to Actuarial Involvement

■ We never needed actuaries in the past

■ Resistance

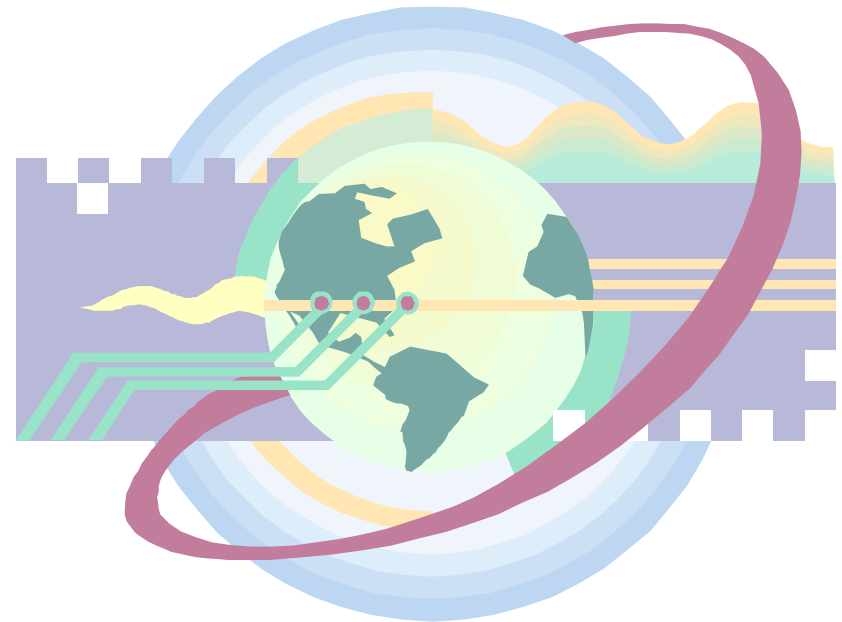
- IBNR
- Pricing
- Data Requests

■ Europe and Asia



Impact on Profession

- New IAA
- IAA Syllabus
- Fair Value
- QRA
- Mutual Recognition
- Global Discipline
- Global Profession
- Life Bias of Most Actuarial Organizations



Global Designation for Non-Life Actuaries

- CAS is North American
- University and Exam Based
- Need Support of All Major Actuarial Associations
 - Joint Sponsorship of Exams
 - Coordinate With Fellowship in Local Associations
 - Mutual Recognition
 - Based on QRA
- IAA Needs to Take the Lead

