

Actuaries and underwriters : a Rose War ?

An underwriter's view

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Actuaries ...

Actuaries generally analyse

Mass products :

Life insurance

Motor insurance

Pension schemes

Marine insurance

- Marine insurance is not a mass product !
- Marine insurance is tailor-made

Long tail versus short tail

- Mass products are long-tail business
- Marine, especially cargo , is short-tail business

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- Analysis is different from prediction
 - A lot of parameters, particularly in cargo

Role of an actuary

- Mainly checking of reserve adequacy
- Instructions come from general management
- Often, underwriters' opinion is not asked for

Actuaries

- Analyse from a distance
- Cold look at the business
- Far from the real world
- Don't take risks !
- Don't care about clients

Actuaries

- Use data of the past
- Deliver a report
- But, what if :
 - - portfolio changed ?
 - - products changed ?
 - - conditions changed ?

Underwriters

- Daily involved with the business
- Passionated
- Do take risks
- Participate in the world trade
- Look for solutions

Underwriter

- Analyses his business himself :
 - - globally
 - - per segment
 - - per product
 - - per broker, etc.
- Claims analysis with his claims colleagues

Actuaries vs. Underwriters

- Underwriter :
- Long term relationship with quality clients
- “ a large loss can happen ”
- vs.
- Actuary :
- Global portfolio

Actuaries

- OK for analysis of reserves
- OK for IBNR's / IBN(E)R's
- But dangerous i.r.o. forecasts !

Actuaries

- Calculation of accumulations → reinsurance
- - Models
- - Which data ?
- - How relevant ?

Ideally

- Need a “ marine actuary ”

The underwriters and claims handlers do have an important input (before the report is issued)

- Actuaries and underwriters and claims handlers should regularly work **TOGETHER**

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- Thank you and good luck !