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GIRO50 Conference 2023

1-3 November, EICC Edinburgh





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Are we the baddies?

Jamie Brennan

Steven Fisher (Chair)

Mathilde Haran

Rachel O'Connell

Richard Winter

Insurance as a Force for Social Good
working party



Online poll later – please log into your GIRO app now



A long time ago in a galaxy far,
far away....



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And the moral of the story is?

Insurance mitigates the impact for those who suffer losses



Insurance promotes risk management measures

A long time ago in a galaxy far, far away....

Insurance greases the wheels of the economy

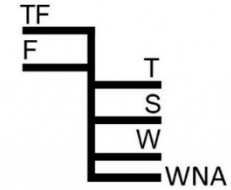
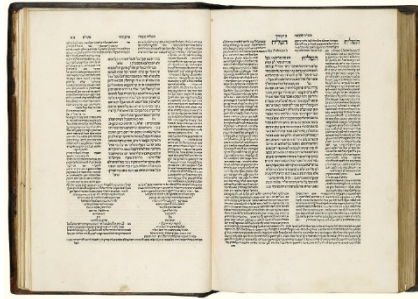


Insurance facilitates scientific and social development

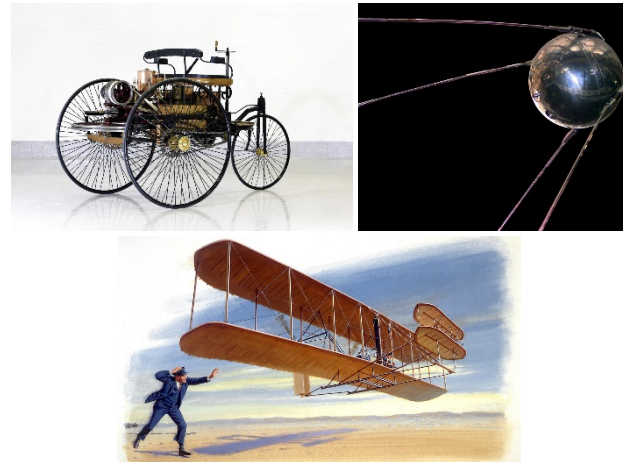
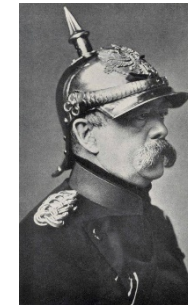


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The origins and development of insurance



Key LR = Indicates the classification society Lloyd's Register
 TF = Tropical Freshwater
 F = Freshwater
 T = Tropical Seawater
 S = Summer Temperate Seawater
 W = Winter Temperate Seawater
 WNA = Winter North Atlantic



POOL^{Re}
 REINSURING TERRORISM RISK

FLOODRE



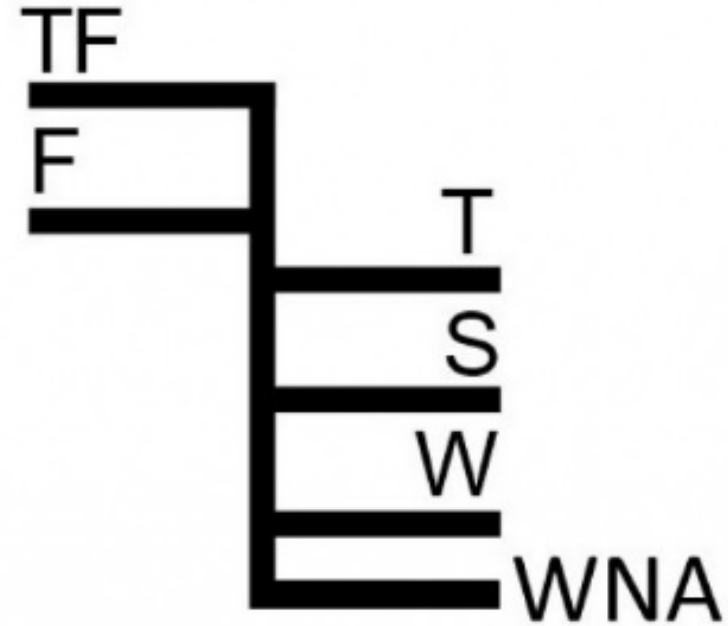
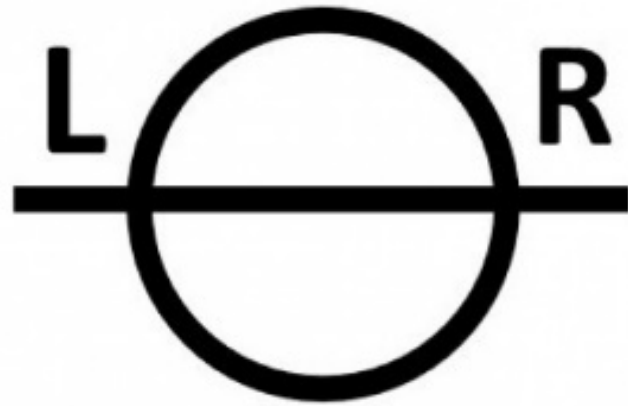
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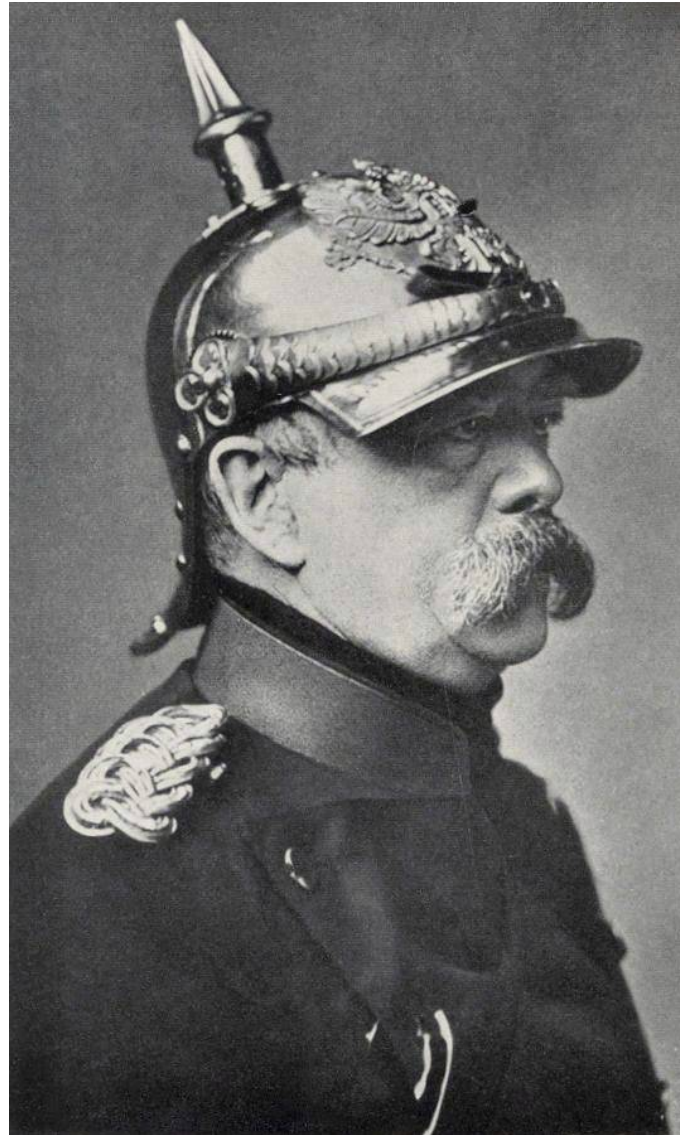


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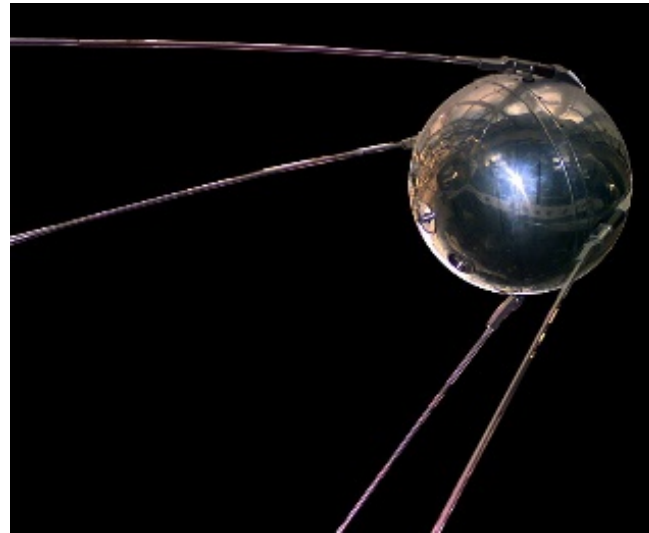


<u>Key</u>	LR = Indicates the classification society Lloyd's Register	TF = Tropical Freshwater F = Freshwater T = Tropical Seawater	S = Summer Temperate Seawater W = Winter Temperate Seawater WNA = Winter North Atlantic
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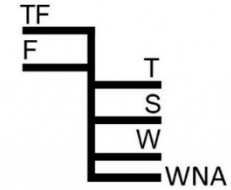
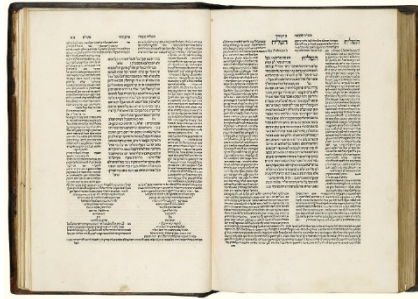
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The origins and development of insurance



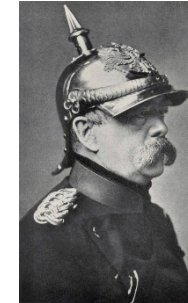
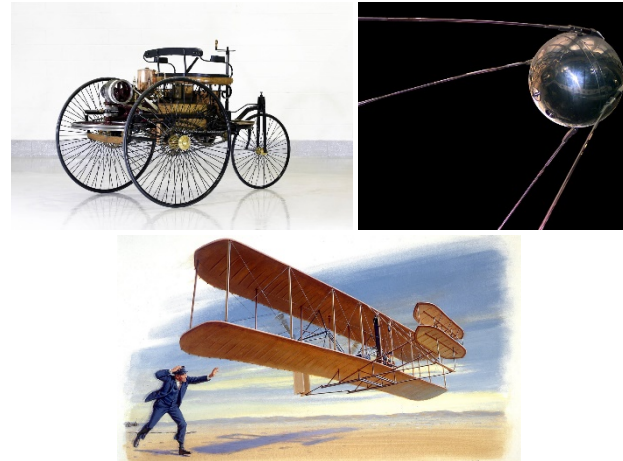
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Still to come...

- Potential failures of the insurance industry
- The perils of personalisation
- How are insurers evolving to better serve industry, society and the planet?





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Potential failures of the insurance industry

Online poll soon
GIRO Conference apps at the ready!



Potential “Failures” of the Insurance Industry

Mis-selling

Poor value for money

Not enough future-focus

Lack of transparency

Complex terms, conditions and exclusions

Gaps in coverage

Lack of trust

Poor customer service

Insurance embedded in products

Poor communication

Unfair treatment of vulnerable consumers

Price walking

Low provision of digital services





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The perils of personalisation

Online poll now
GIRO Conference apps at the ready!



Poll 1:

Maria always considered herself a healthy individual. Earlier this year, she discovered that she has a genetic predisposition to develop cancer. Is it right that she should pay higher premiums for this year's health insurance renewal given her genetic predisposition?



Poll 2:

What if Maria was buying health insurance for the very first time, shortly after her diagnosis? Is it right that she should pay higher premiums?



Poll 3:

Susan is a healthy, outdoorsy individual. She really enjoys base jumping, rock climbing and paragliding. As a result of her hobbies she's had 20 broken bones over the last 15 years, 5 of which she's had pinned. She considers these to be accidents but her hobbies keep her in good health. Her insurer now wants to up her health insurance premiums. Is this fair?



Poll 4:



Derek is in very good health, and aside from annual check-ups he hasn't visited the doctor since he was a small child. He thinks he should be paying lower health insurance premiums than other people because he is such a "good risk" and is using the service less. Do you agree?



Poll Results



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Is personalisation of Insurance products a good thing?

BIG DATA

Yes

No



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Three takeaways

1

Balance needs to be struck between:



The desire for ever-more-accurate risk rating

vs



The principle of risk-pooling

2

Needs to be a distinction between personalisation based on:



Behavioural differences

vs



Good or bad luck

3

Need for regulation to facilitate insurers doing the 'right thing'



Otherwise, competitive pressures will always drive towards more personalisation



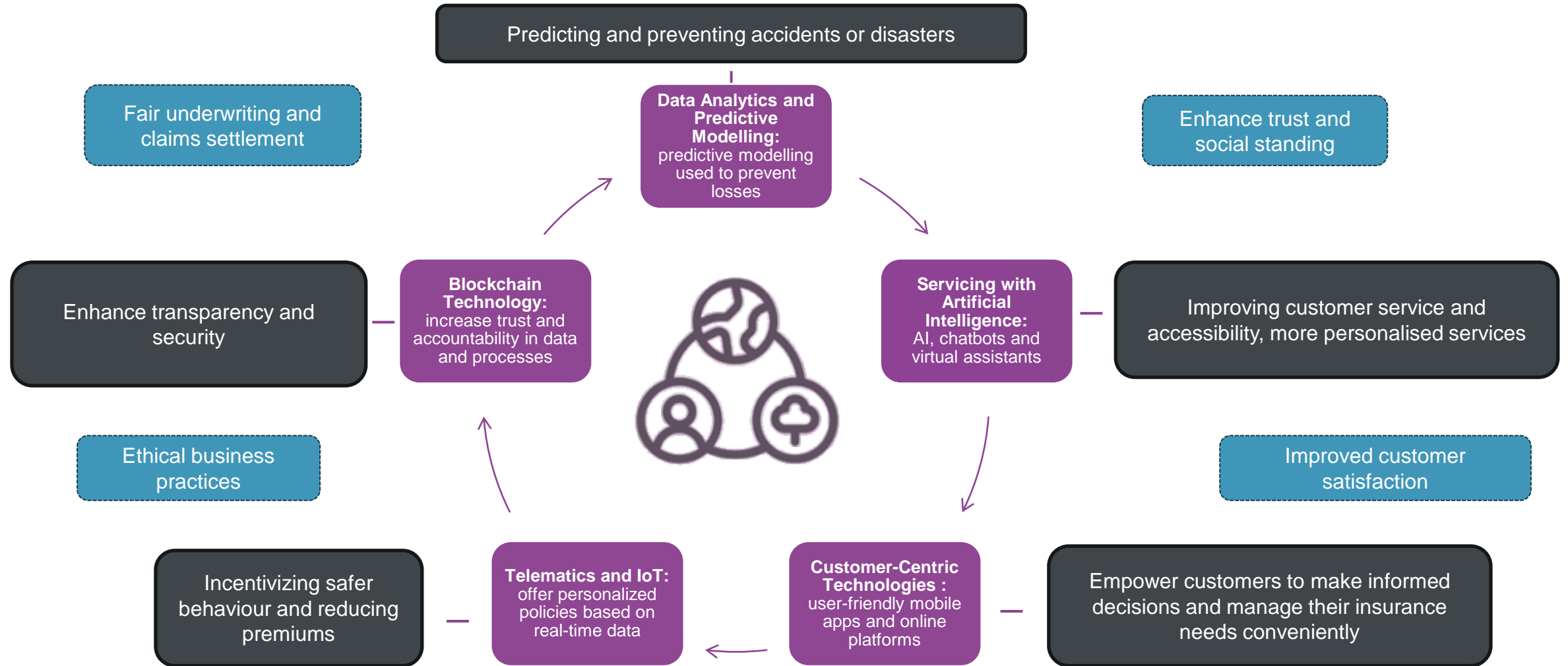


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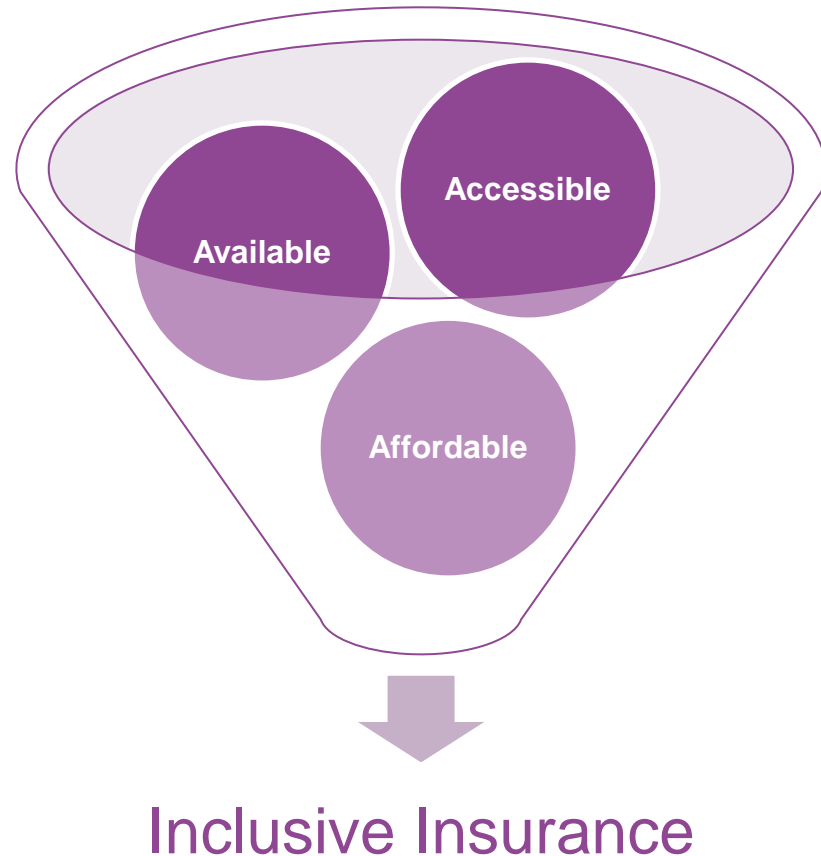
**How are insurers
evolving to better
serve industry,
society and the
planet?**



Unlocking the Value of Innovations



Amplifying Positive Social Influence



- **Inclusive Insurance**

“all insurance products aimed at the excluded or underserved market, rather than just those aimed at the poor or at a narrow conception of the low-income market.” (IAIS, 2018)

- **Financial Inclusion**

“Financial inclusion means that individuals and businesses have access to useful and affordable financial products and services that meet their needs – transactions, payments, savings, credit and insurance – delivered in a responsible and sustainable way.” (World Bank, 2022)

- **Micro-insurance**

“the protection of low-income people against specific perils in exchange for regular premium payments appropriate to the likelihood and cost of the risk involved” (IAIS, 2007)



Amplifying Positive Environmental Influence



“Climate represents 'biggest opportunity' for (re)insurance.” - John Neal, Lloyd's CEO

“Insurers play a critical role through innovative products incentivising climate risk prevention” - EIOPA 2023

“By working together, public and private actors can improve the overall understanding of climate-related risks and promote a more sustainable and resilient future” The EUROFI Magazine, 2023



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The Power of Partnerships



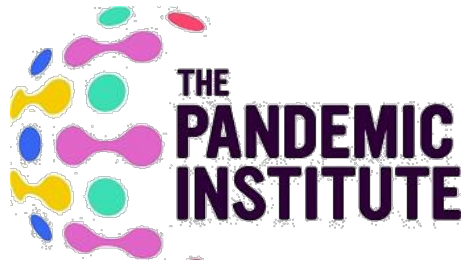
Sovereign Disaster Risk Solutions
A Specialized Agency of the African Union



Collaborating with government, nonprofits and NGOs
Developing innovative products
Disaster Resilience and Relief
Public health initiatives
Advocacy and Policy Engagement



Data and Research Sharing
Education on risk management, insurance and private pensions issues
Clients Specific engagement programmes
Build alliances to set standards



Employee Volunteer Programmes
Social Impact Investments
Community Development



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In conclusion...



Well then... Are we the baddies?

1. By virtue of its mere existence, the insurance industry already makes an incalculable contribution to the social good.
A world without insurance would be a scarier, less happy place.
2. However, some current practices and emerging technologies may not always deliver optimal outcomes for society as a whole.
3. There is reason for hope.
New products and innovations have the potential to magnify the insurance industry's positive social impact.



Thank you to working party members, past and present

- Jamie Brennan
- Steven Fisher (Chair)
- Mathilde Haran
- Rachel O'Connell
- Richard Winter
- Julia Aslett
- Jonathan Brown
- Aili Chee
- Will Hogg
- Theeban Kuganesan
- Nina Ndebele
- Winnie Nyakundi
- Samantha Tanner



Questions

Comments

Expressions of individual views by members of the Institute and Faculty of Actuaries and its staff are encouraged.

The views expressed in this presentation are those of the presenters.



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Thank you

