

Seminar 'Market Consistent Valuation of Life Insurance Liabilities'

October 5th to 7th, 2005 | Basle

For the first time the actuarial associations of Austria, Germany, The Netherlands and Switzerland have organized seminars on actuarial topics for participants from these countries. In the past they only organized seminars for actuaries from Central and East Europe. In 2004 the European Actuarial Academy (EAA) was founded as an institutional body for our seminars. We are happy to give you a

first information about the next international seminar in Basle with focus on fair value.

Market consistent valuation is changing the landscape of the actuarial profession. It combines the powerful apparatus of mathematical finance with life insurance problems. Since several years it is in the focus of attention of both academics and practitioners. In this course we will teach the principles of market consistent valuation and show some applications.

We aim at practicing actuaries who want to extend their knowledge to market consistent valuation techniques. We do not focus on the IASB, but rather on the consistency with finance. Both assets and liabilities are valued consistently. Using results from mathematical finance on the valuation of contingent claims, it is possible to price embedded options and guarantees in insurance liabilities.

The results are consistent with observable market prices. Compared to classical actuarial valuation methods and embedded value, it seems that market consistent valuation is a leap forward in the use of risk management. In that perspective we will concentrate on risk orientated applications to demonstrate the value of the techniques.

The purpose of the 3 day course is to provide participants with thorough knowledge on:

- Basics of market consistent valuation
- Term structure of interest rates and fixed income products
- Role of embedded options
- Applications of market consistent valuation.

Also basic knowledge on option pricing and the valuation of derivatives and guarantees will be provided. However, the focus will be on insurance products, finance theory is only used to serve the purpose of insurance liability valuation.

During the three days there will be lectures in order to explain the basic concepts and to illustrate examples. During workshops the participants will be able to gain hands-on experience with the subject using prepared **spreadsheets**. Handouts with background texts will be given separately.

The language of the seminar will be English.

1. Location

The 3 day seminar is supported by the Actuarial Associations of Germany, Austria, Switzerland and the Netherlands via European Actuarial Academy. The seminar will take place at:

UBS Ausbildungs- und Konferenzzentrum
Viaduktstr. 33, Basel
www.ubs.com/1/g/abz_basel

Accommodation:

Please refer to the website www.actuarial-academy.com where you will find soon the final offers.

Hilton Basel (to be confirmed)

Radisson Basel (to be confirmed)

Victoria Basel (to be confirmed)

We have arranged special prices and discounts (subject to gradual reduction when reservation dates come closer to the seminar's starting day):

Special Rates:

€ (single) (to be confirmed)

€ (double) (to be confirmed)

You should book your accommodation directly with the hotel. The room-rate is not included in the seminar-fee.

2. Programme of the seminar

Day	Theory	Workshop
Oct. 5, morning	General idea, interest rates, forward rates, duration, convexity, inflation linked bonds	Derive the term structure of interest, value a cash flow pattern
Oct. 5, afternoon	Insurance risks (life, general insurance), market value margin, mortality models	Valuation of a policy, influence of risk on value
Oct. 6, morning	Balance sheet, profit and loss account and profit attribution	Set up and understand a profit and loss account
Oct. 6, afternoon	Equity derivatives, dynamic hedging, unit linked policies without and with guarantees, with profit policies	Pricing and hedging of a unit linked policy
Oct. 7, morning	Swaps, swaptions, profit sharing based on external benchmark, embedded derivatives in insurance products, Equitable case	Pricing and analysis of a profit sharing policy based on external benchmark
Oct. 7, afternoon	Risk measures, solvency, required return, ALM, profit split between insurance and investment	Pricing of a policy using solvency

We will inform you about the final schedule in good time.

We set up our course with in mind experienced actuaries who want do not have extensive knowledge of financial economics. Our aim is to develop a practical guide how the market consistent world looks like, we do not aim to set up a mathematically consistent theoretical model of insurance.

The main emphasis is on life insurance, but we will give also attention to general insurance and the challenges related to it.

We start with the question "how should market consistent valuation look like" and then we apply those ideas to insurance. We do not concentrate on IFRS and the application of it, we spend some time on current developments in regulation and accounting.

The attendees are required to have some mathematical background but no recent education or prior knowledge of financial economics is required. Those who are familiar with financial economics will find some topics they already know about. The attendees should have an open mind and being interested in a modernized actuarial world.

3. Lecturers

Pieter Bouwknecht is a practicing actuary at Nationale-Nederlanden/ING in Rotterdam. He is involved in fair value valuation and risk measuring and management projects. He studied econometrics until 1992 and got his actuarial degree in 1999. He gives courses on different actuarial levels for the Dutch Actuarial Society and

publishes regularly in the local actuarial journal "De Actuaris". He also was involved with some international publications in between actuarial science and finance. He was a speaker at the "Topical Actuarial Issues" seminars in Budapest and Warsawa.

David Schrager holds a M. Sc. in both Econometrics and Actuarial Science from the University of Amsterdam (UvA). He's currently involved as a researcher at the UvA and as an actuary at the Asset Liability Management Dept. at NN/ING. His work includes market risk management and ALM issues. His research focusses on embedded options and term structure modelling. He has presented at several international conferences and teaches a course on ALM at the UvA.

4. Preparation for the workshop

Duly before the seminar starts you will be able to download the documentation supplements including questions and assignments to prepare for the workshop on risk management on our website: www.actuarial-academy.com/basle . For a productive participation it is very important and necessary that you prepare for the workshop!

5. Catering

Catering includes coffee and tea during all the three days of the seminar. On October 5th until 7th lunch will be served. In the evening of October 4th you are invited to be our guest at a welcome reception and in the evening of October 5th the formal dinner of the seminar will be arranged.

6. Registration and Payment

Please register for the seminar as soon as possible because of the expected demand. We recommend registration until September 5.th latest. If there are more persons interested in this seminar than places available we will give priority to the registrations having been first to arrive. Please send your registration as soon as possible by using our online registration form (www.actuarial-academy.com/basle).

After the end of the registration period we will confirm your registration. Your registration is binding as soon as confirmed by us. Participation can only be guaranteed when full payment by bank is received within 2 weeks after registration. **Your Early-Bird-Registration Fee is € 1.100,00 until August the 8th latest.** The rate of accommodation is not included in the fee!

After this the fee will be €1.200,00.

Payment to:
Deutsche Aktuar-Akademie GmbH
Unter Sachsenhausen 33
50667 Köln
Germany

Bank:
Hypo Vereinsbank Köln
bank identification code: 370 200 90
account number: 376 80 40
IBAN: DE90370200900003768040
SWIFT (BIC): HYVEDEMM429

We will send a receipt to you (address of the company).

7. Contact Details

Deutsche Aktuar-Akademie GmbH
Germany
Susanne Renfordt or Michael Steinmetz

telephone: 0049 221 912 554 0
fax: 0049 221 912 554 44
e-mail: info@aktuar.de

We hope to see you in Basle!

Kind regards

Michael Steinmetz
- Managing Director -

on behalf of the Actuarial Associations of Germany, Austria, Switzerland and the Netherlands.