Actuarial
Insurance Matters*

Summer 2008

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Welcome to the summer edition of our Newsletter.

The UK economy continues to be in a period of change with no-one certain about when things are going to turn around. There may be further bad news from the property market and the price of oil seems to be out of control at the moment. Some positive signs are visible in the insurance sector, however, with a few large transactions being speculated about. The difference for the insurance industry at the moment is that transaction activity now seems to be centred around traditional players rather than the "new money" that has been driving acquisitions for the last couple of years.

As a firm we have a few milestones to mention. You'll have seen in press the announcement of Ian Powell taking over from Kieran Poynter as chairman of the firm from 1 July. 1 July also marked 10 years since the merger and creation of PricewaterhouseCoopers. You'll also see later in this newsletter that 1 July also marks the recent retirement of Peter Copeman, which will be closely followed by Fred Duncan on 8th August. We won't add to the comments there other than to wish both of them all the best for the future as Alumni.

James McPherson
Head of Non-Life Actuarial Practice

Brian Purves
Head of Life Actuarial Practice

How to receive our Newsletter

If you would like others in your organisation to receive this newsletter please contact Monique Peeters on 44 20 7804 0471 or send an email to monique.l.peeters@uk.pwc.com.

Market Consistent Embedded Value – Towards a consistent market?

On 4 June 2008, the European Insurance CFO Forum published the Market Consistent Embedded Value (MCEV) Principles and associated Basis for Conclusions. This will represent the only CFO Forum endorsed method of embedded value reporting for accounting periods ending on or after 31 December 2009.

Key highlights of the MCEV Principles:

- Market consistent framework – a methodology which reflects the current market price of hedging financial risks and removes the ability for the valuation to vary with the type of assets held.
- Granular allowance for risks – including non hedgeable risks not captured elsewhere in the calculations.
- Clarity that the methodology to value new business should reflect the additional value to shareholders created through the activity of writing new business.
- Standard analysis of MCEV Earnings template – incorporating a free surplus analysis to show the source and use of shareholder cash.
- Compulsory Group MCEV – a single metric to provide a total value of insurance groups using IFRS for non covered business.

Over the months to come, there will be several challenges for reporters and reviewers and attention is likely to focus on the methods of allowance for non hedgeable risks. In particular, the appropriate level of charge for general uncertainty in the insurance cash flows is an area of evolving practice. However, in addition to the technical issues, companies will need to communicate and present the allowance for non hedgeable risks in a way that is clear and transparent whilst being understandable to users of their accounts.

Initial analyst reaction is supportive of the framework although the real test will arise when companies begin to publish results that claim compliance with the Principles. The MCEV Principles do represent a clear step towards achieving greater consistency and comparability between companies and the CFO Forum has set out a good framework to address the lack of a consistent market view on how MCEV results should be calculated.

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Seminar on CFO Forum MCEV Principles

PricewaterhouseCoopers is organising a seminar on 10 July following the publication of the European Insurance CFO Forum MCEV Principles. The seminar will explain the new MCEV Principles, how they fit within other financial reporting developments, initial investment analyst reaction and the practical considerations of an implementation.

Topics and speakers

Hans Wagner, Life Chief Risk Officer from the AXA Group, who led the development of the Principles as Chairman of the CFO Forum EV Working Group will present on "The CFO Forum MCEV Principles" and the key changes introduced.

Brian Paton, Associate Director at PricewaterhouseCoopers will present on "MCEV within wider developments".

Andrew Crean, Insurance analyst at Citi who published their response to the CFO Forum Principles on 5 June will present on the "Initial investment analyst reaction".

Brian Purves, Head of Life Actuarial Practice and **Jonathan McGuffie**, Senior Consultant at PricewaterhouseCoopers will present on "Practical considerations of a conversion".

More information

The seminar will take place on 10 July from 12:45 until 17:30 at the Crown Plaza London City hotel and is free to attend.

If you wish to register for this seminar please contact Sue Binstead (sue.binstead@uk.pwc.com) on 44 20 7212 3060 to check availability as places are limited.

In addition, more information about the new MCEV Principles is available in the PricewaterhouseCoopers "Briefing note on the European Insurance CFO Forum MCEV Principles" that was published in June 2008.

Variable Annuities – European market ready for take off?

Variable annuities have become an incredibly popular retirement product in the US and Japan. Recently there has been widespread coverage of these products in the European financial press. If certain key challenges can be overcome, we believe the European market is ready to take off.

Variable annuities are unit-linked retirement products with optional guarantees. Policyholders are able to tailor the product to their needs: choosing from a range of underlying investment funds and selecting the guarantees that meet their needs - for example minimum death benefits or 'living benefits' offering guaranteed minimum income. The guarantees are priced explicitly.

These products have become incredibly popular in North America and Asia – the US market for variable annuities is $130 billion a year, while Japan is now $50 billion – but they are still relatively new to the European market.

Variable annuities are widely seen as an innovative and valuable addition to the European retirement market, combining the flexibility and upside potential of income drawdown products with the downside protection of conventional annuities. They are a prime example of the insurance industry doing what it does best: assuming and managing risk.

The transparency of the product makes it attractive to both policyholders and insurers and over the next decade we expect the European market for variable annuities to experience a pattern of growth similar to that seen in the US and Japan. By 2020 the market for variable annuities in the UK alone could be over $100 billion a year.

However it is not all plain sailing. For this growth to be realised several challenges like pricing, risk management and distribution need to be overcome.

While the transparent pricing of the guarantees offered by variable annuities is a welcome development, it brings with it the challenge of communicating clearly the value of the guarantees to customers. It is clear from recent press coverage that this battle has yet to be won.

The risk management of variable annuities requires specialised expertise and typically involves significant investment in sophisticated modelling systems.

When dynamic hedging of the Greeks is employed, it is usual to hedge the Delta and Rho risk but companies must also consider Vega and Gamma risk and the cross-Greeks. Companies not doing this are accepting additional risks - do these companies really understand the bets they are making?

Beyond these financial risks, there are many other risks to be considered – operational risk, for example, associated with the frequent hedging transactions; sales practice risks and financial result volatility to name just a few. These are often overlooked by actuaries more interested in the sophisticated financial mathematics required by hedging programmes.

While much of the commentary on variable annuities so far has focussed on financial risk management, for the European market distribution is likely to be the key challenge. Until financial advisers and intermediaries understand that variable annuities are brilliantly simple products – certainly much simpler than other products, e.g. with-profits business, they have been selling for decades – the potential of these products will not be achieved.

With some of the Europe's well-known brands – including AEGON, Standard Life and AXA – having entered the market and others rumoured to be close behind, awareness and understanding of variable annuities will soon spread. We believe the European market for these innovative products will then be ready to take off.

For more information about this topic, please contact:
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Global ERM Survey for the Insurance industry – Are you on track to deliver?

Following on from the success of our first Global Enterprise Risk Management ("ERM") Survey in 2004, PricewaterhouseCoopers concluded a further survey during 2007 and has recently published the results. Have insurers delivered on the ambitious developments outlined in the first survey and are these providing the benefits originally envisaged?

There is general consensus that ERM has reached a critical juncture as the demands of regulators, rating agencies and a more volatile market environment heighten the pressure on insurers to put risk considerations at the heart of their strategy and operations. In Europe the planned introduction of Solvency II is raising the bar for insurers' risk management frameworks, whilst in the US the rating agencies have arguably been the primary driver of progress. Our Global ERM Survey 2008 is well timed to assess how insurers have responded to this pressure.

The Survey covers 55 life, general and composite insurers over three continents reporting on the core elements of ERM such as: organisation and governance, data, assumptions, methodology, and modelling, along with coverage of specific risk management techniques for market, credit, insurance and operational risks.

What follows is a summary of some of the key findings from the survey:

Embedding

The embedding of newly developed ERM frameworks provides a challenge to organisations who seek to maximise the benefit from investment in this area. Most participants stated their ERM programme is embedded into the organisation; however the extent to which it is actually integrated into the day-to-day decision making and frontline risk taking of the business is often limited.

Moving risk considerations to the forefront of business planning and performance management requires a common language that bridges finance and risk. Most participants accept that the alignment of financial and risk metrics is limited at best. Closer alignment would provide more robust financial plans and projections and a more balanced and coherent view of how the business is performing.

Organisation and governance

To ensure the Chief Risk Officer is able to influence and challenge risk taking decisions they need independent standing and authority. The Chief Risk Officer should report to the board on risk management issues. In turn, the board should have a portfolio wide view of risk and the ability to actively direct and, where necessary, challenge risk management and its underlying assumptions.

Most respondents were still developing effective ERM governance. In particular not all respondents have a board level ERM committee, although most that do not are considering its establishment.

Risk assessment

The recent turmoil in the credit markets has highlighted the speed of escalation and contagion within an increasingly volatile, uncertain and fast shifting risk environment. Insurers are also facing a softening in premium rates, heightened capital constraints and the inherent risks of increasingly complex product offerings and growing reliance on ever more sophisticated models.

There is a danger that poor quality management information can generate false confidence and encourage a company to accept too much risk. Equally, limited risk information can lead to an over cautious approach in which an insurer accepts too little risk or ties up capital that could be better employed elsewhere. Our survey highlights that further work may be required to facilitate the balancing of risk and return.

As risk quantification becomes more sophisticated and the risk environment more complex and interconnected, the need for greater oversight around risk models and the underlying data inputs increases. The effectiveness of ERM is often inhibited by the poor quality and reliability of risk information and analysis.

Our 2004 Survey found that ERM had moved onto the boardroom agenda. Four years on, ERM has come to a crossroads as investment and expectations have soared, yet many organisations have yet to realise the full benefits. The challenge facing insurers over the next few years is to realise and demonstrate the link between their risk and value management.

For the full survey results please visit PricewaterhouseCoopers' website at www.pwc.com.

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Snap, Crackle, Crunch

Observing the recent increases in oil prices together with a fall in banking liquidity might well be an interesting academic study into correlations or in redefining a 1 in 200 scenario, but it also highlights the current difficult macroeconomic challenges for fiscal and monetary policymakers. For insurers, the credit crunch has been a double-edged sword.

Many life insurers accessed the capital markets from 2002 following the last major stock market downturn and recent new entrants had committed funding in place before the credit crunch took hold. Without any major significant losses, life insurers are now in a strong position compared to other financial institutions.

The recent uptick in pension buyout activity reflects the current excess capacity in that market and the keenness of new entrants to write deals. However, this uses up what may be precious capital with many players approaching their existing capital limits. One or two transactions in excess of one billion pounds could easily force a company to close to new business if it finds it has more limited access to additional capital. Therefore our view is that a vanilla buyout is likely to be more expensive in 12 months time.

Access to additional capital is proving either expensive or difficult. For example, Pearl's debt financing for the Resolution acquisition was reported to be between 0.25% and 0.50% more expensive than it would have cost before the credit crunch. While this may not sound like much, it adds more than £30 million over the life of the loans.

We have not seen the terms of trade between defined benefit schemes and insurers significantly change directly due to the widening of corporate bond spreads. Both sides seem to view this as predominately an increase in liquidity premiums. However many with-profits offices have seen a reduction in their realistic solvency from both credit spreads rising and property prices falling.

The equity markets have also proved to be more volatile recently. This is reflected in equity option prices and falling equity issuance where the volume of UK IPOs in London has almost halved in the first 5 months of 2008 compared to the same period in 2007.

Some life insurers have also seen falling sales of protection business citing falls in the residential property market. The silver lining here might be for a fall in lapse rates too.

Non-life insurers have suffered losses across a range of areas. While forecast D&O and Professional Indemnity losses have been slow to emerge, credit and mortgage insurers with US exposure have been hard hit.

However the picture is not entirely gloomy. Many companies are planning to access the capital markets after the current storm is over. In the meantime, the restructuring of the entire financial sector is continuing as banks seek to dispose of their non-core assets and insurers seek to gain scale from the opportunities available. Potential transactions such as RBS's sale of its non-life insurance assets and press reports of Lloyds TSB's desire to enter the German market together with the sale of Scottish Widows may represent a sign of the times.

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Transfer Pricing – In for a penny..?

The growing pressure on insurers to deliver best value to shareholders and policyholders has emphasised the need to make capital work more effectively and is at the heart of our clients' executive agenda, and given today's competitive climate it comes as no surprise that some insurance groups are assessing the most advantageous countries to locate their headquarters, with some redomiciling as part of an overall drive to achieve an optimal group structure.

Reinsurance programmes are also forming an integral part of our clients' drive towards maximising shareholder value - specifically using reinsurance to pool and manage risks within a group reinsurance company. Strategic location of the group reinsurer can lead to a number of benefits, including lower regulatory capital and rates of taxation, although from a group perspective the major commercial benefit is usually the pooling of large risks and the ability to manage external reinsurance more effectively. In a post-Solvency II world these benefits may arguably increase and be fundamental to a company's ability to thrive in the future.

Given the mobility of capital and the ability of multinationals to transfer risks and returns in an increasingly globalised business environment, tax authorities are understandably concerned to ensure that such internal reinsurance programmes are not exploited to take advantage of tax rate differences. UK transfer pricing legislation requires taxpayers to demonstrate the arm's length principle in reporting taxable profits or losses. In essence, companies entering into intragroup reinsurance transactions need to be able to support the arms length pricing of these contracts, and failure to do so could result in lengthy negotiations, an upwards adjustment to the UK tax charge and tax related penalties. HM Revenue & Customs (HMRC) have also recently launched a significant recruitment and training initiative to improve their specialist focus on the pricing of cross-border transactions within multinational groups.

We have supported many of our clients with their analytical and documentary evidence to support these types of reinsurance transactions. In our experience, actuarial modelling techniques in conjunction with benchmarking offer valuable tools to demonstrate whether pricing terms of reinsurance contracts are consistent with the arm's length principle.

In applying these techniques effectively, we stress the importance of considering the exact nature and type of intragroup contract under review, which will impact the precise transfer pricing risk factors scrutinised by HMRC. Such risk factors and considerations may be around the overall business strategy and commercial rationale for entering into reinsurance, ceding and profit commission levels and upward trends in amounts reinsured in conjunction with significant changes in relative profits between intra-group companies.

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Casualty lines catastrophes and clash covers – Do you really know what your exposures are?

The history of property catastrophe models goes back to the late 1980s and early 1990s when firms like AIR, RMS and EQECAT were established. Lloyd's then introduced its Realistic Disaster Scenario ("RDS") framework in 1995. These scenarios stress test individual syndicates and the Lloyd's market as a whole to gauge the effect of accumulated exposures based on a range of hypothetical scenarios. In 2008, Lloyd's syndicates are required to model seventeen scenarios - but only one is required to relate to liability risks; the remainder are largely property catastrophe driven.

Outside of the Lloyd's market, credit rating agencies have become increasingly focussed on enterprise-wide risk management, and capital providers are increasingly demanding greater transparency over risk appetite and aggregations of exposure.

So why has there been more focus on the development of property catastrophe rather than liability disaster scenarios? Arguably, the issue of aggregation management becomes even more important in the world of liability insurance where one event, such as Enron's collapse, can have ripple effects throughout multiple industries.

Of course, insurers that underwrite casualty business, especially professional indemnity, D&O and product liability coverage, may build their own models to monitor such exposures. But should the industry be relying on potentially ad hoc approaches to the management of liability risk aggregations? Should a market-wide, market consistent approach be introduced?

Even if the answer was a resounding yes, there is certainly no simple solution. Earthquakes and hurricanes can be predicted with a reasonable degree of certainty (albeit with varying levels of success); but contrast this to a casualty lines disaster scenario. How would you begin to model the impact on your casualty lines portfolio of, say, an avian flu outbreak, a corporate fraud at one of the UK's major retail or investment banks, or a widespread computer virus created by a disaffected employee of a major technology firm?

There can even be significant liability components of "traditional" property catastrophe losses, for example the workers' compensation claims for respiratory and other illnesses emerging from the 9/11 terrorist attacks.

Part of the challenge is developing scenarios, some of which may have never occurred in the past. Other obstacles may include lack of data of the necessary quality and granularity- are we even collecting the data necessary to calculate exposures, let alone monitor them? For instance, it was only after Hurricane Andrew that property catastrophe reinsurers started to insist that brokers provide data at the geo-code level.

Does the industry really want to wait for the next Enron or asbestos before it finds out what its true disaster level liability exposures and aggregations are? Or will more forward thinking insurers need to continue to invest in developing their own solutions?

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Predicting future mortgage indemnity claims – Getting the most from your data

Estimating the value of a mortgage indemnity guarantee book can be like predicting the winning number in the lottery. However, as actuaries we are able to provide a highly educated guess by modelling the drivers of value to predict the number of future mortgagee claims.

The challenge faced is to correctly estimate future mortgagee arrears leading to future claims and to determine the difference between the outstanding loan value and the smaller realisable value of an asset under forced sale. Both of these factors are affected by the state of the economy, the recent boom and the current volatility in the property market. In this article we will provide examples of how our actuarial expertise has led to better planning and support the management by determining the value of a mortgage indemnity book.

One approach that a client found particularly useful was to fit a generalised linear model (GLM) with a binomial distribution and logit link. In simple terms, a binomial model is suitable as we are modelling a response variable with value 0 for no claim and 1 for a claim. The GLM output allows us to verify which variables have predictive power, and which levels of each variable have the most effect.

In addition, the GLM output does not guess a 0 or 1 for each contract, but assigns a probability of a claim occurring based on the attributes of the contract and borrower details. There are several advantages to this form of output, but most importantly:

It quantifies the contribution to the probability of a claim for different contract and borrower characteristics (such as the mortgage location, the borrower's income etc). This is helpful in assessing whether a change in the mix of the most recent business underwritten will lead to a different experience to that observed in the past.

An assigned probability allows us to rank the contracts in the order in which a claim is most probable. Hence, when considering different (and especially worse) scenarios, we can expand our selection to consider first those contracts that are more likely to lead to a claim. The other side of the equation (or sum at risk) is unique to each contract and enables us to quickly assess the total probable loss for the given scenario.

With careful planning the delay from mortgage completion until a claim can be modelled. The GLM will project the probability of a claim in each future time period. These future expected values can then be applied to future expected sums at risk, allowing cash flow projections, discounting, and thus calculation of the net present value.

Of course, it must be borne in mind that the claims observed in recent years are attritional in nature. In addition, some analysts predict that a 'bust' following this current house price boom will behave quite differently to that which occurred in the early 1990s. These scenarios can also be modelled, helping to determine capital needs.

The additional value added by our data mining team comes with understanding the data, understanding the underwriting and claims processes and changes to those processes over time, and then working with our clients to project and help them understand the future scenarios that are not only possible, but also those that are probable.

For more information about this topic, please contact:
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Microinsurance – What is the bigger picture?

"10,000 people displaced in Bangladesh floods" is a type of common headline in our newspapers. The headline we rarely read is "Microinsurance helps flood victims to rebuild their lives". This is a shame as this is the truth. The use of Microinsurance is increasing across the world, assisting people, with the need to protect their income and allowing them to rebuild their lives. Why is Microinsurance so successful?

There are four reasons why.

- Affordability – It is cheap. Vimosewa's (an Indian Microinsurer) premium for its integrated social security insurance is less than £1 per person. If not affordable, it cannot be bought by the people it seeks to help, hence per policy costs must be extremely low.
- Meets purchaser's needs – Microinsurance has its roots within community welfare schemes. These schemes were designed by the community to benefit the community. The principle of designing for the customer continues to be a feature of Microinsurance.
- Use of existing infrastructure – If ready made sales networks exists, Microinsurers work with them. Prospective customers live across large areas. The best way for Microinsurers to reach them is to liaise with other organisations with ready made networks. Alternatively, Microinsurers team up with other organisations that have members that require insurance.
- Efficiency – This is crucial. If claims are processed efficiently, then customers survive. If not insureds may be forced to sell their few assets to raise the capital they need. Claims settlement in Microinsurance is measured in days, not in weeks.

By constantly improving on these principles, Microinsurance has developed from its community roots into an industry benefiting many millions of people. All insurers would benefit from improving their performance in these areas. In the current competitive climate, few global industries who consider the developing world would fail to learn from it.

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Motor – Sources of claims cost inflation

In the current market where rates are falling and aggregators are adding to the competitiveness of the market, minimising expenses and maximising claims process efficiencies can help insurers to improve and maximise bottom line performance. Of course in the current market environment, this is not as simple as it seems. There are various pressures that have increased both claims costs and claims-related expenses.

Examples of these issues include:

- Credit Hire – Currently one of the major drivers of claims related expenses. The ABI has just recently finalised the daily credit hire rate at £36.50 – nearly a third more than comparable supply chain rates. However, although the General Tarrif Agreement (GTA) is still in place, credit hire behaviour is still driving up costs.
- Bodily Injury inflation – Many insurers are seeing claims costs rise more than the rate of inflation and even often quoted industry averages. These increases can be due to selection, claims processes that have changed or evolved or increased geographical specific fraud.
- Legislation - The Court of Appeal in the Thompstone case ruled that the cost of care should be increased according to ASHE 6115 - an index of care worker's earnings, rather than RPI. This ruling alone will increase the cost of periodic payment settlements. However, if this also increases the proportion of claimants who opt for such settlements, then the cost of bodily injury claims will increase even more.
- Legal expenses - Market reports show that around 30% of claims paid are for legal fees and this proportion is increasing. Insurers need to have a proactive strategy for managing claims and their associated legal fees.
- Fraud – with the current economic slowdown, fraud incidence is expected to increase. Market estimates of insurance fraud last year are generally around £2 billion per year.

Insurers need to ensure that they monitor and understand any trends in their claims and take appropriate steps to investigate and mitigate any adverse claims trends. We have conducted investigations of claims process and helped clients manage both their claims, associated expenses and management information. Our work has helped our clients reduce these costs – often by millions of pounds.

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Part VII transfers – Updates to the Financial Services & Markets Act 2000

Following a lengthy HM Treasury consultation period a number of proposed amendments to the Financial Services & Markets Act 2000 were written into law on 30 June 2008. These amendments will have significant implications for the insurance business transfer process going forward.

Part VII of the Financial Services & Markets Act 2000 was last updated in December 2007 to reflect the implementation of the new Reinsurance Directive. Since then HM Treasury has proposed further changes to the UK legislation governing the transfer of insurance business. Following a period of consultation these have now been finalised and approved by parliament, effective 30 June 2008.

Clarification of the Court's jurisdiction

The Court has always had wide ranging powers under Section 112 of the Financial Services & Markets Act 2000. However, for the avoidance of doubt HM Treasury has inserted a new Section 112A which clarifies the ability of the Court to make any provisions necessary to give full effect to a transfer. For example, it can override any contractual terms which would otherwise have either prohibited a transfer from taking place or led to adverse consequences such as effecting termination rights. In particular, the amendment makes it very clear that the Court can order the transfer of reinsurance attached to any underlying policies being transferred. Whilst this simply clarifies the existing understanding it will, nevertheless, be of added comfort to those considering a transfer with a material reinsurance asset.

Reinsurer notification requirements

There is a new requirement on applicants to notify their reinsurers (or someone acting on their behalf) where a proposed insurance business transfer scheme would also involve the transfer of any of their reinsurance contracts. However, as with the current notification process, there is the possibility that a waiver can be sought from the Court.

Lloyd's underwriting members

Section 323 states who can apply to the Court for a transfer of insurance business under Part VII of the Financial Services & Markets Act 2000. Those Lloyd's Names who ceased to be underwriting members before 24 December 1996 were previously excluded from applying. The recent amendment to the legislation removes this restriction so that an order under Section 323 can apply to all insurance business irrespective of when it was underwritten. This is of greatest significance to those Lloyd's Names who reinsured their business with Equitas. They will now be able to use the Part VII mechanism to potentially extinguish their liabilities should a proposed transfer be sanctioned by the Court.

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About us

PricewaterhouseCoopers Actuarial & Insurance Management Solutions practice has over 700 actuarial insurance specialists worldwide, with more than 200 UK based staff, providing life and non-life advisory services to financial institutions across the region.

Our actuaries and other specialists regularly provide advice to the insurance industry, its regulators and other financial services providers.

As part of the world's largest professional services firm, PricewaterhouseCoopers' actuarial department calls on the global expertise of accountants, risk managers, performance improvement consultants and tax advisors, as well as corporate finance and business recovery specialists. This provides a broad multi-disciplinary perspective to our solutions for our clients.

For more information, visit our website www.pwc.com.

Global actuarial network

The PricewaterhouseCoopers actuarial practice continues to strengthen its global actuarial network with the appointment of six new partners and the establishment of new businesses in the Middle East and Korea.

- **Roberto Westenberger** joins us in Brazil from Tillinghast where he was the regional manager for Brazil and Latin America. He is an expert at predictive modelling and P&C insurance pricing. Roberto leads the Brazilian actuarial practice in an exciting time for that market, which is being opened to new entrants and liberalising rapidly.
- **Shuyen Liu** is the new practice leader of the actuarial practice in China and the Asian region. He has joined us from Met Life in New York. The firm in China has also promoted **Grace Jiang** to partner. Grace, a life actuary, was one of the first members of the Chinese practice and has been an important part of its development from 2001 to almost 50 people in 2008.
- **Samih Geha** and **Ronald Chidiac** have joined the firm as partners in the Middle East to serve the MENA region. Samih is a life actuary by background and Ronald specialises in health insurance and general insurance. Prior to joining PricewaterhouseCoopers they ran their own actuarial services company.
- Last but not least, **Paul Rhodes** has been promoted to partner in our New Zealand business.

Our worldwide actuarial network now spans 35 countries with over 700 professional staff and is one of the largest networks of actuarial insurance specialists worldwide.

New Head of UK Life Practice

We are pleased to announce that **Charles Garnsworthy** will be taking the position of Life practice leader from 1 July He takes over from Brian Purves who has lead the practice over the last 5 years through a period of significant growth.

Charles currently leads the actuarial relationships with Legal & General and Prudential in the UK and our life actuarial M&A services. He joined the firm in 1995 and has worked with PwC in the UK and in Japan and has experience with a large number of UK and Asian life insurance clients.

Exams / Promotions

We like to use this opportunity to congratulate **Camilla Bennett** and **Paul Downes** who have recently been promoted to Director.

We also like to congratulate: **Bob Breeze**, **Claire Woolley**, **Daniela Collis**, **Isobel Prowen**, **Nicola Williams** and **Vishal Desai** who have passed their final exam to become a qualified actuary.

New joiners

Pei Wang – Consultant (Life Practice)
Pei joins us from Prudential Assurance, in Singapore. Prior to his time at Prudential Pei worked at AXA Asia.

John Dalmaris – Associate Consultant (Life Practice)
John joins us from Tillinghast, where he worked as an Actuarial Analyst. John started his career at General Electric.

John Jennings – Associate Consultant (Life Practice)
John joins us from Capita in Gloucester, where he worked as an Actuarial Analyst.

Retirements

After fifteen years with the firm, **Peter Copeman** retires from PricewaterhouseCoopers. Peter has been practice leader of our non-life actuarial practice, a member of the Actuarial Profession's General Insurance Board and Chairman of the London Market Actuaries Group. Peter was honoured by his actuarial peers in 2007 when he received the prestigious Lifetime Achievement Award. We would like to thank Peter for his formidable contribution to the development of actuarial services within PwC and wish him a very happy retirement.

Fred Duncan retires from PricewaterhouseCoopers in August 2008 after ten years as a director in the general insurance actuarial practice. Fred joined from Sphere Drake and has been one of the linchpins of the actuarial practice over its history. Fred is a past Chairman of the London Market Actuaries Group. Fred has been the first ever Independent Expert in a Part VII Transfer and leading our actuarial department to a market leading position in this area of work. We would like to thank Fred for his input to the PricewaterhouseCoopers actuarial business over the last ten years and wish him a happy and successful retirement.

Contacts

If you have any feedback about this newsletter or if specific advice is required on one of the topics discussed, please contact one of our subject matter experts referred to in this newsletter or contact one of our PricewaterhouseCoopers' Actuarial practice leaders:

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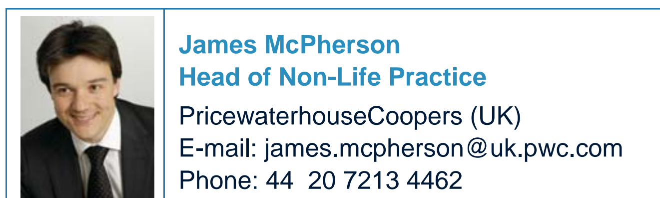

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The latest insights

Find out more about PricewaterhouseCoopers in the latest publications for the financial services industry.

- Does ERM Matter? Enterprise-wide Risk Management for the insurance industry (Global survey), June 2008
- PricewaterhouseCoopers Briefing note on the European Insurance CFO Forum MCEV Principles, June 2008
- CBI/PricewaterhouseCoopers Financial Services Survey (Edition 75), June 2008
- Countdown to Solvency II – Bridging Risk and Capital (Edition 3), May 2008
- European Insurance Digest, April 2008
- Financial Service M&A in Europe – From uncertainty to opportunity, March 2008

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