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12 November 2015

Actuarial Society of the Philippines

Aziza Hotel, Puerto Princesa, Palawan



# Role of the Pricing/Reserving Actuary in a Non-Life Company



**A Management's Perspective**

# **Actuaries are Essential in the Compliance of a Phil. Non-Life Insurance Company**

**Insurance Commission Circular Letter No : 2015 – 31  
dated June 10, 2015**

Transition Period and Full Implementation requirements for Financial Reporting Framework , Valuation Standards for Insurance Policy Reserves, and New Risk Based Capital Framework

**Insurance Commission Circular Letter No : 2015 – 32  
dated June 10, 2015**

Valuation Standards for Non-Life Insurance Policy Reserves



**67 Non Life Companies  
1 Professional Reinsurance Company**



**20 Fellows and Associates**

***“Local supply is not yet enough to fill the regulatory needs of the industry”***

# RESERVING : Expectations of Management

- Healthy and controlled reserving process is in place
- Appropriate reserve levels that the company must maintain to ensure sustainability of financial strength
- True claims ratio of the non-life company
- Actuarial services needed to guide management in making decisions on how resources should be set aside to meet company's promises and obligations.

# PRICING : Expectations of Management

- Actuarial expertise should be embedded in the Pricing Process
- Pricing Process should have the following :
  - Defined pricing philosophy
  - Prices are tested
  - analysis of prices are done periodically
  - Management be informed about alternative ways to accept risks while maintaining profit targets
  - Include Catastrophe Modeling

# RISK and CAPITAL MANAGEMENT : Expectations of Management

- Maintaining the risk and capital is essential to non-life companies to comply with regulatory requirements
- Due to volatility of events in the non-life business, actuaries must formulate models to test possible events and claims scenarios for the company.
- Management must be informed of results of all tests to be guided accordingly on risk and capital issues.



***“As we gear up to be at par with our ASEAN counterparts ,  
actuarial expertise is beginning to be an ally of management  
to effectively run the business.”***