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Changing Risks, Expecting the Unexpected

17th Global Conference of Actuaries & 2015 AGFA

2nd & 3rd February, 2015 Mumbai - India

P&C Insurer Enterprise Risk

- ▶ Insurance Hazard Risk

- ▶ Financial Risk

Credit

Market

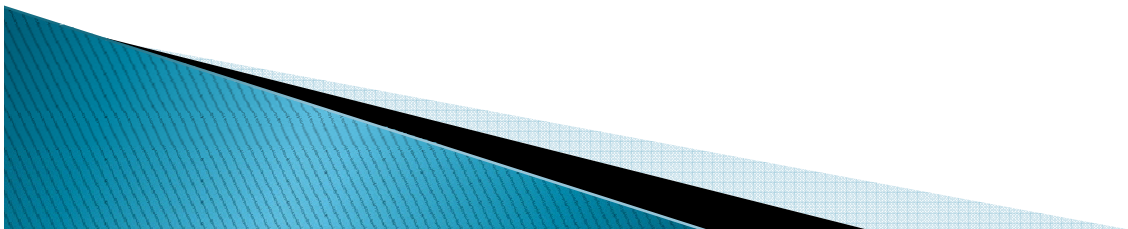
Liquidity

- ▶ Operational & Strategic Risk

People/Process/Systems

External Events

Business strategy



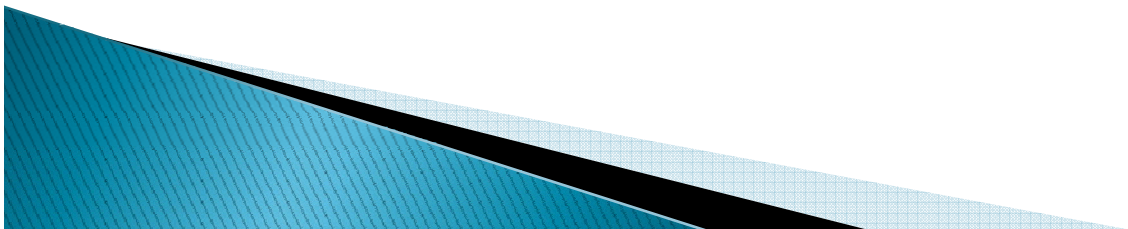
P&C Insurer Enterprise Risk

Who is the Ideal Chief Risk Officer?

- Underwriter

- Actuary

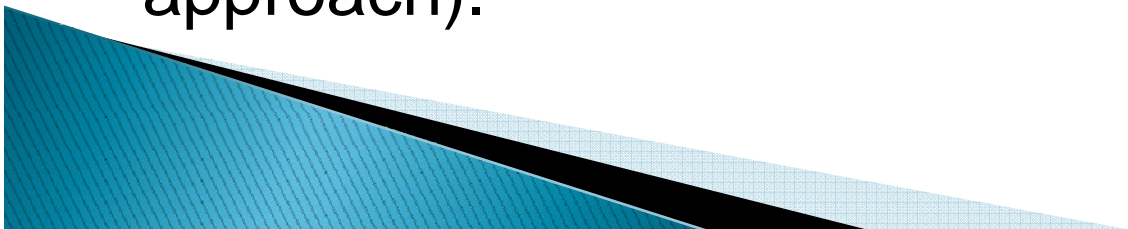
- Compliance officer.



Insurance Hazard Risk

- ▶ Underwriting
- ▶ Accumulation/Nat Cat
- ▶ Reserve deterioration

Insurance hazard risk is speculative-there could be opportunities to capitalize on the risk rather than manage it away(may require a slightly different approach to the classical risk management approach).



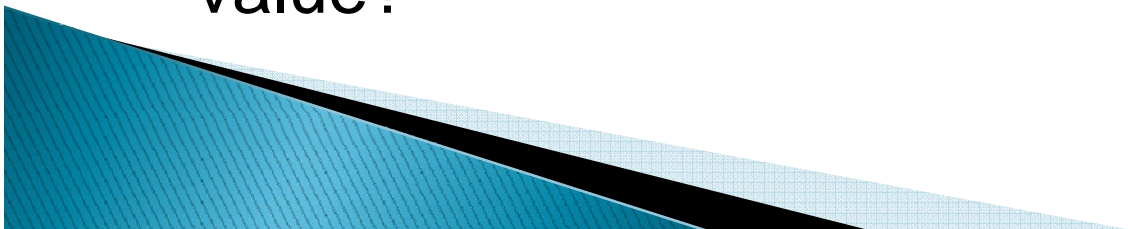
Underwriting Risk

- ▶ How do we identify risks-high level risk assessment-risks that pose a potentially serious threat to value of firm-what should be that threshold value?

Reinsurance

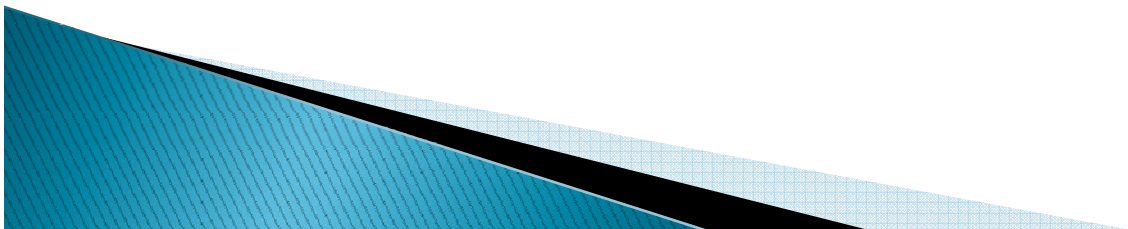
Heterogeneous Portfolio

- ▶ Currently in force exposures and past exposures
- ▶ Issues to quantify this risk.
- ▶ Issues to model these risks crossing the threshold value?



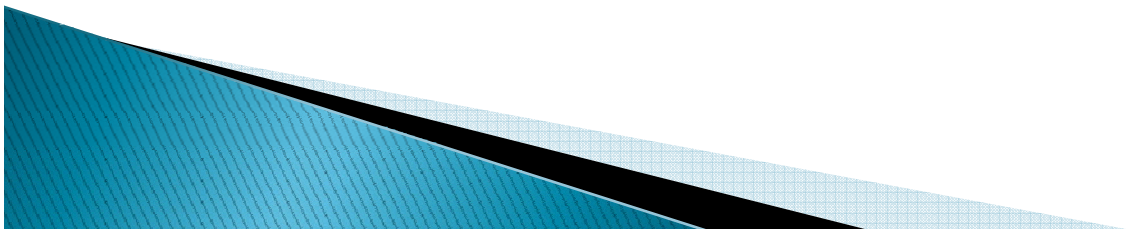
Accumulation/Nat Cat Risk

- ▶ Cat Modelling-Universal acceptability.
- ▶ Issues in huge variation in results
- ▶ Issues in data.
- ▶ Gross vs Net-inuring benefits of Risk XL?
- ▶ External factors-Court orders, regulatory directives.
- ▶ Contingent Business Interruption issues.



Reserve Deterioration

- ▶ Long tail business
- ▶ Long term Policies
- ▶ Differential Inflation for various lines
- ▶ Interest awards by courts
- ▶ Regulatory intervention
- ▶ Legal framework-tiers of courts and time taken
- ▶ Understanding foreign legal systems
- ▶ Court change in approach



THANK YOU

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