



CASE STUDY – APS X2 – General Insurance

J is a junior actuary working for a mid-sized insurer in the pricing team. The managing agency has a team of 15 actuaries (both fellows and part-qualified members) in the team, working mainly in roles across pricing, reserving and capital modelling.

The insurer has established pricing models that are developed (i.e. methodology and assumption changes are made) each year by the head of pricing, P. The Chief Actuary, H, reviews these pricing model updates and includes material on this in her report supporting her underwriting opinion each year.

J is asked by underwriter U to calculate the technical rate for a contract for a new client.

Consider your answers in two cases:

- 1) The contract is ~1% of expected premium / expected profit for the syndicate for the year.
- 2) The contract was expected to contribute approx. 5-10% of expected premium / expected profit (i.e. enough for you to believe it is material by some reasonable measure)

Question 1

Solely with respect to the task of calculating a technical rate for U, what obligations does APS X2 place on J, H and P:

- With respect to Work Review?
- With respect to Independent Peer Review?

Question 2

Solely with respect to the task of calculating a technical rate for U, what additional obligations might APS X2 place on J, H and P:

- With respect to Work Review?
- With respect to Independent Peer Review?

Question 3

How would your responses change if:

- H does not Independently Peer Review the pricing model updates?
- Either H or P is not an actuary?
- U is an actuary?

Question 4

How would your responses change if:

- J is a contractor?
- J is a secondee from a consultancy?
- J is a consultant?