



Actuaries Driving the Impact

Frederic Weber

GI Chief Actuary, AXA Insurance Pte Ltd

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1 Are Planets Aligned?



1. Are Planets Aligned?

SIF GWP 2017

MS FIRST CAPITAL
AIG
AXA
NTUC
Chubb

QBE
Liberty
Tokio Marine
Sampo
Great Eastern
CIGNA
Berkshire
III
China
UOI
Zurich
Allied RSA
RHI
Aetna
ERGO
ETIQA
XL
Great American
EQ
Allianz
AVIVA
Lompac
Direct Asia
AIA
FWD
ECICS
HL
Auto & General
STARR

34 insurers
Top 5 ~ 52% Market Share

1. Are Planets Aligned?

SIF GWP by class of business

3,500

3,000

2,500

2,000

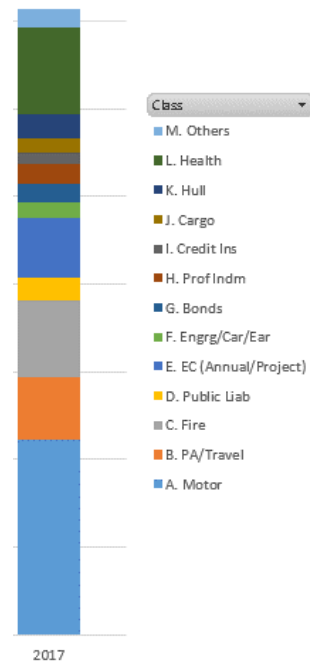
1,500

1,000

500

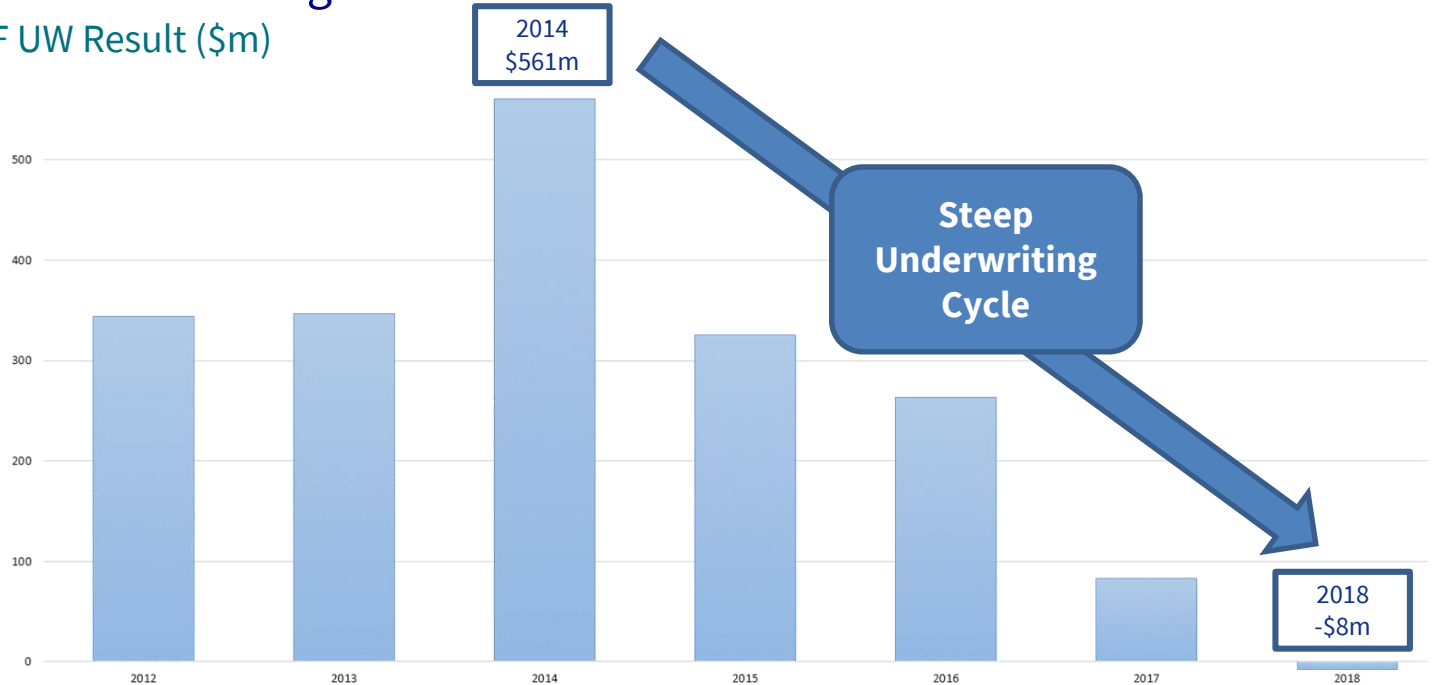
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**Stagnating Market
Pressurized by Motor drop**



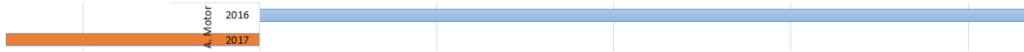
1. Are Planets Aligned?

SIF UW Result (\$m)



1. Are Planets Aligned?

SIF UW Result (\$m) 2017 vs. 2016 by class of business



**Large UW Result drop from Motor,
followed by other classes**



What is your World Cup?

FW: recommending and driving initiatives to make an impact and contribute to the company's goals

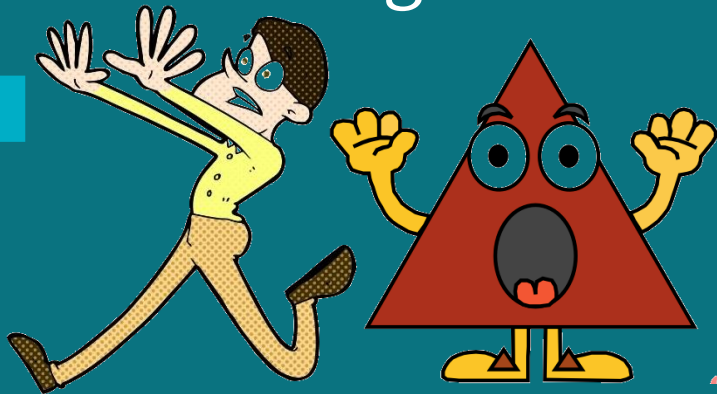
1. Are Planets Aligned?

An opportunity for Actuaries?





2 Can we Run Ahead of Reserving?



2. Can we Run Ahead of Reserving?

AXA Framework

RESERVING

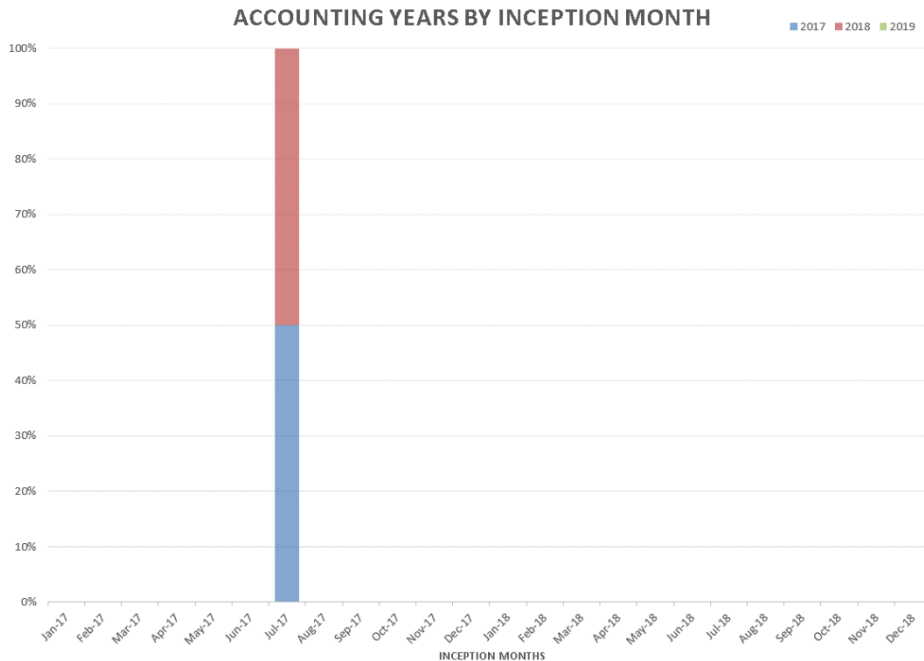
- Profitability of all lines reviewed in an in-depth manner quarterly through full reserve review
- Performed with data as at
 - Q1: end Feb
 - Q2: end May
 - Q3: end Aug
 - Q4: end Nov
- Form the basis of monthly financials (e.g. Q1 review is used for Mar, Apr and May closings)
- Quick roll-forward approach is used

BUSINESS PLANNING

- Ambitious and challenging targets
- 3 main exercises
 1. Budget: 31 Dec N P&L projection end Year N-1
 2. Forecast: 31 Dec N P&L projection during Year N Q1, Q2 and Q3
 3. Business planning: N+1 to N+3 P&L projections during Year N Q3
- Loss ratio projected
 - Average Earned Premium: in control of pricing actuaries
 - Claim Frequency: relatively stable over time
 - Claims Severity: external factors, inflation, new regulation, etc.
- Goal: beat reserving timeline with expected LR / CoR approach in order to anticipate Financials and take corrective actions
- *Fred it's okay we will catch-up!* 

2. Can we Run Ahead of Reserving?

Too late to react?



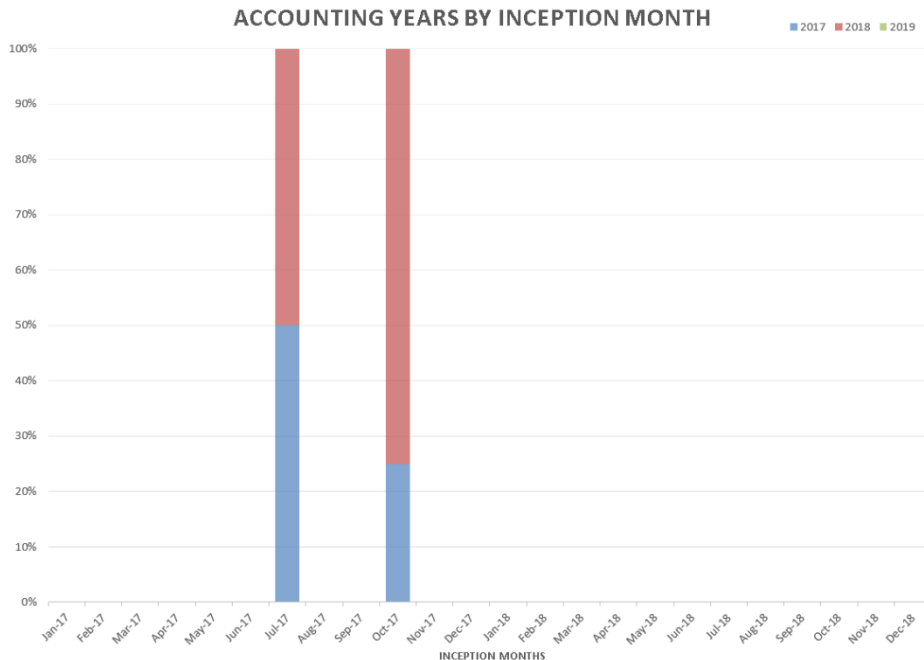
➔ Policy underwritten on

➔ 1 July 2017

- 50% earned in 2017
- 50% earned in 2018

2. Can we Run Ahead of Reserving?

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➔ Policy underwritten on

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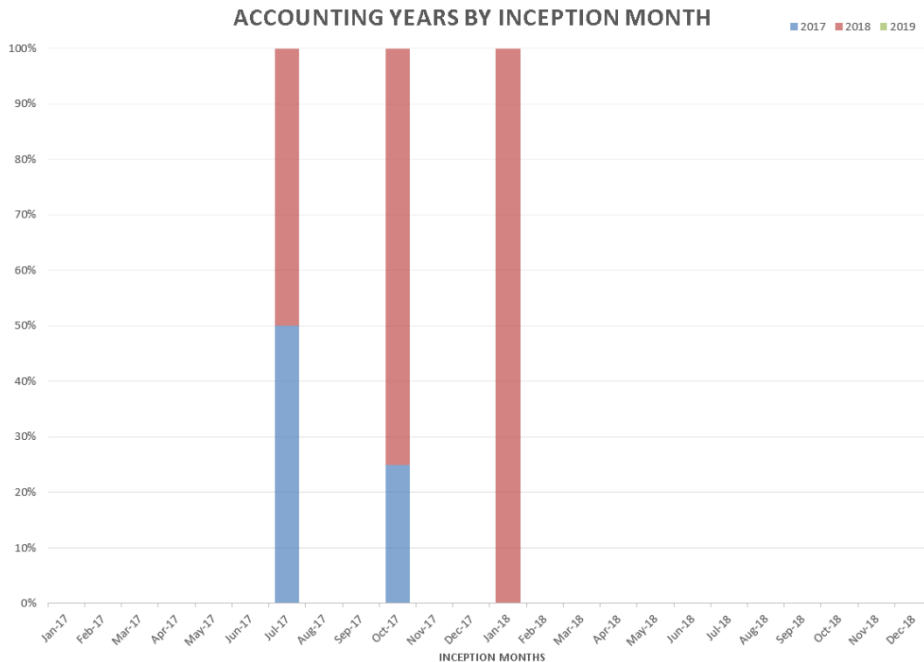
- 50% earned in 2017
- 50% earned in 2018

➔ 1 October 2017

- 25% earned in 2017
- 75% earned in 2018

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➔ Policy underwritten on

➔ 1 July 2017

- 50% earned in 2017
- 50% earned in 2018

➔ 1 October 2017

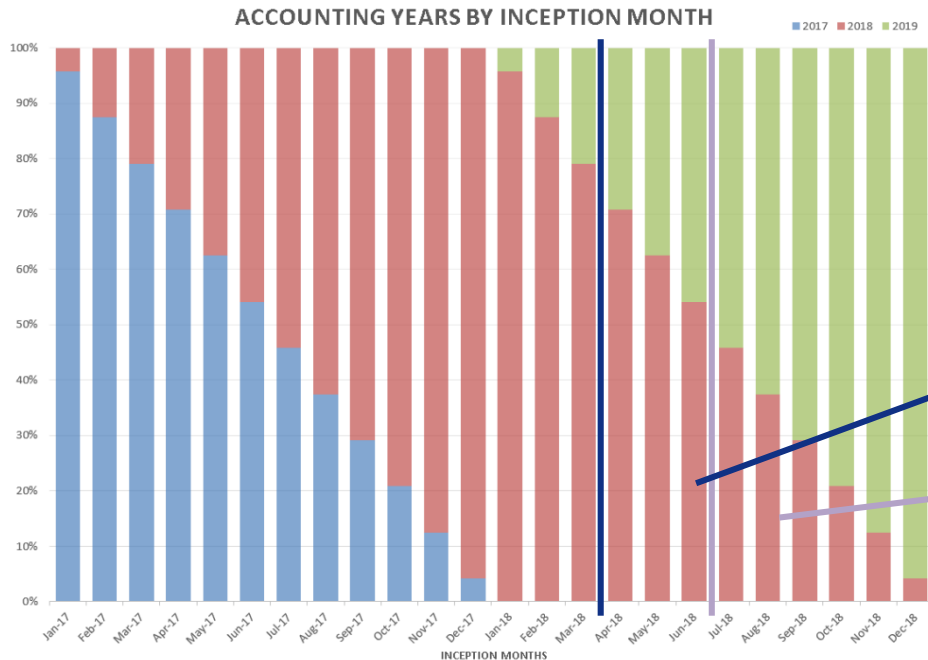
- 25% earned in 2017
- 75% earned in 2018

➔ 1 January 2018

- 0% earned in 2017
- 100% earned in 2018

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→ Forecast 1st April 2018

→ 28.1% to be earned

→ Forecast 1st July 2018

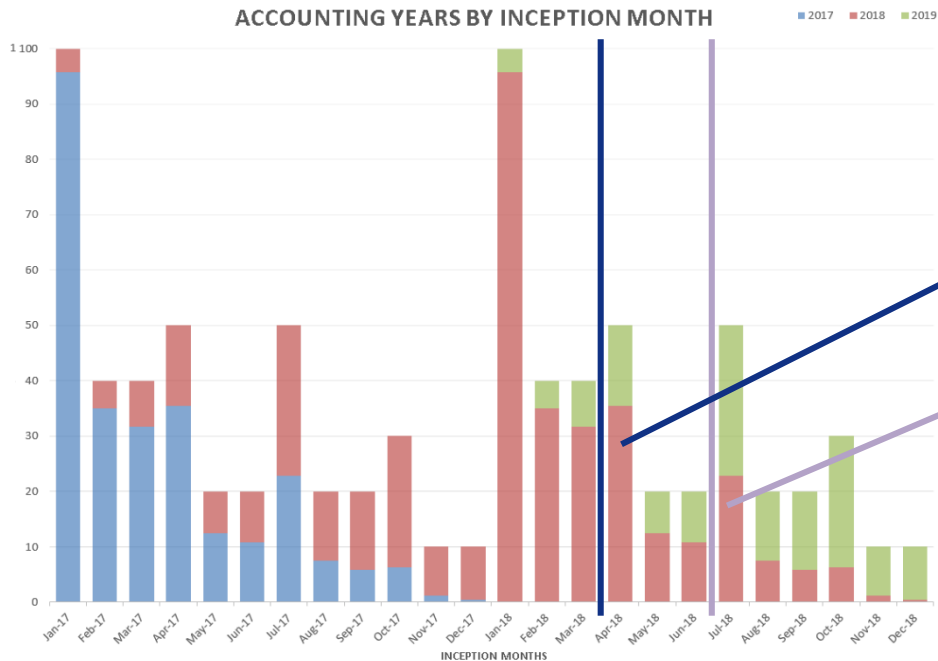
→ 12.5% to be earned

What it means:
If Actual LR = 60% and Budget LR = 57.5%
Then Avg Premium Increase required is + ?



2. Can we Run Ahead of Reserving?

Too late to react?



→ Forecast 1st April 2018

→ ~~25.1%~~ to be earned
13.4%

→ Forecast 1st July 2018

→ ~~14.7%~~ to be earned
3.6%

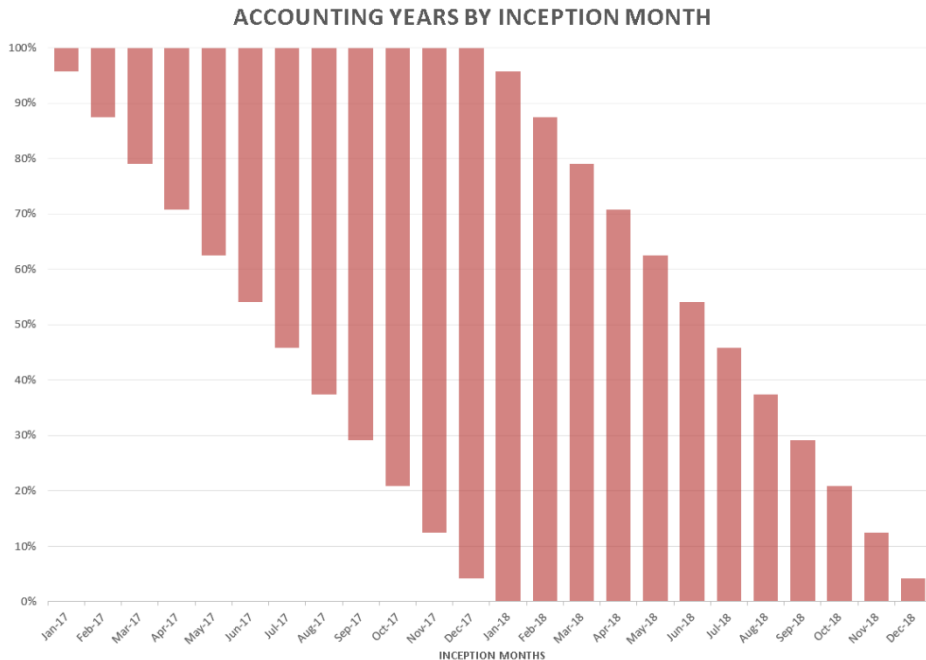
→ To spice it up...

→ Quotations sent 2 months in advance

→ Non 1-year POI

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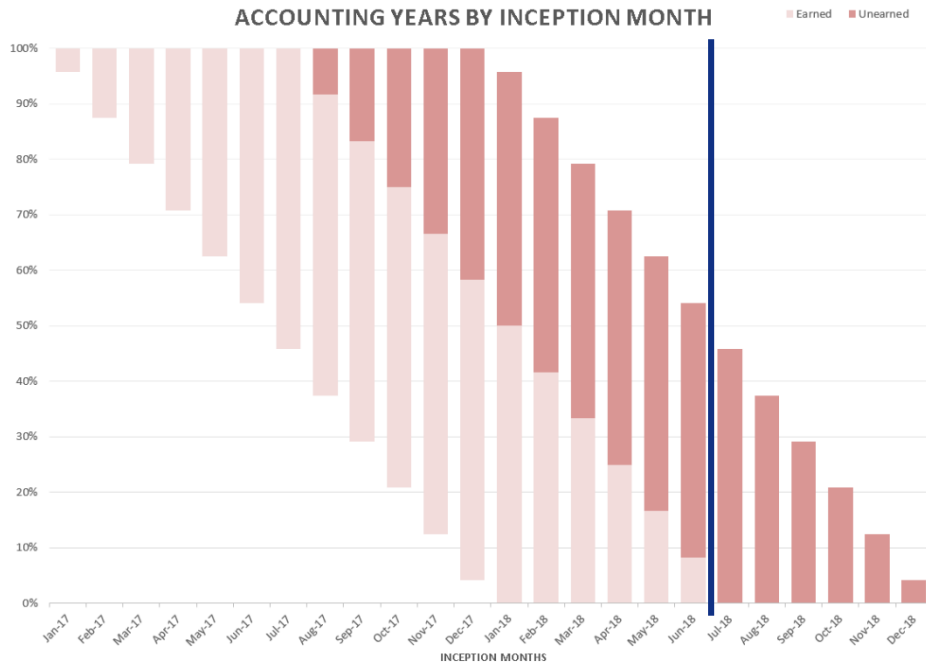


➔ 31 December 2018

- ➔ Everything written and earned
- ➔ Pure Reserving exercise

2. Can we Run Ahead of Reserving?

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➔ 31 December 2018

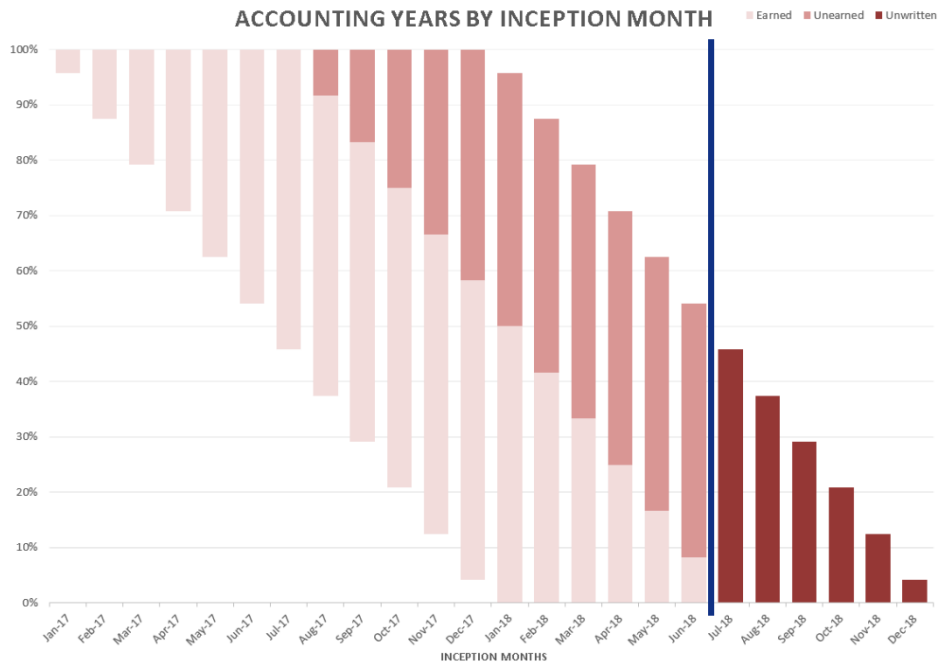
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➔ 1 July 2018

- ➔ Earned: rely on reserving
- ➔ Unearned

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➔ 31 December 2018

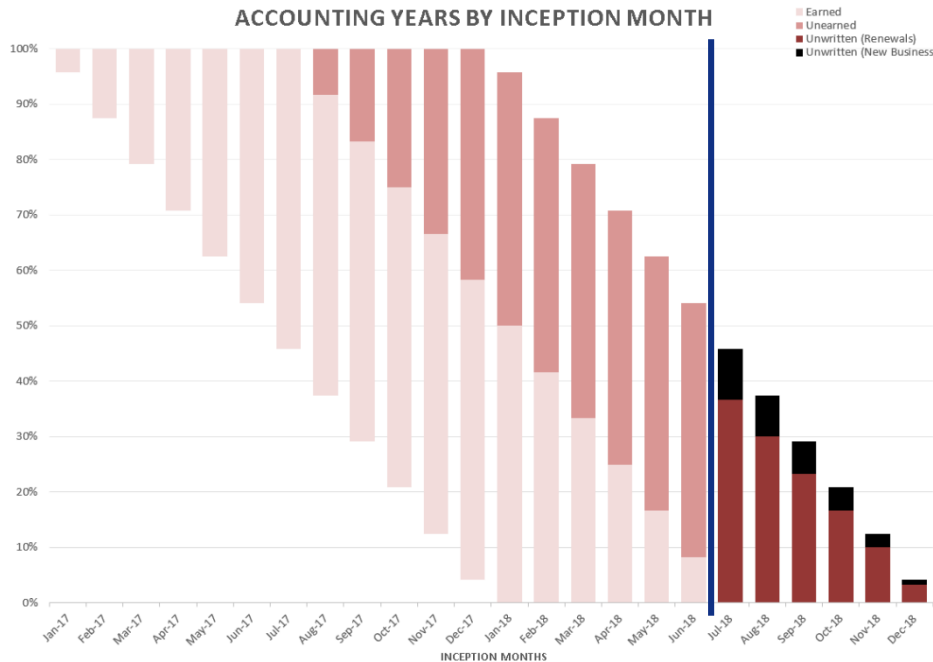
- ➔ Everything written and earned
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➔ 1 July 2018

- ➔ Earned: rely on reserving
- ➔ Unearned – differentiate between
 - Written but yet to be earned
 - Not yet written

2. Can we Run Ahead of Reserving?

Too late to react?



➔ 31 December 2018

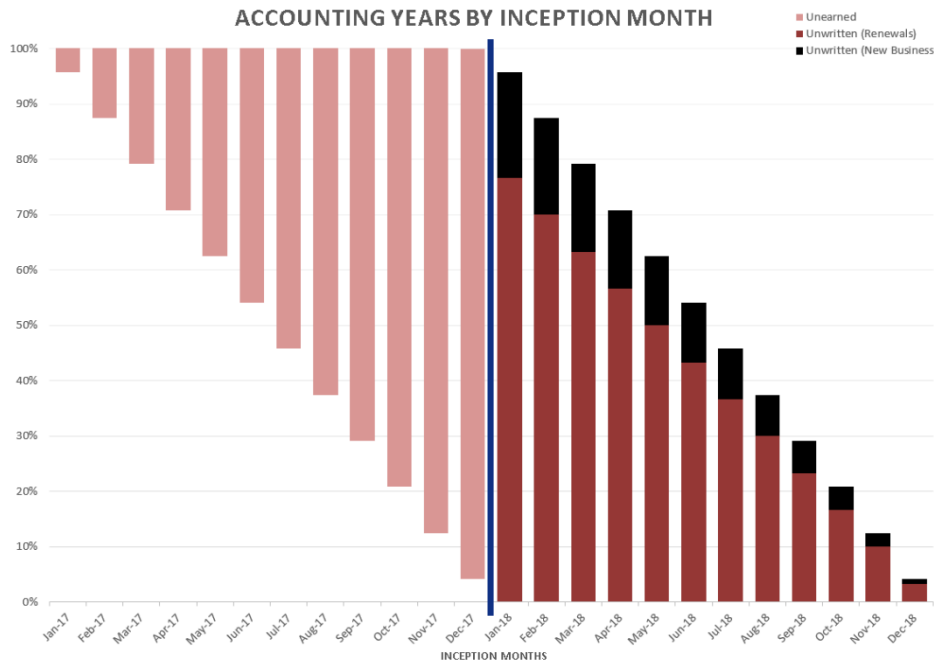
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 - Not yet written
 - Renewals
 - New Business

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Too late to react?



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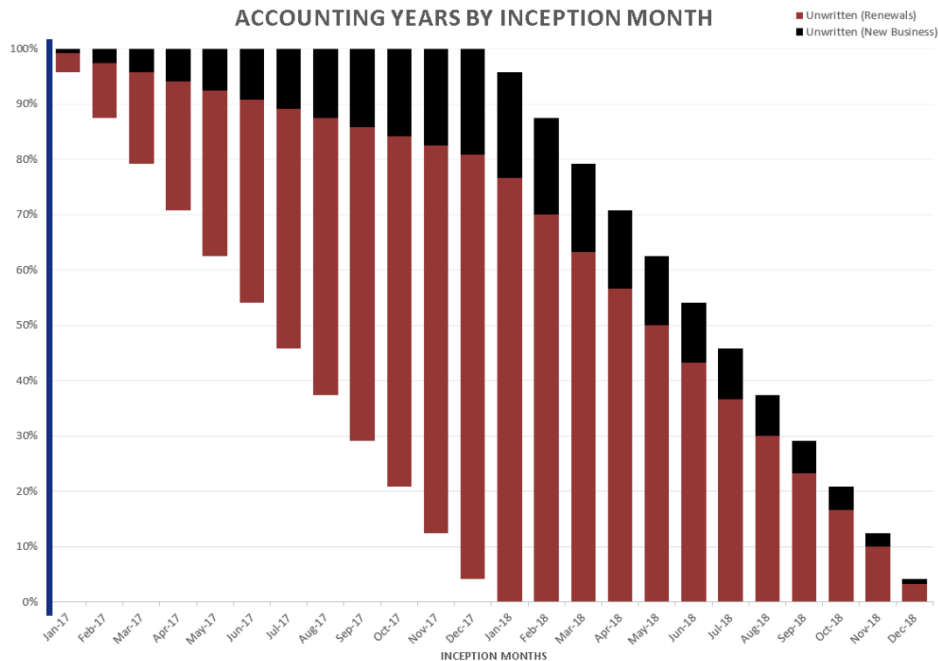
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➔ 1 January 2018

- ➔ Nothing earned

2. Can we Run Ahead of Reserving?

Too late to react?



➔ 31 December 2018

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➔ 1 July 2018

- ➔ Earned: rely on reserving
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 - Not yet written
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➔ 1 January 2018

- ➔ Nothing earned

➔ 1 January 2017

- ➔ Everything to be written
- ➔ Not too early to start 2018 projections!

If An Egg Is Broken By Outside Force, Life Ends.
If Broken By Inside Force, Life Begins.



Great Things Always
Begin From Inside

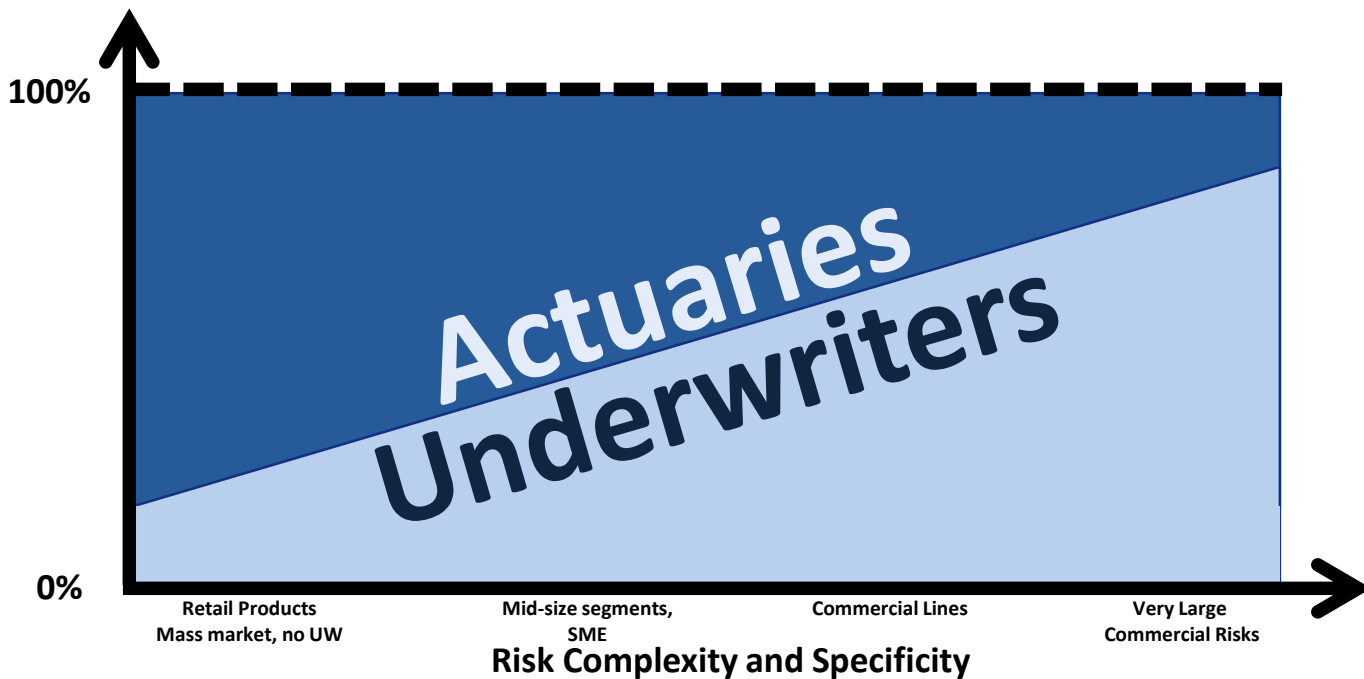


What do we need to make it happen?



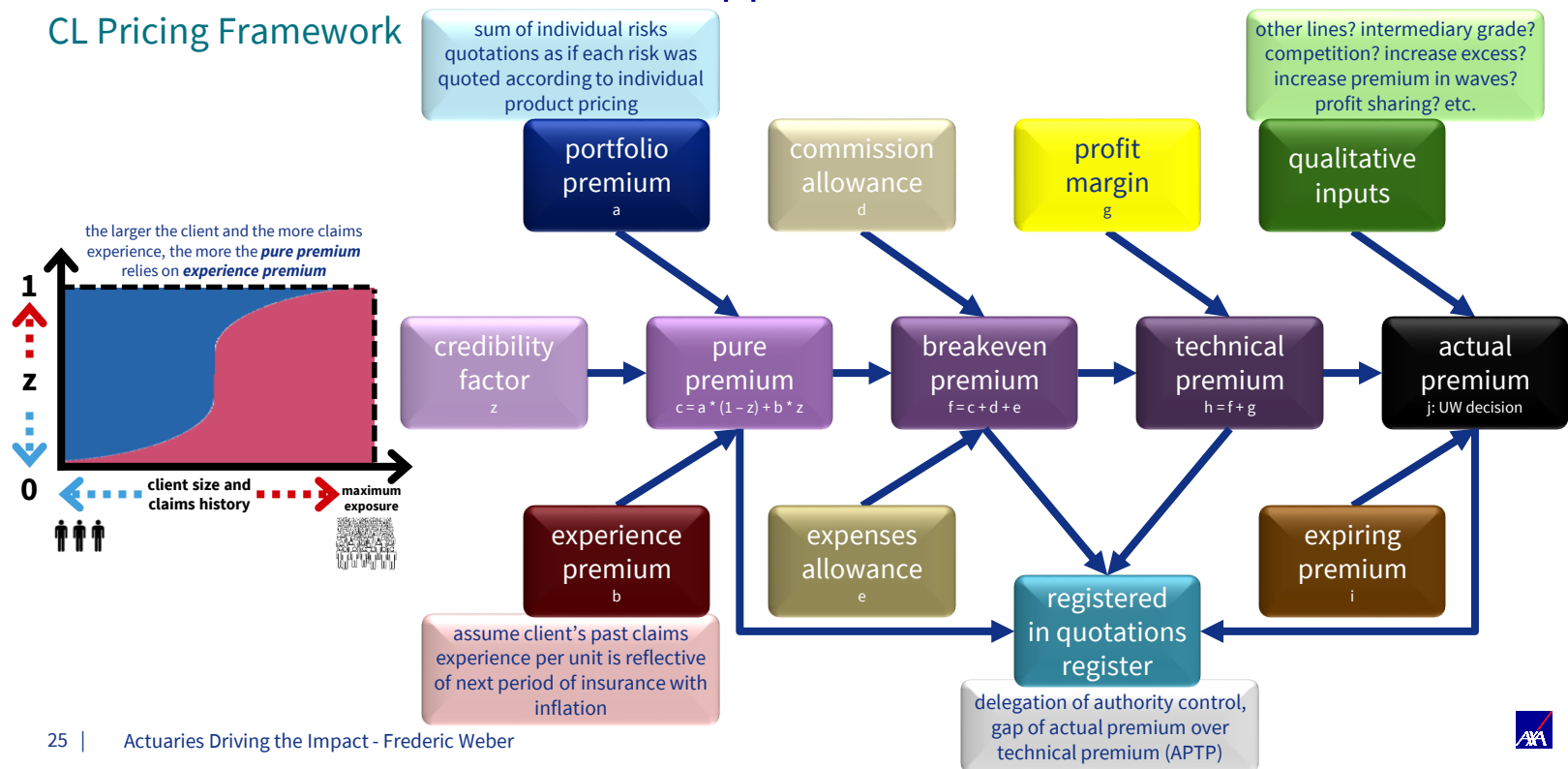
3. What do we need to make it happen?

Pricing: a collective effort between Underwriters and Actuaries



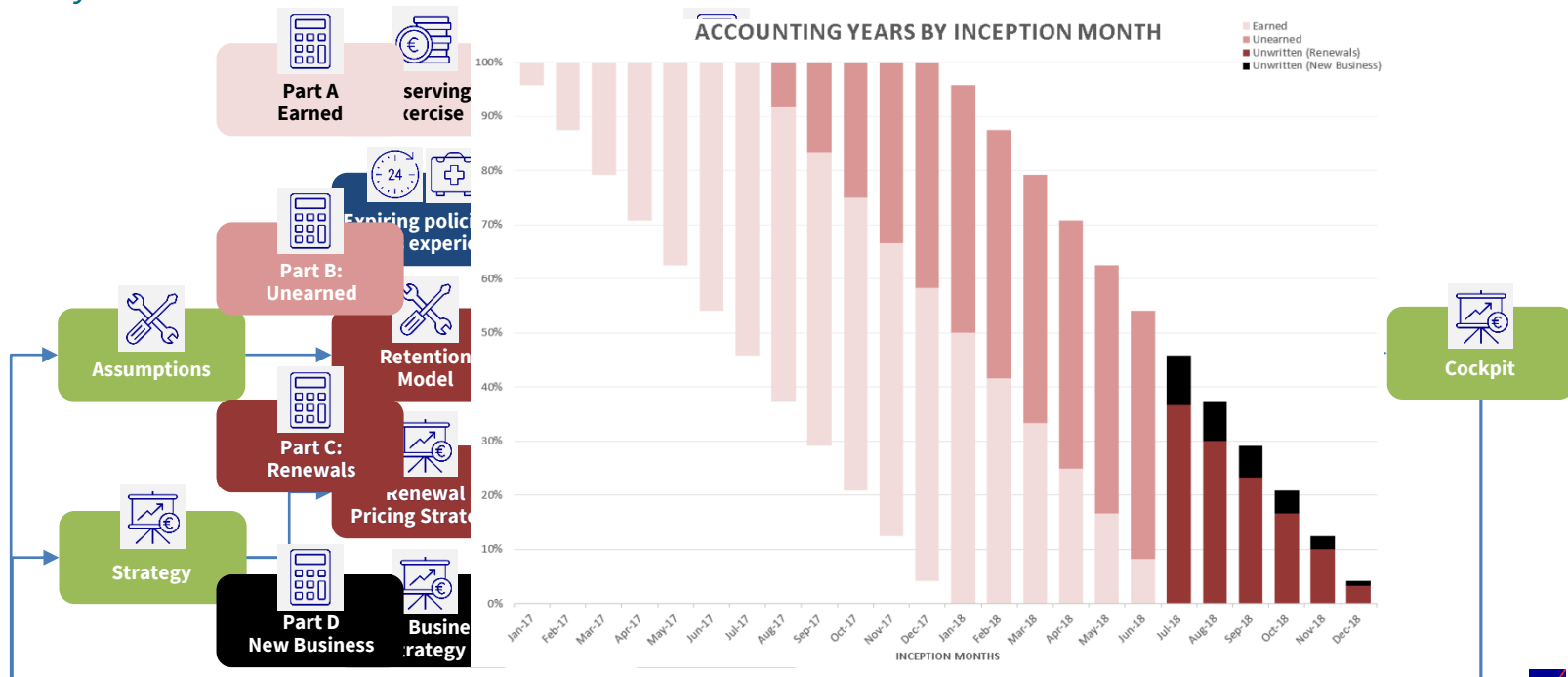
3. What do we need to make it happen?

CL Pricing Framework



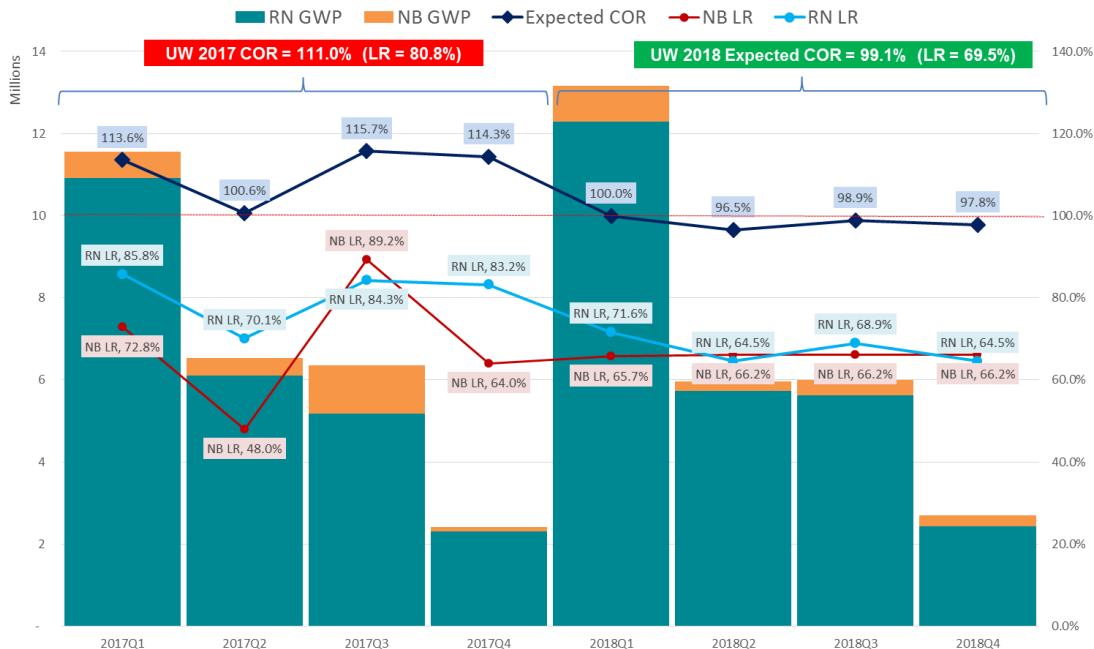
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Dynamic forecast model



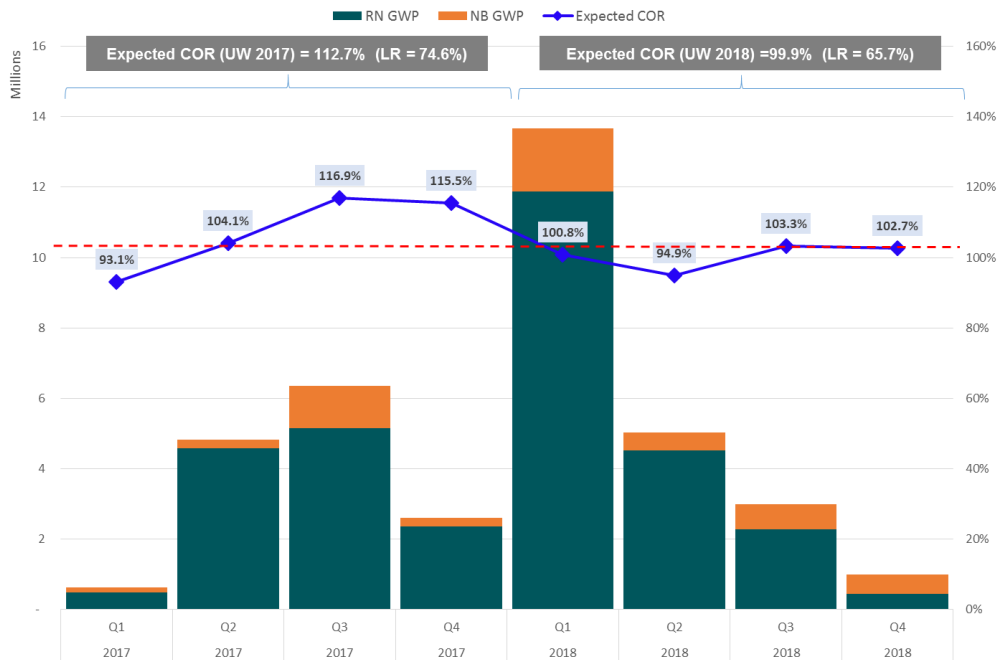
3. What do we need to make it happen?

An example of output: expected CoR by inception quarter



3. What do we need to make it happen?

An example of output: expected CoR by inception quarter - Earned

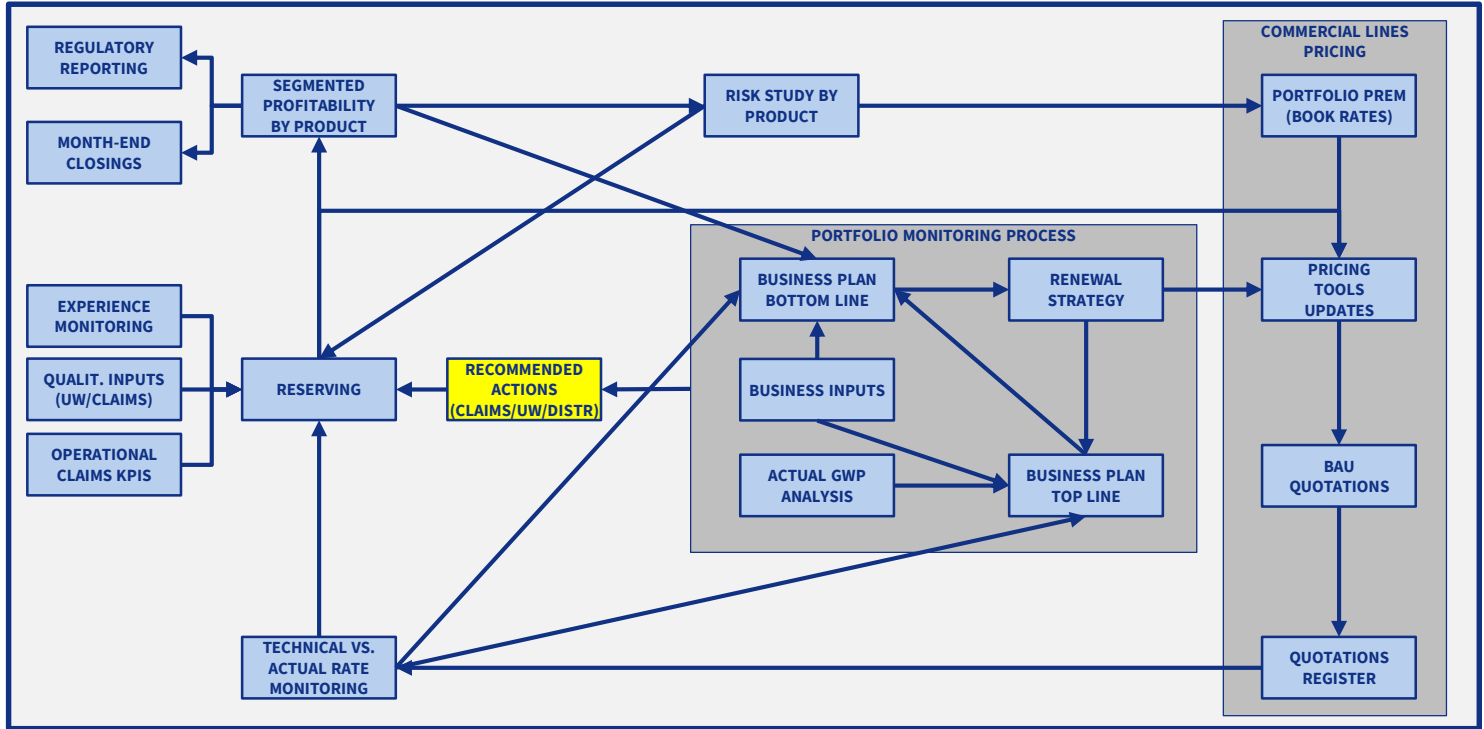




4

Conclusion

Actuarial Control Framework





Thank you



Frederic WEBER

GI Chief Actuary

 frederic.weber@axa.com.sg

 [linkedin.com/in/frweber](https://www.linkedin.com/in/frweber)

AXA Insurance Pte Ltd

 8 Shenton Way, #24-01 AXA Tower, Singapore 068811

 [axa.com.sg](https://www.axa.com.sg)