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Chairperson's Corner

By Dustin Hetzler

At the end of this year, the reinsurance industry will see the retirement of A. Greig Woodring, chief executive officer of RGA, concluding 40 years of leadership—both of RGA and in the life reinsurance industry as well. During these years, protection and accumulation products have evolved from basic structures such as deferred accumulation annuities, variable life, universal life, term life, and whole life insurance to versions with complex features such as various guarantees, equity participation capabilities, riders enabling living benefits coverage, and others.

These evolutionary changes have been intertwined with a host of regulatory changes as well.

Even with constant changes and evolution of product and regulation, it does seem we are currently facing a more acute time of change within our industry. Here are some I've watched emerge over just the past several years:

- Obamacare's impact on the health insurance market and health insurance actuaries;
- The development and 2016 implementation of Solvency II;
- Principle-based reserving in the United States, which will start in 2017;
- Canada's Life Insurance Capital Adequacy Test (LICAT);
- Efforts to reach "middle" or "underserved" markets, including Millennials, who rely so heavily on technology to inform and make decisions;
- Wearable technology and wellness;
- New Department of Labor fiduciary rules, and anticipation of expanding fiduciary regulations;
- Start-ups entering and changing insurance markets;
- Big Data;
- Cybersecurity;
- Group supervision, Own Risk Solvency Assessment, IAIS Basic Capital Requirement;

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- Federal Insurance Office's Covered Agreements;
- China's C-ROSS solvency system;
- Bermuda's new Solvency II framework;
- Changing reinsurance risk transfer rules in many country jurisdictions;
- Enterprise risk management, leading companies to evaluate which risks, and of what magnitude, are appropriate to retain or offload; and
- The global trend of insurance companies partnering with reinsurers to develop and deliver new product or business solutions.

It probably took me a total of five minutes to think of the items included in the list above, so it is safe to say that the list could easily be expanded quite a bit. Ronald Poon-Affat of RGA and guest Jason Hurley of reinsurer Guy Carpenter provide color to some of the specific change topics in their coauthored editorial.

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I believe we actuaries have a tremendous opportunity to embrace our industry's rapidly changing environment and make significant contributions with our knowledge and experience to our businesses, to enable smart decisions, based on an understanding of the associated risks, and a well-supported path to incorporating recent changes and the changes yet to come. ■



Dustin Hetzler, FSA, MAAA, is senior vice president and chief pricing actuary, Global Financial Solutions with RGA Reinsurance Company in St. Louis, Mo. Dustin can be reached at dhetzler@rgare.com.