

Impact of Globalization in the Actuarial Profession

27th International
Congress of **Actuaries**

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From Client Perspective

- ✓ Consolidation results in fewer larger insurers
- ✓ They have greater geographic diversity or are strong regional players
- ✓ Tend to have more internal actuarial resources
- ✓ Greater need for leading edge or sophisticated actuarial techniques/advice
- ✓ Need for local market knowledge or specialty assistance where insurer weak
- ✓ Need for know how in topics which could affect the insurer worldwide (e.g., fair value)

From Client Perspective (continued)

- ✓ Need for risk management expertise
- ✓ Need for external actuarial peer review
- ✓ Greater sensitivity regarding financial disclosure/ratings/financial soundness
- ✓ In seeking global competitive advantage, client insurers are more discriminating in their consultant selection
- ✓ Sometimes need consultants with strong specialist support; sometimes combination of strong local capabilities combined with global reach

From Consultant Perspective

- ✓ Clients' needs are paramount!
- ✓ Focus on current and emerging needs of clients
- ✓ Lessened focus on routine work which clients can now handle themselves
- ✓ Reduction in # of clients; increased size of clients
- ✓ Increased sophistication of clients leading to emergence of more complex modelling assignments (e.g., option pricing, stochastic risk modelling, solvency assessment etc.)
- ✓ Leverage developmental differences between regions (e.g., international standards)

From Consultant Perspective

- ✓ Deep specialist experience valued
- ✓ Involvement in leading edge research/techniques
- ✓ Seasoned global experience valued
- ✓ Exciting global opportunities
- ✓ Think local/act global
- ✓ Professionalism always
- ✓ Communication skills essential

From User of Financial Statement Perspective

- ✓ Uniform approach enables comparison of results
- ✓ Principles versus rules based approach promotes greater confidence in financial reporting
- ✓ Move to fair value will facilitate greater consistency in disclosure of margins
- ✓ Professionalism of the actuary will be relied upon by users of the financial statements

From Actuarial Perspective

- ✓ Need for international standards, education
- ✓ Gaining consensus within individual associations may be challenging
- ✓ Increased uniformity regarding the role of the actuary in financial reporting
- ✓ Judgement based calculations will place the profession under scrutiny to narrow the range of practice
- ✓ Enhanced global image of the profession

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