

Research for Actuarial Guidelines for Non-Life Insurance Actuaries in Product Development

ABSTRACTION

The research plan intends to provide guidance to the actuaries with a standard to follow or a practice to refer. Through focusing on three different topics including (1) How to estimate expense provision in ratemaking (2) How to estimate profit provision in ratemaking (3) How to deal with the problem in insurance product filing process, we mainly try to cross-exam the standard of practice of CAS with the actuarial practice in Taiwan. After gathering the information, the standard of practice is written and revised several times into a solid standard. Another objective is to render guidance to the Actuarial Institute of the Republic of China that she could use to provide useful guidance to actuaries and the Insurance Bureau about deciding and/or auditing the expense provision 、 profit provision and filing guidance. The brief description of those three topics as follows:

1. Expense Provisions in Property/Casualty Insurance Ratemaking

The purpose of this standard of practice is to provide guidance to actuaries in estimating costs for property/casualty insurance ratemaking other than (1) incurred losses, (2) the provision for profit and contingencies, (3) investment expenses, and (4) federal and foreign income taxes.

2. Profit and Contingency Provisions and the Cost of Capital in Property / Casualty Insurance Ratemaking

This standard of practice provides guidance to actuaries in estimating the cost of capital and evaluating underwriting profit and contingency provisions.

3. Practice note of filing insurance product

This practice note is intended to assist actuaries by describing practices during the insurance product filing process. It encompasses the problems that actuaries might face when they are preparing the filing documents and also proposes some guidance about how to deal with the problems.

The final results of the standard of practice and provisions could be both theoretical and practical. We suggest that it should render guidance to the Actuarial Institute of the Republic of China that she could use to monitor her members and ascertain quality and legality of their works.

Keyword: Ratemaking 、 Profit and Contingency Provisions 、 Product Filing 、 Expense Provisions 、 Expense Classification 、 Expense Trending