



Society of Actuaries
in Ireland



Updates from the Practice Committees

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Enterprise Risk Management

Recent work undertaken by the ERM Committee includes the following:

ERM Forum

The Committee organised the annual ERM Forum on 27 April 2017. This year the format was designed to facilitate discussion between CROs on topical ERM issues and to provide an opportunity for CROs to network. Over 120 members attended and the agenda can be seen [here](#).

CRO Survey

74 survey responses have been received and the results are being analysed. The survey will determine much of the Committee's action plan for 2017, and will guide the Committee on how it interacts with members practicing in risk management.

ERM Research Database

The [ERM Research Database](#) is a collection of articles, papers and books related to Enterprise Risk Management compiled by the ERM Committee in 2014. The ERM Database Working Party is finalising Phase I which will see the database being updated with a large number of articles in a single update. Plans are being made to relaunch the data in the near future. The Committee is currently recruiting for Phase 2 of ERM Database Working Party. Details are available on the website [here](#).

ERM Communications

The Committee continues to post frequently to the "[ERM Blog](#)" where members can browse posts for insights into risk management theory and practice from Ireland and internationally. A pipeline of contributors is already planned. You can follow the blog and other activities of the ERM Committee on the [ERM SAI LinkedIn Page](#). The Committee's LinkedIn group is growing slowly, and the Committee is targeting "transformational" growth in followers in 2017.

Other current ERM Committee activities include:

- Developing a "hot topics" register in conjunction with other practice committees
- Providing risk specific input into consultations

Finance & Investment

The Finance and Investment Committee is pleased to welcome two new members – Daragh Burns and Darragh Kirwan. Declan Hanley has stepped down due to work commitments and the Committee is grateful for his contribution. Frank O’Regan has been appointed Vice-Chair of the Committee.

The paper on Financial & Economic Assumptions for 2017 was presented to Council and amended to reflect comments received. This will be finalised and issued very shortly.

The Committee arranged a CPD event on 9 February, when Paul Sommerville presented on “2017 Investment & Economic Outlook on Global Markets - what investors need to watch for in these volatile times”. At the presenter’s request, the event was not recorded for podcast but those who attended enjoyed a robust presentation which included some controversial and thought-provoking views.

A presentation entitled [“What role can institutional capital play in addressing the Irish residential property shortfall?”](#) (Tom Anderson, NTM and Thomas Dowd, Avestus) on 7 March received positive feedback with interesting content covering trends in demand for the various markets.

The next CPD event will be on 30th May when Dr Jim Walker from Asianomics will give a presentation entitled [“World War Three - The looming conflict between generations”](#) about the outlook and prospects of China and the Asian economy and markets.

There will also be topics of interest to actuaries working in finance and investment at the [Annual Convention](#) on 8 June.

The Committee has discussed a number of other potential topics for future CPD sessions. An analysis has been undertaken of attendees at recent events, including a break-down by practice area and qualification date, which showed that they were well attended, that there was a reasonably broad representation at events, and that more senior members were more strongly represented at the pension-related event. The high proportion of members working in life / life reinsurance was seen as being in line with expectations.

The Committee agreed that the current approach to CPD events appears to be meeting its goals. The Committee recognised the desire to have more technical CPD events on Finance and Investment Topics and aim to blend this feature into future CPD events organised.

General Insurance

The [General Insurance Committee Newsletter](#), which was issued in March 2017, covers the recent activity of this Committee including:

- EIOPA consultation on SCR standard formula
- Periodic Payment Orders
- UK Ogden Rate Review
- Gill Russell vs the HSE
- Motor Insurance Oireachtas investigation

Healthcare

The focus of the Healthcare Committee's activity recently has been the HIA consultation on Lifetime Community Rating. The Committee prepared a [submission](#) which argued that the current requirement that penalties applied to those who take out cover after age 34 are payable for life is unduly punitive but that adopting the approach used in Australia, whereby the additional premiums cease after 10 years, would lead to a strain on the system unless there were an increase in the current loading and/or a reduction in the current age 34 starting point.

Life

The Life Committee has had three meetings since January, with the next meeting scheduled for the end May.

Recent work undertaken by the Life Committee includes the following:

Review of Life ASPs

The review of the Life ASPs is ongoing.

A recent member consultation with regard to ASP LA-8 and ASP PRSA-2 has just completed, and the Life Committee will consider member feedback at its next Committee meeting. It is planned to implement the proposed changes from 1st October 2017.

In addition:

- A Working Party has recently completed a review of ASP LA-4, and the Committee are currently considering the changes recommended by that Working Party.
- The Cross Border Committee, a sub-committee of the Life Committee, has been considering ASP LA-5, and their review is almost complete.
- A Working Party is currently reviewing ASP LA-7 and the outcome of their review will be considered by the Life Committee in due course.

Any proposed changes will be issued for member consultation in 2017.

PRIIPS Working Party

The PRIIPS Working Group has been very active in the past few months, leading considerable engagement between the Society and the Central Bank of Ireland (CBI). In particular, a lot of thought has been given to how the PRIIPS regime will interact with the current domestic Life Disclosure regime, and how the combined requirements could impact on policyholder illustrations.

Forums

The Life Forum took place on February 13th; this was very well attended and the feedback received was positive. A Life Head of Actuarial Function forum took place on March 13th and it is planned to hold two further Life HoAF forums later in the year. The next one is scheduled for 29th June.

Pensions

The Pensions Committee issued a note to the Pensions Authority which discussed the issues which have arisen when calculating allowable bonds assets for the Funding Standard Reserve calculation, and outlined a possible alternative approach for the Authority's consideration.

The Society has issued two other papers to the Pensions Authority following on from the Society's meeting with the Authority in January, at which the Department of Social Protection and the IAPF were also represented. These were

- Results of a survey of Survey of scheme actuaries in January 2017 providing information in relation to the funding position of schemes, on the statutory basis, at the scheme year-end in 2016 (undertaken by the Pensions Research project group)
- Discussion paper on Valuing Pensioner Liabilities for Funding Standard purposes.

The Committee also issued a letter to Revenue seeking clarification of its guidance on commutation factors used in defined benefit schemes for the conversion of pension to lump sum. We are aware of at least one case where Revenue stated that a factor greater than 9:1 could not be used, although this might not be considered consistent with requirement set out in the Pensions Manual that the lump sum taken by way of commutation should be commensurate with the amount of pension given up. The Committee will also shortly be writing to Revenue in relation to the capitalization factors used to determine maximum contribution rates which are set out in Paragraph 5.7 of the Pensions Manual, recommending that they be updated to reflect current conditions.

An updated version of ASP PEN-10 came into effect on 1 April 2017. Minor amendments have been made to ASP PEN-1 which came into effect on 1 May. The working group reviewing ASPs PEN-8, PEN-9, PEN-11 will shortly submit to the Committee a draft updated and consolidated "accounting" ASP. Another working group is about to commence a review of ASP PEN-7 on calculations required under the Family Law Acts. Proposed changes to ASP PEN-12 are at member consultation stage and this ASP was also selected for review by a non-actuary for the purpose of ascertaining whether the ASP was meeting its objectives. The feedback from the non-actuary will be reflected in a subsequent review of the ASP.

Other work in progress includes:

- Development of a report on the diversity of the Committee membership for submission to Council
- Preparation of a note on the calculation of the present value of retirement tax free lump sums for the calculation of tax liabilities on redundancy or severance
- Review of the requirements for Scheme Actuary practicing certificates

Discussions with IFoA regarding the implications of APS X1 (which comes in to effect on 1 July 2017) for Irish Scheme Actuaries in relation the requirements of APS-P1.

Committee member Joanne Roche was appointed to the International Actuarial Association Pension Benefits Accounting Sub-Committee.

This enables the Society to be involved at an early stage in IAA consideration of potential changes to accounting standards and other issues being considered by the IASB.

The Committee organised a number of CPD Events since January 2017:

6 January: Joint meeting with the SAI Life Committee - [Investing to meet Liabilities - Current Issues for Insurance Companies and Pension Schemes](#) (David O'Shea and Denis Lyons)

16 February: Informal update on pensions developments in the United States (Tom Terry, President of the International Actuarial Association)

10 April: Joint meeting with the Association of Pensions Lawyers in Ireland – [Enhanced Transfer Values](#) (Philip Smith (APLI) and Paul Tornsey)

25 April: Pensions Technical Session - [Application of the Preservation Regime to Defined Benefit Schemes](#) (Ian Devlin, Eversheds Sutherland Solicitors)

There will be an update from the Pensions Committee at the [Annual Convention on 8 June](#), and there are a number of interesting pension topics on the Convention Agenda.

PRSA

PRSA Committee

The PRSA Committee has held 2 meetings this year. At the January meeting, Carmel Brennan was welcomed as a new member. Much of the time at the meeting was spent commenting on the draft of ASP PRSA -2, and the Committee's suggested amendments were taken into account in the final version of the ASP (and the related ASP PEN-12 and ASP LA-8) which have been issued for consultation with a view to adoption no later than 1 October 2017.

At the April meeting, there was discussion about issues arising in connection with Section 119 reports. The expected adoption by Council of ASP PRSA 2 was discussed with emphasis on the practicalities for PRSA actuaries when interpreting the requirements. The Committee also discussed the agenda for the [PRSA Forum](#), which is scheduled for 22 May. This event is open to all members of the Society and is not restricted to PRSA Actuaries, although the content will be particularly relevant to them. The PRSA is expected to play a more significant role in pension provision over the coming years.



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in Ireland

Clanwilliam House
Clanwilliam Place
Dublin 2
D02 AV90

Tel: +353 1 634 0020
Fax: +353 1 634 0039
Email: info@actuaries.ie
Web: www.actuaries.ie