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**India**

## **Session 8: Off shored Actuarial Work in India- Lessons from recent Survey**

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***Waves of Reforms...Oceans of Opportunities***

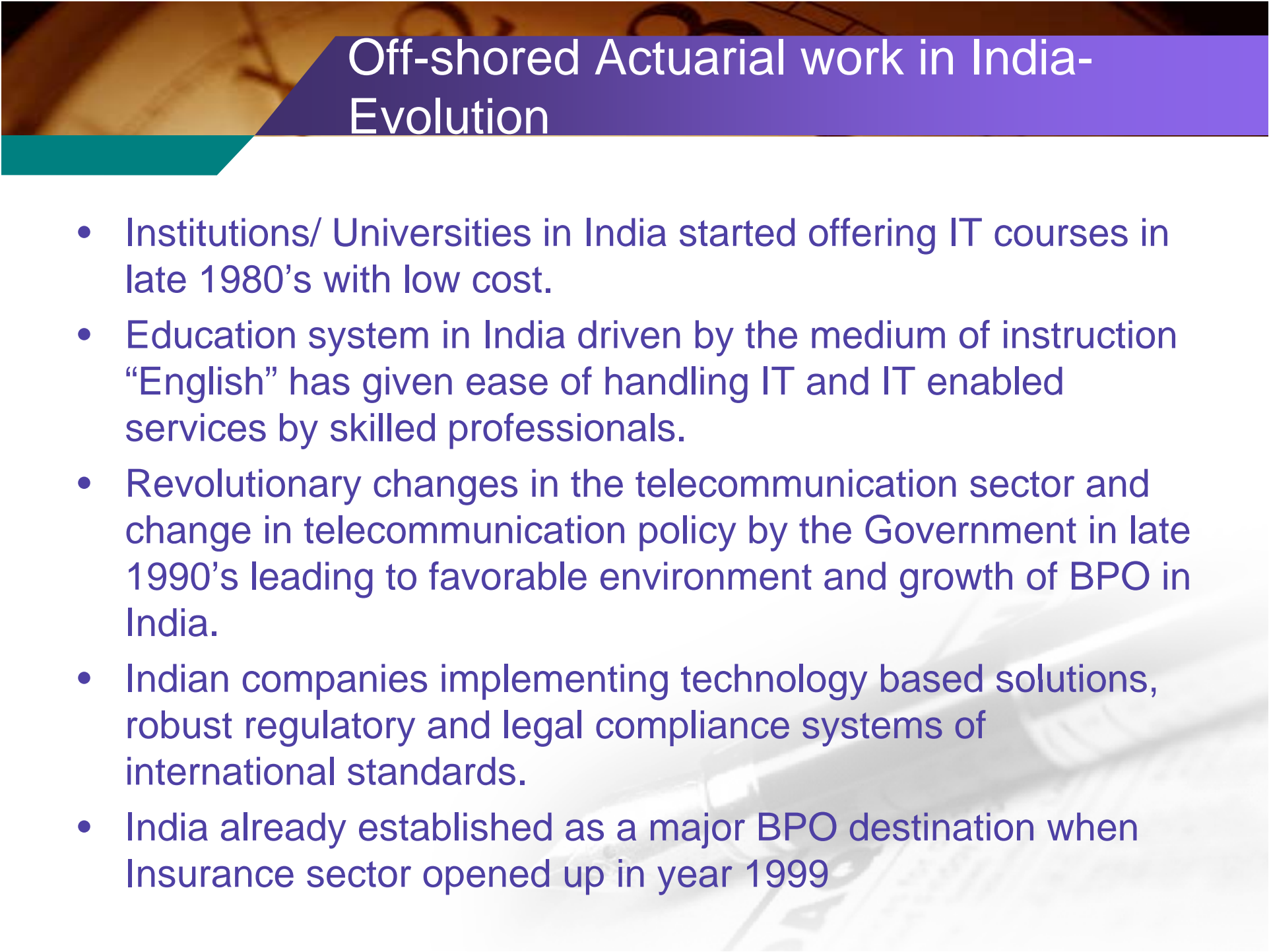
***2013 AGFA & 15<sup>th</sup> Global Conference of Actuaries***

**17<sup>th</sup> – 19<sup>th</sup> Feb, 2013 | Mumbai,  
India**



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## Off-shored Actuarial work in India- Evolution

- Institutions/ Universities in India started offering IT courses in late 1980's with low cost.
- Education system in India driven by the medium of instruction "English" has given ease of handling IT and IT enabled services by skilled professionals.
- Revolutionary changes in the telecommunication sector and change in telecommunication policy by the Government in late 1990's leading to favorable environment and growth of BPO in India.
- Indian companies implementing technology based solutions, robust regulatory and legal compliance systems of international standards.
- India already established as a major BPO destination when Insurance sector opened up in year 1999

## Off-shoring Actuarial work in India- Evolution-Contd.,

- KPO services started by Indian establishments and tuned for time management, time differences and cost efficiency.
- Off-shoring actuarial work gained momentum after opening up of Indian insurance sector in year 1999.
- Off-shoring actuarial work grown over the last decade and India became most preferred destination for many global consultancies/companies.
- Greater awareness and deeper understanding among Indian actuarial community on practices, new developments of actuarial work from working environments.
- IAI's education strategy generated supply of actuarial resources over the last decade.
- A survey on off-shoring actuarial work in India for the first time by the Institute of Actuaries of India.

# Institutions-summary

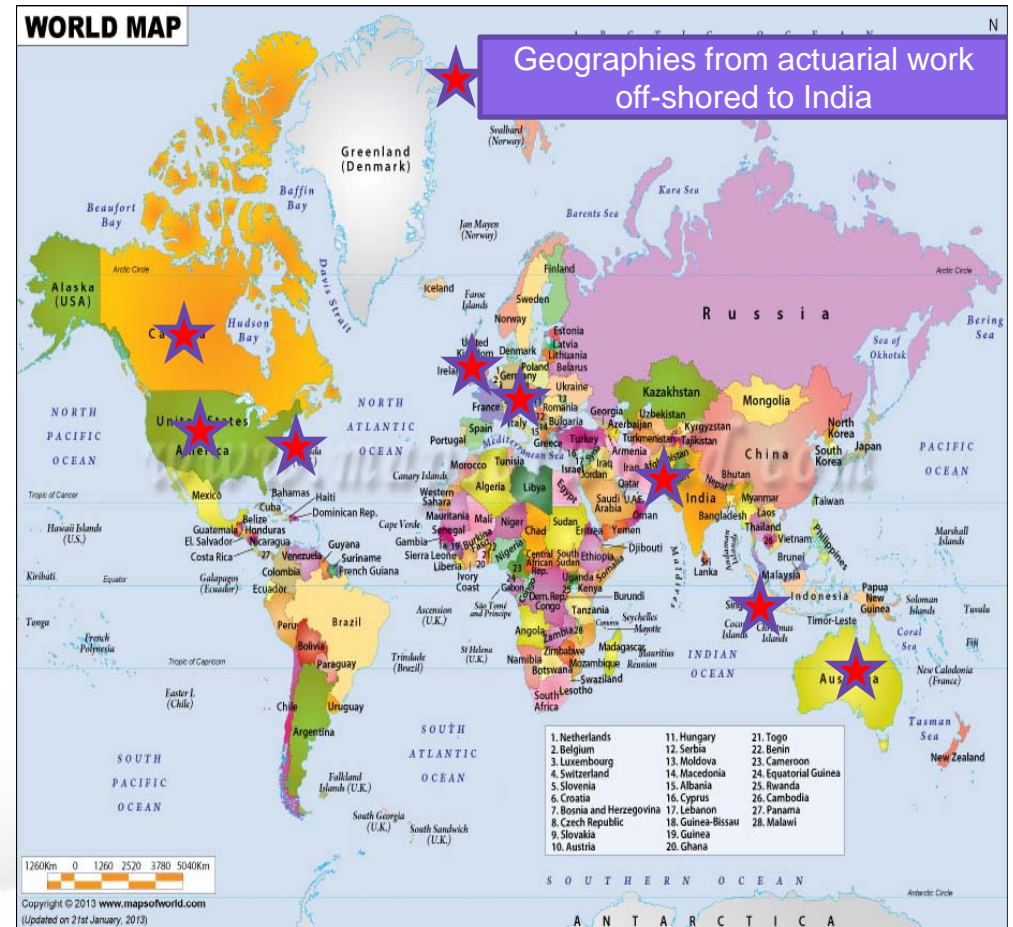
- Average term of existence and operation of off-shoring units in India-6 years
- Unit office locations include Gurgaon, Bengaluru, Mumbai, Chennai, Hyderabad, Noida and Pune.
- Survey identified 21+ units, employed 1300+ resources
- 16 units participated in the survey have total employment of 1174 actuarial resources.
- 67.46% employed in Gurgaon based units.
- Average strength of employees per unit-73





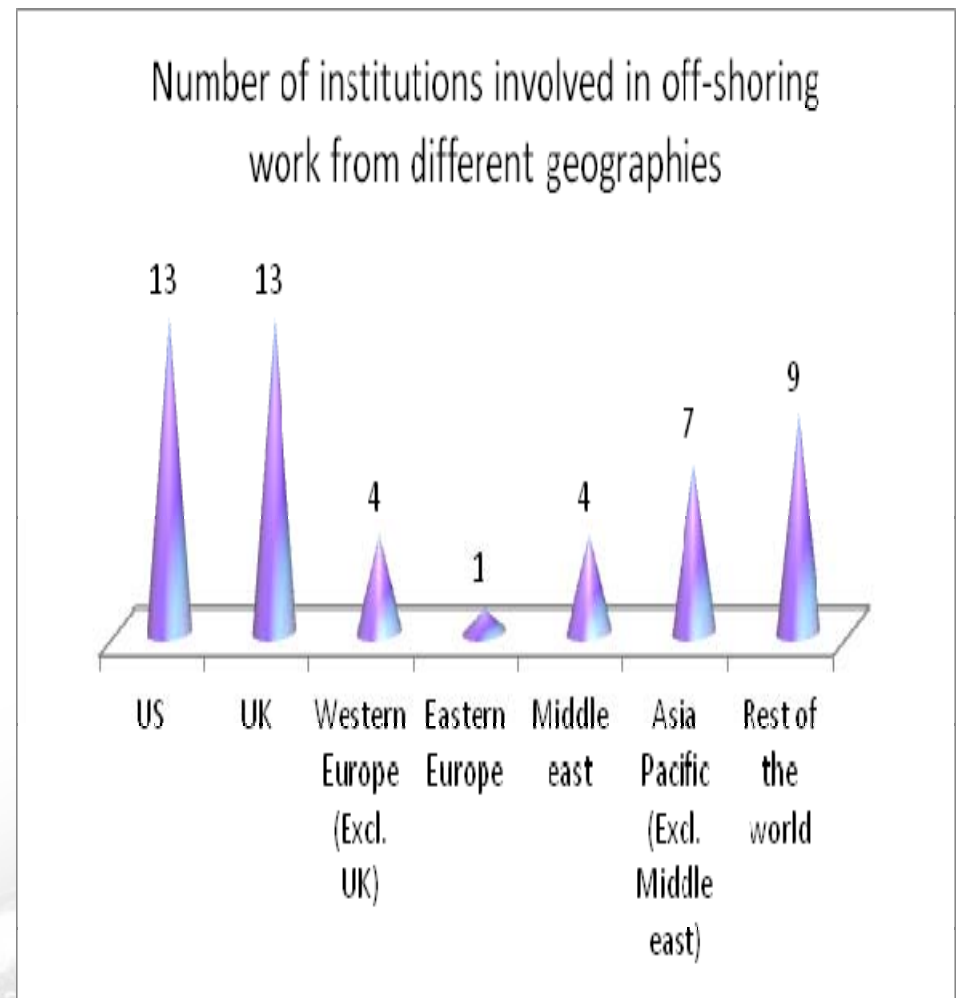
# Off-shored work-Geographies

- Off-shoring actuarial work from across the world
- Work flowing mainly from countries US, UK, Canada, Australia, Singapore, Bermuda, Gulf and other European countries.
- 79% of total employment from US and UK geographies together
- 42% of resources employed for US geography



## Units, Team size for Geographies

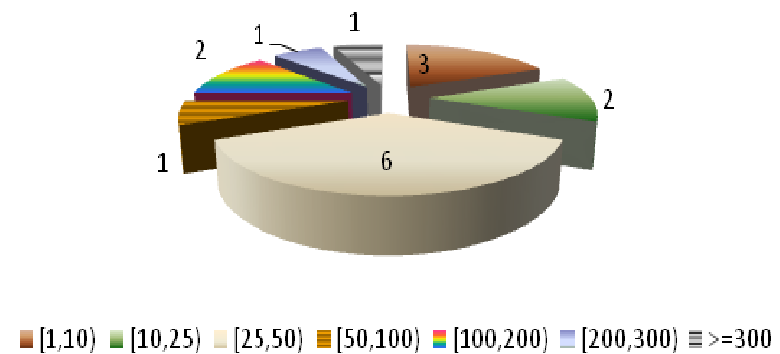
- 13 units each involved in US & UK related work
- 3 institutions undertaking exclusive work from US geography.
- 2 institutions into UK related work only
- Other 11 units handling multiple geographical work
- More work and bigger team for US off-shored work



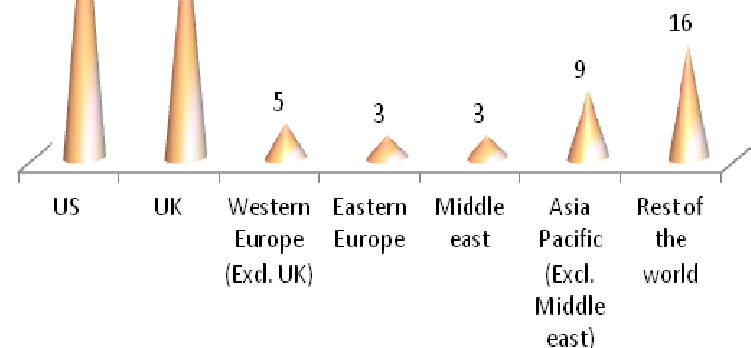
## Units, Team size for Geographies contd..

- Institutions employed groups ranging from [1,10] to 300.
- Maximum employed in pension related work
- Four units employed more than 100 actuarial resources.
- Six units employed in the range of [25,50]
- Average size of US work related team is 38, followed by UK teams at 33

Companies with employee count falling in different ranges



Average size of teams working for different geographies

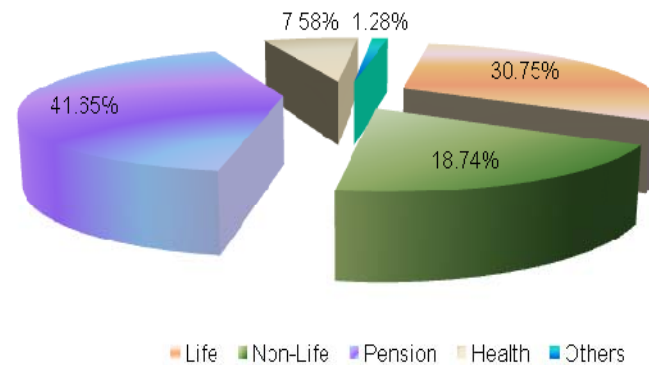




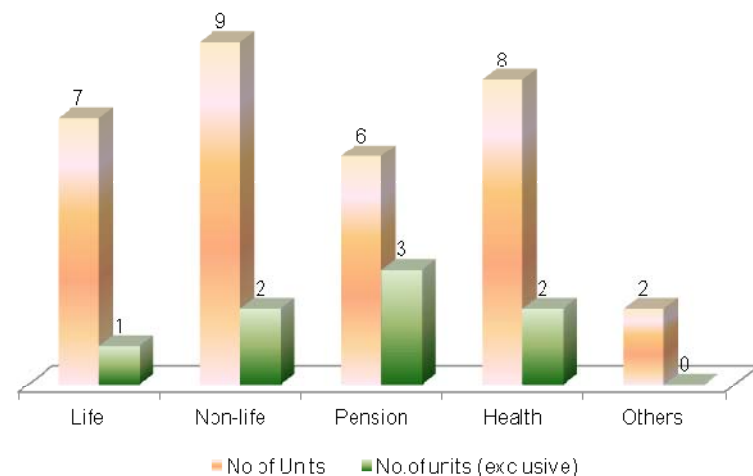
# Off-shored work-Functional areas

- Off-shoring work into different functional areas
- Includes work related to Life, Non-life, Pensions, Health and others (include analysis, investigations etc.,)
- There are multi-functional units and units doing single-functions
- 3 units undertake exclusive pension work, 2 units each do Non-life and Health.

Distribution of off-shored work in India



No. of units in Single and multiple functions



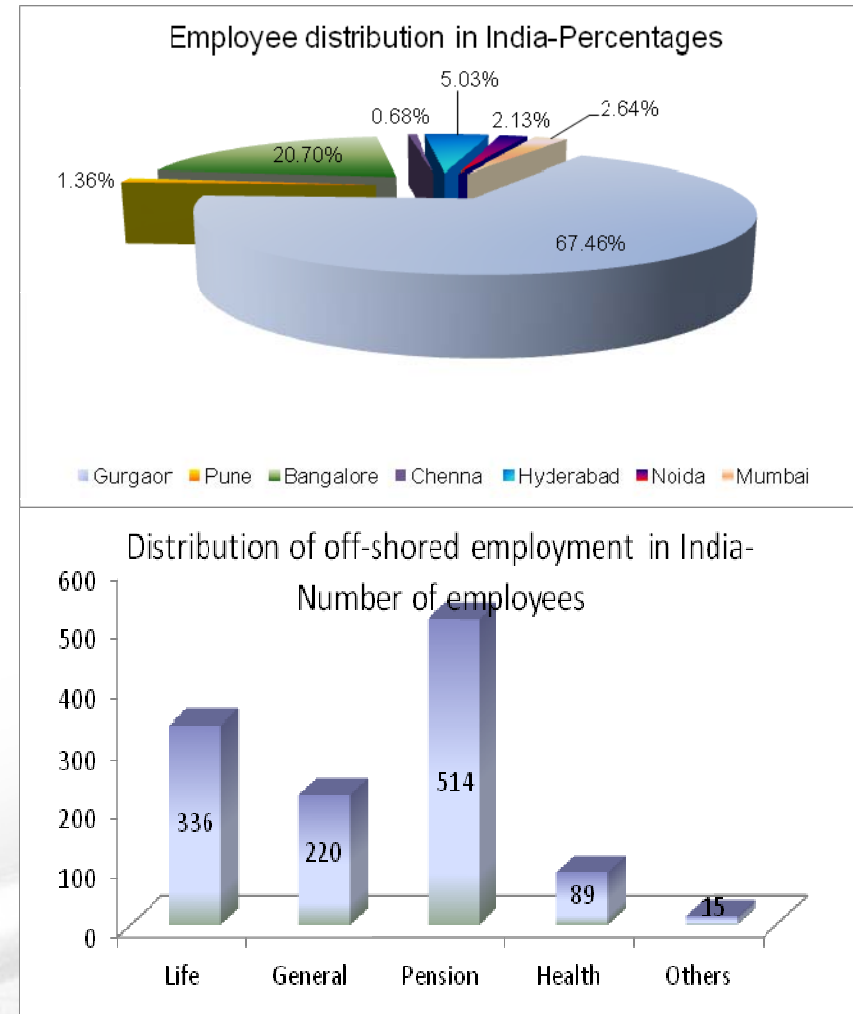
# Functions-Main activities

- Pension valuation is a prominent activity
- Core actuarial work in Life and Non-life functions include valuation, pricing and reporting

Business	Main Activities
Life	<ul style="list-style-type: none"><li>• Valuation-GAAP</li><li>• Reporting-IFRS,GAAP</li><li>• Pricing-Group schemes</li><li>• Experience analysis</li></ul>
Non-life	<ul style="list-style-type: none"><li>• Pricing</li><li>• Claims Reserving</li><li>• Capital modelling</li><li>• Reporting</li><li>• Business Planning</li><li>• Experience analysis</li></ul>
Pension	<ul style="list-style-type: none"><li>• Valuation</li><li>• Business Planning</li><li>• ALM</li></ul>

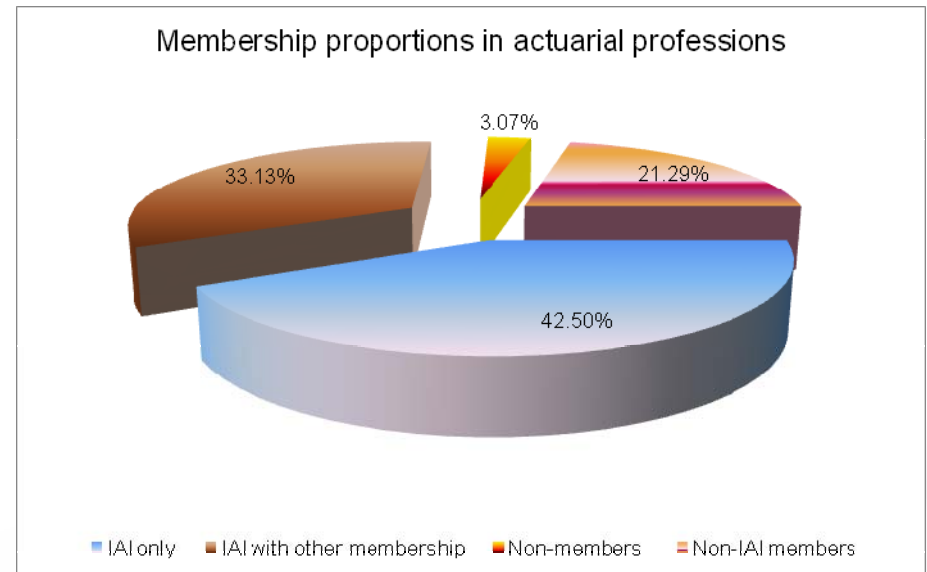
# Resources-Locations, Memberships

- Gurgaon, favorite location for captive centers.
- Gurgaon units employed 67.46% of resources followed by 20.70% in Bengaluru.
- Maximum employment in Pension related work, followed by Life Insurance work.



# Resources-Locations, Memberships

- Resources are qualified from actuarial bodies include fellows, associates, student members and non-members
- 75.64% are members of Institute of Actuaries of India
- 33.13% are members of IAI with other bodies
- Non-actuarial members 3.07%





## Survey-Takeaways

- Foreign consultancy services/ actuarial firms set up their captive centres in India targeting efficiency in cost and quality.
- Positives of actuarial market in India include, ease of communication in English, timeliness, actuarial and IT skills, adoption of new requirements, compliance to regulations, confidentiality, learning attitudes, increasing experience in core work in different functional areas and young age.
- Off- shoring units tuned to adopt new technologies, new developments and requirements for actuarial work for the global market.
- Indian off-shored units recognised as centres of excellence in delivering any core actuarial services

## Survey-takeaways- Contd..

- Off-shoring institutions employs more actuarial resources than Insurers, re-insurers together
- Actuarial resources in India market is capable to meet expectations of quality work required for work for any geography
- There are sufficient trained actuarial resources in India to meet demands on more off-shoring units.
- Mutual recognition of actuarial qualifications between Institute of Actuaries of India and other actuarial professions a need of the hour.
- Institute to initiate steps to recognize and promote off-shoring actuarial work.