



Society of Actuaries
in Ireland



News Briefs from Practice Committees

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Enterprise Risk Management Update

The ERM committee has had a busy number of months, with the ERM forum in June, the Risk Management Perspectives Conference in October, and the first 'CRO Circle' taking place in November. In addition, the ERM committee are considering options for the future of the ERM library.

Learning – Events

The ERM Forum took place in The Alex hotel in June, with 81 members attending. There were a number of talks given, including a presentation by Dr Manuela Zweimueller, Head of Policy Department at EIOPA, on EIOPA experiences and feedback on the ORSA, and a panel discussion on risk related hot topics from a variety of industries. The feedback on the event has been positive, and the Committee is aiming to run a similar event next year.

The annual Risk Management Perspectives Conference was held in October at the convention centre in Dublin. There were talks on a wide range of interesting topics including Brexit, cyber risk and a panel discussion on risk culture. The event was well attended with 195 attendees, and the Committee is aiming to build on this again next year.

Upcoming events include ERM professionalism training, which is scheduled to take place in April. Further information on this event will be posted on events calendar.

Learning – CRO Circle

The first 'CRO Circle' took place in the Marker Hotel in November. This group has been established to give CROs and those who lead risk management functions an opportunity to connect with other members in similar roles, and to discuss common issues they are facing. This first event was attended by 15 senior risk professionals, and the Committee is aiming to expand this through the running of similar events over the course of the next year.

Research – ERM Library

Over the course of the past number of months, the ERM Library has undergone a refresh by the database working party. Approximately 250 new papers covering a number of areas are being added, which should mean that the Library remains a useful resource for members on all areas of risk managements. The working party is now turning their attention to developing a longer term solution for the management of the database going forward, including collaboration with other bodies.

Finance & Investment

CPD Events

In November, Steve Charlton of SEI presented on master trusts. The presentation, including Steve's perspectives from the UK, were very timely in the context of the Society's recent response to the Pension Authority consultation on the regulation of defined contribution master trusts.

Due to unforeseen circumstance the annual Finance & Investment Forum was postponed and will be rescheduled in the New Year. The Committee continues to work on a number of forthcoming CPD events including:

- Hedging strategies for variable annuity business.
- Investment in residential property.
- Lifestyle investing.

The Committee continues to support the CPD sharing arrangement with the CFA Society. In September, the CFA Society hoisted its first Investment Forum, an event that was attended by a number of the Society's members.

Members with an interest in Finance & Investment are encouraged to volunteer to present on relevant topics, either at a CPD event or as part of 2019 Convention (contact info@actuaries.ie).

Financial & Economic Assumptions Paper

The Committee has begun work on the annual review of the Financial & Economic assumptions paper, a document prepared primarily to support practice Committees in the drafting of ASPs but also available to all Society members. Following considerable discussion of the purpose of the document as part of last year's review, the Committee has presented to and sought feedback from the Pensions and Life Committee's as to their requirements. The Committee will update the 2019 reflecting this feedback as well as considering how the document can be enhanced in the coming years.

Wider Collaboration

The Committee and its members continue to collaborate and support the work of ESG and Aviation & Finance Working Groups. The Committee is also considering the formation of a working group on personal financial advice. The Committee would welcome volunteers with any interest in this area (contact info@actuaries.ie). The Committee has also provided technical feedback on responses to the Department of Employment Affairs and Social Protection (DEASP) consultation on automatic enrolment.

Membership

The Committee Secretary, Kathy Farrell, stepped down. We thank Kathy for her excellent service to the Committee. Following an appeal for a volunteer for the role, Steve Kilkenny has joined the Committee as Secretary.

General Insurance Update

General Insurance Committee Newsletter

The Committee's [December 2018 Newsletter](#) was issued before Christmas and contains further detail on some of the issues outlined below. The Committee issues 3-4 Newsletters per year; if you are not on the mailing list and would like to be, please advise info@actuaries.ie.

IFRS 17

The Committee provided an IFRS 17 update in its July 2018 [General Insurance Committee Newsletter](#). Included were an introduction to IFRS17, key advantages and challenges emerging from the results of the AAE survey and the Society's work on the subject.

A working party drawn of members from the Life and General Insurance practice areas was formed by the SAI. The working party submitted a response to the exposure draft of guidance for actuaries when performing actuarial services related to IFRS 17. The response included inputs and reviews from both the Life and General Insurance committees.

There was a presentation on the specific features of IFRS17 that will affect GI insurers, "*IFRS17 – A GI Perspective*", at the SAI convention in May.

The General Insurance Committee has established an IFRS 17 GI Working Group to help support SAI members in the understanding and interpretation of IFRS 17 requirements for GI (re)insurers, and to assist members in keeping up to date with the latest developments in this area.

An Introduction to IFRS17 [CPD event](#) was held on November 9.

PPOs

The legislation for the introduction of Periodic Payment Orders (PPOs) in Ireland was passed into law in November 2017. Courts now have the power to award periodic payments in place of lump sum settlements in cases of catastrophic injury. PPOs have the potential to cause a range of financial consequences for non-life (re)insurance companies. The General Insurance Committee established a PPO working party to consider the potential implications of PPOs for practising actuaries in Ireland.

The working party prepared a paper providing an update on the legislation. The paper outlines various potential implications and considerations for Irish non-life actuaries. The paper is currently being finalised.

The Periodic Payment Orders (PPO) Working Party shared key findings from this paper in its [CPD presentation](#), "*The Life Stages of a PPO*", on 20 September 2018. Topics covered included the current scene regarding PPOs, valuation techniques, propensity and implications on capital requirements.

Working Party on the Actuarial Opinion on Technical Provisions

The Committee was involved in the paper, "[Working Party on the Actuarial Opinion on Technical Provisions](#)". The Working Party comprised of 18 members from the Life and General Insurance sectors. The aim of this report is to identify and describe various issues that the Working Party feels merit consideration by Heads of Actuarial Function and others involved in the preparation or review of an AOTP.

The output from the Working Party helped to inform the Society's [response](#) to the Central Bank of Ireland Consultation Paper CP122, "*Consultation on Changes to the Domestic Actuarial Regime and Related Governance Requirements under Solvency II*". CP122 includes proposed changes to the AOTP template.

Cost of Insurance Working Group

The Cost of Insurance Working Group (CIWG) issued two reports in May, the second "[Motor Insurance Key Information Report](#)" and the fifth "[Progress Update](#)". The Key Information Report is a continuation of the data collection process which began when preparing the [first report](#) (July 2017). The main findings from this report were in relation to motor insurance inflation and average cost per claims. The fifth Progress Report provides updates on the status of various action items set out by this working group at inception. The Committee provided updates to members via the July [Newsletter](#). The CIWG published further "[Progress Update](#)" reports in [August](#) and [November](#).

General Insurance Forum

The GI Forum took place on Friday, November 30. Topics included findings from a motor data project carried out by Verisk on behalf of Insurance Ireland; whiplash claims costs in Ireland and the UK; analysis of High Court claims data 2014-2017; views from the Alliance for Insurance Reform; views from Kevin Thompson, CEO of Insurance Ireland, on personal injury reform; and the forum concluded with a panel discussion.

Interaction with CBI

In addition to responding to the consultation on CP122 (which was a joint effort with the Life Committee), the Committee provided a [response](#) to the Central Bank of Ireland Consultation Paper CP124, "*Non-Life Insurance: Amendments to the Non-Life Insurance (Provision of Information) (Renewal of Policy of Insurance) Regulations 2007*". The consultation questions focused on the inclusion of the prior year's premium in renewal documentation. Our answers stressed the importance of including information in a manner that facilitates the customer's understanding of the premium and improves transparency. [Regulations](#) to implement the changes were published just before Christmas.

We had a joint life/GI meeting with the CBI in December to discuss CBI plans on industry feedback on a review of HoAF underwriting opinions. The CBI took our feedback on board (based on a review by 7 actuaries from life and GI) and issued the feedback in the December Insurance Quarterly (IQ) newsletter and not as a "Dear HoAF" letter as in prior reviews.

Healthcare Update

The Committee has met regularly since the last membership update.

The main activity of the Committee was centred around the seminar “Risk Equalisation and Regulation in Private Health Insurance” which was held in the Shelbourne Hotel on September 26th. The Seminar was opened by the Society’s President Maurice Whyms and Colm O’Reardon (Deputy Secretary General, Department of Health) and brought together a panel of leading global experts on Risk Equalisation, including the Society’s John Armstrong, Richard van Kleef (Erasmus School of Health Policy and Management, Rotterdam, The Netherlands), and Thomas McGuire (Department of Health Care Policy, Harvard Medical School, Boston, USA). A panel discussion, moderated by Cathy Herbert, followed the presentations and included participants from the HIA, Private Hospitals and the Department of Health alongside the international panel of experts. The Seminar was well attended by actuaries and other health related professionals and gained some media attention in the medical press. The Committee is grateful to John Armstrong who organised the Seminar and was instrumental to its success. Further details of the seminar along with presentations and podcasts are available on the Society’s website.

On behalf of the Society, Brendan McCarthy and John Armstrong have continued to participate in a working group established by the Department of Health on the future of the Risk Equalisation Scheme. The working party is looking at options for the Irish Risk Equalisation Scheme to enable more refined risk-based measures to be used in the future.

Sláintecare is another highly topical item on the Committee’s agenda. An impact analysis, chaired by Dr Donal de Buitléir, on the separation of private practice from the public hospital system, with a view to identifying any potentially adverse consequences that may arise for the public system is currently being undertaken. This report is expected to be released in the short to medium term and the Committee will review and feedback (if deemed necessary) on the findings of this analysis once it becomes available.

The Committee would also like to extend a word of thanks to Aisling Kennedy, who is stepping down from the committee. Aisling has driven the CPD agenda for the Healthcare Committee and has successfully organised a significant number of events during her time as CPD coordinator. Ivor O’Shea has agreed to take over this task and we wish him every success. On behalf of the Committee, Ivor is currently working on research related to environmental impact on Alzheimer’s disease.

Life Update

The Life Committee continues to meet as planned and we have meetings scheduled every six weeks throughout 2019.

2019 Work Plan

We will review our 2018 work plan and agree one for 2019 in our January committee meeting. This will also serve as a strategic review of the work of the committee and our ambitions for 2019.

CPD Events

- Life Forum provisionally booked for 6th March in Convention Centre (3 hours CPD with parallel sessions available). Content planning now underway.
- Working on further CPD events for Q1 (recruiting volunteers and speakers).
- Volunteers working on Professionalism Training content (case studies) and facilitating events.

Review of Life ASPs

We are in the process of establishing working parties to look at the following ASPs.

- ASP LA-4 (PRE). A working party reviewed this over a year ago and there was a debate on the level of change required under Solvency II. A Statement of Intent was agreed by Council in the December 2018 meeting. Work will commence shortly.
- Financial Reporting and Actuaries. To look at a replacement to ASP-LA7 (and anticipate IFRS17). The working party held its first meeting just before Christmas.

Key Stakeholders

We continue to work on contact and cooperation with the CBI and the GI committee as our two key relationships. We had a joint life/GI meeting with the CBI in December to discuss CBI plans on industry feedback on a review of HoAF underwriting opinions. The CBI took our feedback on board (based on a review by 6 actuaries from life and GI) and issued the feedback in the December Insurance Quarterly (IQ) newsletter and not as a “Dear HoAF” letter as in prior reviews.

Committee Membership

We have one vacancy on the committee. We plan to recruit a new volunteer over the next few months.

Here is a reminder of our three subcommittees and one active working party (chair of each noted):

- Life Reinsurance and Product Development committee – Gavin Maguire.
- PRSA committee – Kevin Manning (not on life committee).
- Cross border committee – Andrew Kay.
- PRIIPs working party – Shane Fahey.

Pensions Update

The Pensions Committee has had another very busy six months, with several major public consultations happening at the same time.

Pensions Roadmap

The Society published its *Initial Views on the Government's Roadmap for Pensions Reform 2018-2023* on 28 June. This was a response to the *Roadmap for Pensions Reform 2018-2023* issued by the Department of Employment Affairs and Social Protection (DEASP) in February 2018, an ambitious and wide-ranging plan for reforming the Irish pensions landscape. The *Initial Views* document allowed the Society to outline its views on all the issues raised in the *Roadmap*.

The *Initial Views* document can be accessed here: <https://web.actuaries.ie/news/18/06/roadmap-pensions-reform-society-view>

Automatic Enrolment 'Strawman'

One of the main strands of the *Roadmap* is the plan for the introduction of an automatic enrolment pension system for Ireland. The timetable announced in the *Roadmap* involved a public consultation in Q2 2018, finalisation of the design in Q1 2019, and the bringing forward of legislation in Q1 2020. Alongside this, a programme management office within the DEASP was established in 2018 and is tasked with establishing the automatic enrolment pension system so that the first member enrolments can occur no later than 2022.

On 22 August the DEASP published *A Strawman Public Consultation Process for an Automatic Enrolment Retirement Savings System for Ireland*. This document outlined a proposal for the automatic enrolment pension system and invited feedback on it. It was called the 'Strawman' proposal to emphasise that the DEASP was inviting criticism and alternative suggestions. At the same time, it was stated that certain aspects of the proposal had already been decided on by the Government and were not up for debate.

The consultation closed on 4 November, which was quite a short timeframe for such an extensive and multifaceted proposal. A working party was established and, together with the Pensions Committee and the Council, managed to prepare a very impressive response.

The response can be accessed here: <https://web.actuaries.ie/news/18/11/society-responds-deasp-consultation-process-automatic-enrolment-retirement-savings>

Interdepartmental Pension Reform and Taxation Group

The Interdepartmental Pension Reform and Taxation Group (IPRTG) is chaired by the Department of Finance, and includes representatives from the DEASP, the Department of Public Expenditure and Reform, the Pensions Authority and the Revenue Commissioners. On 10 August, the IPRTG launched a public consultation on a number of reforms that had been announced in the *Roadmap*. The consultation was divided into three sections:

- Simplification and reform.
- Costs to the exchequer (including tax relief).
- Approved Retirement Funds.

Once again, the timeframe was challenging, given the range of issues involved. Two working parties were established and, together with the Pensions Committee and the Council, another impressive response was prepared.

The response can be accessed here: <https://web.actuaries.ie/news/18/10/society-responds-consultation-supplementary-pensions-reform-roadmap-pensions-reform-2018>

Master Trusts

On 26 July the Pensions Authority launched a consultation on the regulation of DC master trusts. The Pensions Authority has said many times that it believes that there are too many small pension schemes in Ireland. With the coming imposition of the IORP II directive, it expects that many smaller DC schemes will not continue and there will be a role for master trusts that can manage the DC pensions of many small employers. This is another major development in the Irish pensions landscape and another very important consultation. As with the other consultations, this response required coordinated effort from a working party, the Pensions Committee and Council.

The response can be accessed here: <https://web.actuaries.ie/news/18/10/society-responds-pensions-authority-consultation-document-regulation-defined>

Actuarial Standards of Practice

With so many consultations happening, the Pensions Committee has been kept very busy. Nevertheless, we have not neglected our ongoing work of reviewing and updating ASPs. Revised drafts of PEN-1 (actuarial valuation reports) and PEN-7 (family law) have been prepared and are expected to be put to members for consultation in the next few months. Meanwhile the accounting sub-committee is undertaking a fundamental review to assess whether a new accounting standard is needed to replace PEN-8 and PEN-9, and the transfer values sub-committee is undertaking a fundamental review of the basis and methods for calculating transfer values. In the latter case, any change to the assumptions would be a matter for the Pensions Authority.

CPD

One particularly interesting CPD event was the presentation on 15 November by Roma Burke and Tony Gilhawley. They presented the results of their investigation into the pros and cons of the current system of tax relief for pensions, and how some alternative systems would compare. This was a very high quality piece of work and a major contribution to the ongoing debate on tax relief for pensions. The presentation, and the paper it was based on, can be accessed here: <https://web.actuaries.ie/events/2018/11/private-pension-tax-relief>

IORP II

While all this activity has been happening, the IORP II Directive has not been forgotten. The deadline for transposition into Irish law was 13 January 2019, but this has not yet happened. The Pensions Regulator, Brendan Kennedy, addressed the Pensions Forum on 10 December and [set out](#) what we can expect from IORP II in an Irish context. The Society has written to the Minister for Employment Affairs and Social Protection to express its concern about the implications of the Directive for small schemes.

Pensions Forum

The annual [Pensions Forum](#) was held on 10 December and was attended by 84 members. In addition to the [address](#) by the Pensions Regulator, there was an interesting presentation by Anthony Linehan of the NTMA on bond issuance and a Pensions Accounting update, given by Anna Kinsella.

Demography Update

Recent work undertaken by the Demography Committee will be presented at the **Demography Forum on 27th February** (details and reservations [here](#)).

Irish Insured Lives Mortality Investigation (IILMI)

The Demography Committee has completed an investigation into the mortality experience of Irish insured lives. The analysis covers the mortality experience of both life assurances and annuities from 2010 to 2015. The results of the investigation will be presented at the Demography Forum on 27th February (details and reservations [here](#)) and a paper will be published after the event. Thank you to all companies who provided data for this study.

Mortality Projection Methodologies

Currently ASPs LA-8 “Life Assurance Product Information”, PEN-12 “Statements of Reasonable Projection – Occupational Pension Schemes and Trust RACs” and PRSA-2 “Personal Retirement Savings Accounts Product Information” employ a one-dimensional mortality projection methodology. In the Demography Committee report “Annuity Conversion Rates in Retirement Fund Product Illustrations” dated July 2015¹ the Committee signalled that a two-dimensional mortality basis should be adopted following the next review of the bases. To this end the Committee initiated a study of relevant mortality projection models with a view to proposing a two dimensional mortality projection method for determining illustrations prescribed by ASPs LA-8, PEN-12 and PRSA-2 . This Working Group will present a comparison of mortality projection methodologies at the Demography Forum on 27th February (details and reservations [here](#)).

Self-Administered Pension Scheme (SAPS) Mortality Study

The Demography Committee carried out an investigation into the mortality experience of Irish self-administered pension scheme (SAPS) pensioners in 2007 and 2013. The last investigation was based on data from 2006 to 2012 and the Committee produced a report in 2013. The Committee has now undertaken a study of SAPs experience from 2013 to 2017 and is in the process of collecting data.

1 <https://web.actuaries.ie/press/demography-studies>

Wider Fields Update

The Society established a Wider Fields Committee in 2014 to support members working in non-traditional areas of practice, to make the general membership aware of wider fields opportunities and to promote the actuarial profession to non-traditional employers.

Since mid-2018, the main activities of the Committee have been:

- The Wider Fields Committee, and its Data Analytics and Banking & Aviation Finance Sub-Committees, have undertaken delivery of an ambitious programme of CPD events for the 2018/19 CPD year, far in excess of the schedule of Wider Fields events provided in any previous year. Several of these events have involved presentations by external experts. In addition, with support from other members of the Banking & Aviation Finance Sub-Committee, John Caslin and Jane Gleeson have prepared a paper on “Selling Aviation Debt Securities to Insurance Undertakings” and John and Donal O’Brien presented it on 21 January at a major international conference, [Airline Economics Growth Frontiers Dublin 2019](#).
- At the July 2018 Council meeting, Jenny Johnston presented a report on the findings from the two “Lego Serious Play” workshops, which were designed to explore new approaches to articulating the actuarial skill set. Following on from this, the Committee’s further work on promoting the actuarial skillset is proceeding primarily in the context of the Competency Framework that is under development by the Lifelong Learning Committee.
- In addition, a sub-group of the Wider Fields Committee has prepared a proposal for social media engagement / promotion and has discussed it with the Head of Engagement and Communications. This will be taken forward in the context of the Society’s broader communication and engagement strategy.
- The Committee carried out a survey of SAI members in summer 2018 to gather data on members’ involvement and interest in Wider Fields, and to get feedback on what members would like the Committee to focus on. We were pleased to receive almost 100 responses and much useful feedback was received, which has greatly informed the ongoing agenda of the Committee. The significant expansion of the Wider Fields CPD programme mentioned above is one of our main responses to the survey, while we are liaising with the Member Engagement Committee on the topic of facilitating members in volunteering for charitable or other non-profit organisations as a means of getting exposure to Wider Fields and demonstrating their actuarial skills in non-traditional areas.
- The Data Analytics Sub-Committee has recently launched its [Data Analytics Library](#), which is available on the SAI website.
- The Committee is exploring ideas to enhance its [database of Wider Fields-related courses and qualifications](#), also available on the SAI website.
- The Banking & Aviation Finance Sub-Committee has provided comments to the IAA Banking Group on a draft model syllabus for a Banking exam.

- Following Council's renewal of the Society's Corporate membership of the Irish Management Institute for the year 1/9/2018-31/8/2019, the Committee, in conjunction with the Head of Engagement and Communications, has continued to work with the IMI to improve the promotion of the benefits of that membership.
- Organisationally, the Committee has identified significant potential for closer co-operation with both the Lifelong Learning and Member Engagement Committees; a quarterly coordination meeting between the three Committee chairs has now been put in place, while members of the Wider Fields Committee have volunteered to join working groups on a number of specific topics in conjunction with those other Committees to bring them a Wider Fields perspective and to minimize the risk of overlap and duplication of effort.
- To support this development, since October, Brian Donnellan, Head of Engagement and Communications, has taken over the executive support role for the Committee from Emily O'Gara. The Committee would like to thank Emily for all of her excellent support for our work since 2014.
- The Committee would also like to thank Brendan Guckian, who stepped down as a member last summer, for his excellent contribution to the work of the Committee over several years.
- The Committee is chaired by Mike Frazer.



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