

# Actuaries' Role in National Economy, Public Finance & Healthcare Reforms

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# Agenda

- Redefining the Actuarial Role
- The Actuarial Role in Healthcare
- The Actuarial Role in Pensions
- The Actuarial Role in Other Key Areas
- The Future

## Redefining an actuary?

- The Actuarial profession is a very diverse field with widespread application.
- Data collection, even within the Insurance industry, varies greatly. Data collection in Motor and Marine lines looks very different to a mandated MDS assessment in health insurance.
- Product Development will also differ depending on Industry and Sector involved.
- Is it time for actuaries to specialize and focus on specific practice?



***“The actuary who is only an actuary... is not an actuary.”***

- Frank Redington



## Notable Challenges in the MENA region

Solvency challenges & optimizing capital

Lack of disclosures and clear definition for the role of brokers/distributors

Limited regulators who mandate regular reports by actuaries

Below par quality of data collected

Inadequate analysis & lack of standardized reporting

Risk analysis – Covid, Climate Change & Impact on solvency

Deficits in pension funds

Rising costs of healthcare

# Actuarial Role in Healthcare

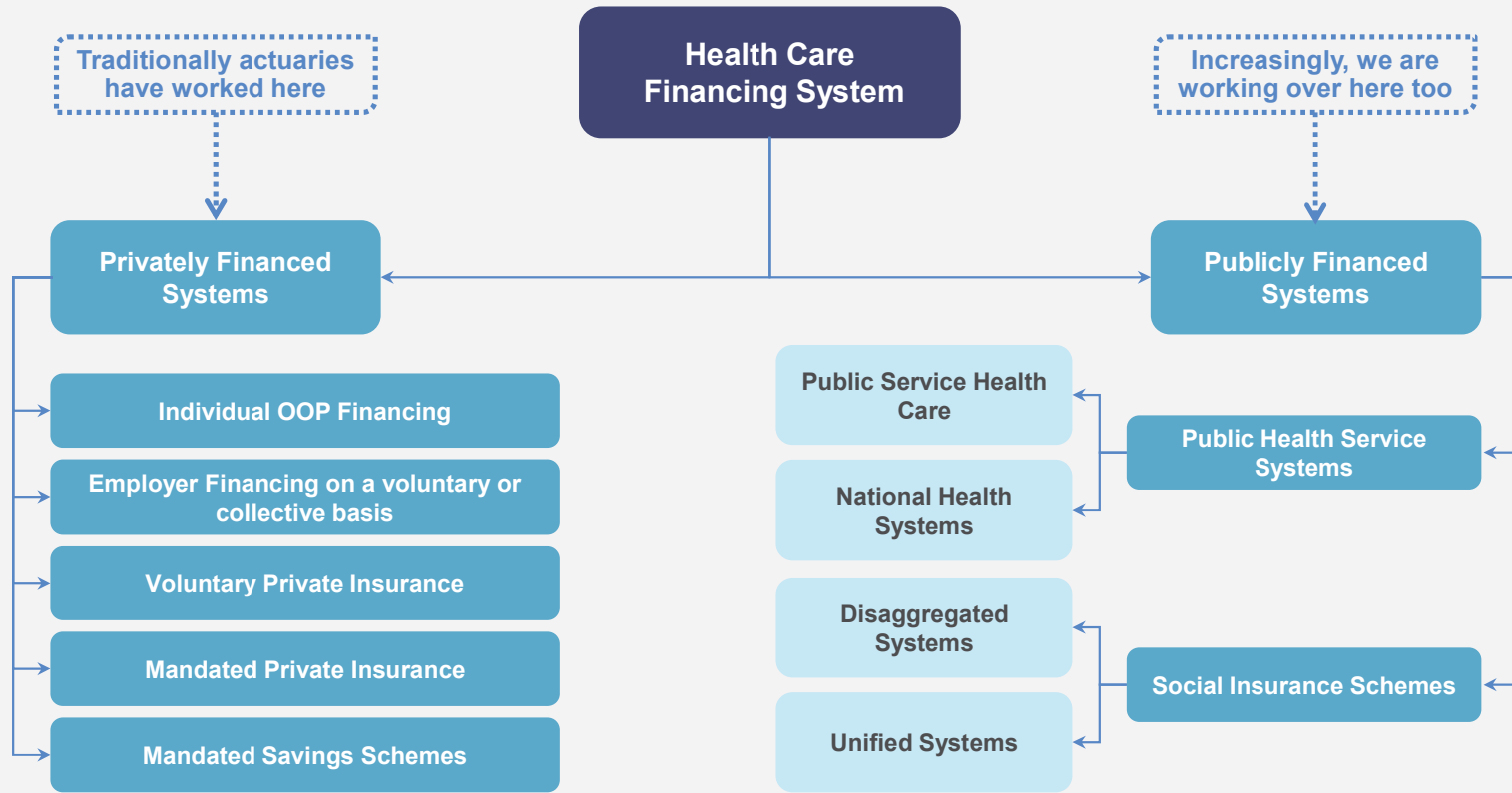
## Challenges facing healthcare in MENA Region

- Rising cost of healthcare benefits
- Diverse demographic: Middle East is a young and rapidly growing population
- Unstable population means limited incentive for population health management
- Increasing burden of disease: diabetes, obesity
- Deregulated supply side , provider challenges
- Lack of complete and quality data
- Lack of insurance sector maturity in healthcare

## Some Actuarial Solutions

- Improving definitions of benefits
- Benchmarking health systems performance on a risk-adjusted basis.
- Enhanced data structures and analytics
- Building models to show allocation of risk to stakeholders to ensure all parties understand the risk they are assuming.
- Isolating the impact of risk factors on healthcare trends and modelling future utilization.
- Implementation of population health management analytics to identify high risk beneficiaries and support PHM initiatives
- Implementation of alternative reimbursement mechanisms to share risk with providers

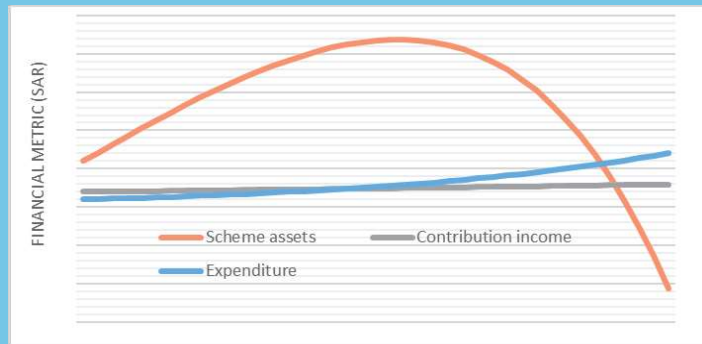
# Actuarial Role in Healthcare



# Actuarial Role in Pensions

## Challenges facing Pensions Funds in MENA Region

- Growing fund deficit of public schemes
- Rich defined benefits (including early retirement) for citizens
- Parametric and structural reforms are needed
  - Parametric reforms involve keeping schemes in same format but adapting a new subset of parameters. (e.g. increase in contribution rates from policyholders)
  - Structural Reforms include migration to Defined Contribution frameworks
- Regulation of privatized pension schemes



## Actuarial Solutions

- Regular Accounting Valuations (IAS 19)
- Software Support
- Scenario Testing for impact on fund position
- Defined Contribution (DC) Schemes
- Inter-Scheme Transfers
- Benefit Package Design, Funding & Payment Mechanisms
- Actuarial Valuation reviews
- Scenario Analysis of Late retirement vs. Unemployment Rate in Youth

## Actuarial Reforms in Other Key Areas

- Introducing and implementing new financial reporting standards (IFRS 17)
- Introducing Telematics in Motor Insurance in order to gain a better understanding of the risks specific to each driver and thus offer better pricing and enhanced road safety incentives
- Performing Reserving calculations to estimate the total cost of all claims across all product lines.
- Skilled Personnel support to Central Bank/Regulators for regulatory assessment and refinery.
- Advising on possible policies to be mandated in order to effectively combat low insurance penetration in some MENA countries.



## The Future



*“Actuaries should not be content merely to operate as backroom technicians. There is a duty to come forward and to speak out on these questions of national finance – to be prepared to contribute in a forceful and non-partisan way every time the pension debate resurfaces”*

Frank Redington



# Thank you

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