

Developments of Non-life Actuarial System in China



中国保险监督管理委员会 CIRC
China Insurance Regulatory Commission

丁鹏 Ding Peng

Deputy Director

Property Insurance Regulatory Department

Orlando, United States

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Contents

- Background
- Developments of China non-life actuarial profession
- The role of CIRC
- Future Prospects



Background-China P&C insurance market

- China P&C insurance gross premium income in 2006 –20.5 billion US \$
- Average growth rate >15% (23% in 2006)
- Motor insurance 70%
- 40 P&C insurance companies
- 26 China local insurers vs. 14 foreign insurers



Leading Local P&C insurers



Leading foreign P&C insurers





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China non-life actuarial profession

- Qualified non-life actuaries
 - 5 FCAS & 2FIA
- China local non-life actuarial exams
 - 22 fellows & 17 associates (September 2006)
- Society of Actuaries of China (SAC) will be established in the near future
 - one profession organization like UK
 - non-life sub-committee under SAC



China non-life actuarial exams

- Associateship exam have 9 subjects
 - completed in September 2006
- Fellowship exam have 5 subjects
 - to be completed in 3 years



China non-life actuarial associateship exams

- 01-Mathematics 1
- 02-mathematics 2
- 03-Interest theory
- 04-Actuarial Mathematics
- 05-Risk theory
- 06-Non-life insurance theory and practice
- 07- Non-life insurance pricing
- 08-Non-life insurance reserving
- 09-Economics, Finance and Accounting



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The role of CIRC-reserving regulation

	Before 2005 (no CIRC regulation, financial standards applies)	2005 and after (CIRC regulation, financial standards accept CIRC regulation)
UPR	1/2 method	1/365 or 1/24 method
IBNR	4% of paid claims	Chain ladder B-F Loss development Loss ratio etc



The role of CIRC-reserving standards

- Non-life insurance reserving regulation (2004)
- Detailed rules for non-life insurance reserving regulation (2005)
- Detailed rules for reserving of compulsory motor third party insurance business (2006)



The role of CIRC-responsible actuary

- Each non-life insurer must have a responsible actuary to sign on
 - solvency report (2003)
 - annual report (2003)
 - reserving report (2005)
 - pricing report (2003)
- The above 4 reports are submitted to CIRC
- Responsible actuary needs approval from CIRC



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Future prospects

- Detail disclosure requirements of reserving report
 - working sheets
 - reinsurance credit rating
 - large claims
 - adverse development etc
- Independent reserve review
- Motor insurance pricing standards



Future prospects-opportunity & challenge

- More opportunities for actuarial consulting firms in China
- More open market for foreign insurers
- China local insurers may enter international market in future
- Welcome to China!



Thank you!

Any Questions?