



Society of Actuaries
in Ireland



Updates from the Practice Committees

ISSUED: NOVEMBER 2017

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Enterprise Risk Management

The ERM Committee have had an interesting few months with organising the ERM conference, updating the ERM database and conducting the risk survey. Recent work undertaken by the ERM Committee includes the following:

Learning – Risk management perspectives conference

The ERM Risk Perspectives Conference was held in the Intercontinental Hotel on 25th October. A wide variety of high quality speakers covered areas including Brexit, cyber risk, GDPR, operational risk, recovery and resolution planning in banking and other interesting areas. Feedback on the event has been very positive and we had over 190 attendees. The Committee aims to focus on increasing attendance next year.

Research - ERM database

The work to update the ERM Research Database has been completed. A large number of articles collected in collaboration with UCD have been added to the database. The database has been relaunched and was publicised at the risk management conference. This is part of a new publicity campaign to improve awareness of the database including an Article in the Actuary magazine, an article for the SAI newsletter, LinkedIn posts, blogposts and an email to all members. The working party will now turn their attention to gathering further resources for the database, linking in with other potential hosts and outlining a robust governance framework for the management of the database going forward.

Regulation – Risk survey

The Committee conducted a survey of risk professionals (members of the Society) in Ireland in relation to ERM learning, development and guidance needs for members. The survey was issued in March 2017 and the output of this will be used to drive our learning agenda. In terms of results, we asked 19 questions and had 73 responses (approx. 33% response rate). CROs who responded to the survey confirmed that there is interest in a CRO Forum; the Committee is now considering what format this might take.

Finance & Investment

Majella McDonnell has stepped down after 5 years as Secretary to the Committee. The Committee expressed their appreciation to Majella for her outstanding contribution over the years, and welcomed Kathy Farrell to the Committee to take over as Secretary.

The Committee proposed to Council that an agreement be reached between the Society and the CFA Society whereby a number of members of each organisation could attend the other body's meetings. This proposal was accepted by Council and the first such event took place on 9 October when Society members attended a presentation to the CFA Society on multi-asset investing from Euan Munro of Aviva Investors. Members are encouraged to keep an eye on the Society's events page where details of these meetings can be found.

The bulk of the Committee's time in meetings to date has been on planning CPD events. A presentation on ESG investing by Vera Hegarty of BNP Paribas took place on 12th September and the Finance and Investment Forum was held on 20th November. This included presentations on algorithmic trading, investing for impact and NTMA Bond issuance, which were well received and generated lively question and answer sessions. Other meetings will be held in the New Year. Members with an interest in Finance & Investment are encouraged to volunteer to present on relevant topics, either at a CPD event or at the Society Convention in May 2018.

The Committee has also considered pension specific issues relating to the funding standard reserve and the Statement of Investment Policy Principles and will establish a joint working party with the Pensions Committee on such issues. In the new year the Committee will also undertake the annual review of its Financial and Economic Assumptions document.

General Insurance

Ronan Mulligan has taken over from Gary Dunne as Chair of the GI Committee. The Society is very grateful to Gary for his immense contribution in this role in recent years and Ronan would like to thank Gary for his assistance in the handover period. Niamh Gaudin has been appointed Vice Chair.

The work of the Committee is allocated to a number of different working groups. The current working groups are:

- Solvency II / HoAF issues,
- Periodical Payment Orders (PPOs),
- Communications and
- CPD

The Committee has agreed that in addition to the existing working groups two new groups should be established dealing with i) IFRS17 and ii) Professional Standards. The terms of reference for a third working group to more explicitly address consumer issues and the SAI's role to serve the public are also being considered.

Previous working groups dealing with Pricing and Motor Analysis were stood down. In the case of the Motor Analysis working group this is primarily because a National Claims Information Database (NCID) is now being developed under the auspices of the Department of Finance Cost of Insurance Working Group. In the case of the Pricing working group it was felt that the needs of members were better served through the provision of events and meetings on this topic rather than through a working group. It is intended to hold a half-day seminar on Pricing in 2018.

The Society was asked by the Central Bank in July to provide feedback on the draft proposed data requirements for the NCID and the Committee submitted a detailed response to the Central Bank. Feedback was also provided to the AAE on their survey of USP usage in Solvency II. Brian Connaughton drafted the response.

The Committee has input to the work of the cross practice Working Party (WP) on AOTPs and looks forward to commenting on the output from the WP. We are grateful to SAI General Insurance members that have volunteered to support on this WP: Noel Garvey, Sinead Kiernan, Declan Lavelle, James Maher, Keith Morrison, Ger Power, Deirdre O'Brien and Ursula Sherlock.

The Committee is also contributing to the WP considering the adoption of ESAP 2 - Actuarial Function Report developed by the Actuarial Association of Europe. Once again we have had a good response from members to support us in that work. Sinead Kiernan, Noel Garvey, Julia Moore and Catherine Murphy will lead that contribution. A timeline and project plan running to June 2018 has been established.

The subgroup on PPOs, under the leadership of Clive Niven, has been considering the implications of the Civil Liability (Amendment) Bill 2017 which is expected to be enacted shortly and will produce a paper on this topic early in the New Year.

The Committee has discussed proposals for CPD events and professionalism training. An interesting selection of speakers has been lined up for the GI Convention on 24th November, to be followed by the Christmas lunch. Thanks are owed to Dermot Marron and Cecilia Cheuk for organising this.

Agenda topics for the next HoAF Forum have also been set out by Paul Connor and Sinead Kiernan, and the agenda will circulate shortly. Suggestions for CPD events in the New Year include a ½ day seminar on Pricing and are being actively followed up. The Committee wishes to ensure that there is a good selection of topics of interest to general insurance actuaries at the Annual Convention next May; preparations for this will commence in the New Year.

The Committee has also discussed the new requirements for professionalism training and is seeking volunteers to assist the CPD subgroup in reviewing and updating case studies. Dermot Marron and Joe Kennedy are leading that work.

Finally, the Committee would like to acknowledge the help and assistance provided to it by the Executive team at the SAI, including Philip Shier, Emily O’Gara and Yvonne Lynch, without whom much of this work could not have been achieved.

Healthcare

The Healthcare Committee has met twice since the summer, under the leadership of Brendan McCarthy, who has succeeded Brian Morrissey as Chair. The Committee has welcomed two new members, Aisling Bradfield and Mark Lee. In addition to Brian, Pedro Ecija Serrano, Liam Sloyan, Christelle Sotura and Colm Guiry have stepped down and the Committee is grateful for their contributions.

The main focus of the Committee has been on the report of the Joint Oireachtas Committee on the Future of Healthcare (“Sláintecare”), and a letter was sent to the Minister for Health, Simon Harris T.D., welcoming the report and making some high-level observations on the content and recommendations.

The Committee has also made a submission to the Law Reform Commission on possible changes to the penalties applied under the lifetime community rating system, based on its submission to the HIA consultation on this topic earlier this year.

Following a reallocation of job responsibilities with the Department of Health, contact has been made with the officials now responsible for private health insurance and a constructive meeting took place on 7th November between some members of the Committee and the relevant officials.

Following that meeting, the Society was asked to nominate a representative to participate in a working group established by the Department on the future of the Risk Equalisation Scheme. The working group is represented by the Department, the 3 domestic insurers, the ESRI, the private hospitals and the SAI. John Armstrong and Brendan McCarthy will represent the Society on this group.

The Committee has discussed content for CPD events which would be targeted at members who are active, or are interested in, Healthcare issues and have issued a survey to such members seeking to identify topics of interest. A CPD event is scheduled for 14th December on PMI data analytics; further events will be scheduled for the New Year. Members with an interest in Healthcare are encouraged to volunteer to present on relevant topics, either at a CPD event or at the Society Convention in May 2018.

Life

The Committee had its first meeting of the new term on 21st September, with meetings every six weeks planned until the end of the year. Following our call for volunteers we have four new committee members. Thank you to all committee members for their time and contribution.

Recent work undertaken by the Life Committee includes the following:

Review of Life ASPs

The review of the Life ASPs is slow as the Society reviews the overall structure for written standards. A particular item of focus for the Committee in the coming months will be the consideration of how the current suite of mostly Solvency I related ASPs should be dealt with. Consideration how and whether to adopt ESAP 2 (Actuarial Function Report) has commenced.

In addition:

- An updated ASP LA-5 (The prudential supervision outside the Republic of Ireland of life assurance business) came into effect on 1st October 2017.
- An updated ASP LA-8 (Life assurance product information) came into effect on 1st October 2017.

PRIIPS Working Party

As noted in previous updates, a Working Group had been established by the Life Committee in respect of PRIIPS and Life Disclosure. This Working Group has been very active in the past few months, leading considerable engagement between the Society and the Central Bank of Ireland (CBI).

Update to Life Disclosure Regulation

In advance of PRIIPS implementation, the Central Bank of Ireland has published S.I. 392 of 2017, which amends the Life Assurance (Provision of Information) Regulations 2001. The Statutory Instrument dis-applies Regulation 7(2) of the Life Assurance (Provision of Information) Regulations 2001 for products that also fall within the scope of the PRIIPs Regulation. The Statutory Instrument is available at the link below:

<http://www.irishstatutebook.ie/eli/2017/si/392/made/en/pdf>

Long Term Business Life Fund

The SAI previously issued a note on the operation of the Life Fund in a Solvency II environment. Some recent legislative changes mean that this note will need to be updated. The Committee are engaging with other professional bodies on this, notably Insurance Ireland (for an update on Irish Revenue Commissioner reaction), and will amend the note as soon as practically possible.

European Union (Insurance and Reinsurance) (Amendment) Regulations 2017 (S.I. No. 384 of 2017) recently published confirmed that sections 14 and 15 of the 1989 Insurance Act that required an actuarial valuation before any dividend have been dis-applied.

<https://www.williamfry.com/newsandinsights/news-article/2017/08/28/amendments-to-the-irish-solvency-ii-regulations-introduced#.WaRYIIOOHjU.linkedin>

Forums and CPD events

A Life HoAF Forum took place on Monday 16th November. The Committee plans to run these events on a quarterly basis throughout the year.

The Life Forum is currently being planned and will likely take place in Q1 2018.

The calendar of other CPD events is on the Society website.

Life Reinsurance Committee

The Life Reinsurance committee kicked off the new committee year with a brainstorm of hot topics in Life Reinsurance and Protection business in general. In particular they discussed how the Committee could consider some specific Contract Boundary and Currency issues facing Life Reinsurers under Solvency II. The Committee agreed to increase the frequency of meetings, are exploring ways that they can work collaboratively with other Society Committees, such as the Demography Committee, as well providing more Reinsurance and Product Development CPD events for all members.

Pensions

Pensions Committee

The Pensions Committee meets monthly (except in July) and has a full agenda of ongoing issues. In particular, the Committee has submitted detailed comments to the Department of Employment and Social Protection (DEASP) on the pension provisions in the General Scheme of the Social Welfare and Pensions Bill 2017 dealing with scheme wind-up and funding requirements. In the event, most of these provisions were not included in the Bill (now the Social Welfare, Pensions and Civil Registration Bill 2017) initiated in July, but the Minister has indicated that she will introduce amendments dealing with pensions at Committee Stage. The Society also wrote to the DEASP in relation to the transposition of the IORP II Directive, and this was followed by a meeting with the DEASP officials dealing with this file. It is hoped that there will be public consultation on this issue in the near future.

The Society met with the Pensions Authority in October and discussed a number of topics, including the role of actuaries in advising trustees on risk management and investment strategy, and practical difficulties with the current legislative and regulatory provisions in relation to the calculation of the funding standard reserve. The Pensions Regulator will make a presentation at the Pensions Forum next month (see below).

The Committee is currently overseeing two projects:

- The valuation of pensioner liabilities for Funding Standard purposes
The objective of this project is to derive a standardized approach to the valuation of pensioner liabilities for the funding standard using market prices (i.e. bulk annuity quotations)
- The projection of funding standard liabilities
This will examine the development of funding standard liabilities based on actual scheme data as provided to the Pensions Authority

In addition, the Committee is

- Reviewing pensions ASPs PEN 7, 8, 9 and 11
- Considering the development of a note dealing with the calculation of the present value of the tax-free lump sum which may be received on retirement, for the purpose of tax calculations on severance and redundancy
- Corresponding with Revenue in relation to approvable commutation factors and the maximum capitalisation factors permitted for pension funding, as set out in the Revenue Pensions Manual.

At its June meeting, the Committee discussed the results of the 2016/2017 Committee Effectiveness Survey. It was noted that the two most important aspects for individuals participating on the Committee were: (1) to help them stay well informed on regulatory developments, new techniques, current issues, etc. and (2) to give something back to the profession. Overall, based on the responses, the Committee members are of the view that the Committee is meeting their needs as well as achieving its objectives.

An important task of the Pensions Committee is the organization of CPD events appropriate for pensions actuaries and at its most recent meeting a schedule of events of the year was discussed. In particular, the Pensions Forum was fixed for the afternoon of Wednesday 13th December; this will cover topics of interest to all actuaries involved in pensions. A Forum for Scheme Actuaries will be held in the New Year which will focus on issues relevant to the statutory obligations of Scheme Actuaries. We envisage that this forum will also be open to all other actuaries who wish to attend.

Finally, following a call for volunteers to which a large number of responses were received, the Committee welcomes two new members, Anna Kinsella and Alan Hardie, and bids farewell to Aidan Kennedy and Aisling Kelly. The Committee is grateful to Aidan and Aisling for their contributions and looks forward to working with Anna and Alan over the coming months and years.

The Committee's work is ongoing and varied and there are lots of opportunities to get involved, without becoming a committee member e.g. by participating in sub-committees or working groups looking at specific issues. If you would like to participate in such activities, the Committee would very much like to hear from you.



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