



Dermot Corry and Paul O'Faherty

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## Interview with Dermot Corry & Paul O'Faherty

Two years after taking office our Society president Paul O'Faherty reached the end of his term and handed over the reins to incoming president Dermot Corry. Just before the handover we took the opportunity to meet up with them over lunch to look back over the last couple of years, as well as looking ahead to Dermot's term of office. Mostly though we were hoping for some juicy gossip:

**Q:** What was the worst evening meeting you had to sit through?

**A:** Next question.

**Q:** Have you ever worn your chain of office to Coppers?

**A:** Pass.

These guys are hard work. In summary, this article was going to be – Being President is an honour. Paul is delighted to have done it. Dermot is looking forward to it. Paul wishes Dermot all the best for his presidency. The Pulitzer Prize looks safe for another year.

### Evening meetings

A bit more chatting and Paul warms up to the worst evening meeting question. He noted the genuine high quality of evening meetings, but recalled that probably his greatest moment of panic as President came when one speaker finished after barely 20 minutes. A decent effort by some audience members extended the discussion out for another half an hour, but for Paul, the 20 minute evening meeting will live long in the memory. It wasn't so popular with the CPD crowd either.

Of course, a long evening meeting on an unfamiliar topic is a different kind of challenge for a President. Paul's solution to such events has been to attempt to count the circles on the carpet in the Alexander. On the subject of evening meetings, Paul regretted one missed opportunity. After introducing Pretty Sagoo for her recent talk on longevity

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Paul announced “over to you Pretty”. He regrets not adding “I bet that is the only time in my two year presidency that I get to say that!”.

## Role of President

Both men are acutely aware that the honour of being President comes with a price. Both have a day job leading busy consultancies (though when we met Paul was preparing for imminent retirement from Mercer), and work life balance is already a challenge. While the governance of the Society has become more formalised in recent years, the administrative and executive elements of being President are considerable.

“People think it is all about going to dinners, but actually there are probably only five or six of those dinners in a year”, Paul observed. “The role turns out to be more like that of a part time executive chairman. Strategic decisions need to be made, but also a lot of day to day practical decisions and the President has a key role in running the Society, supported by the Executive Team.” He received over 2,200 emails from Mary and Yvonne over his term, but was unwilling to provide further analysis of how many of those were reminders to respond to emails that they had previously sent!

Another time consuming aspect of the role has been establishing relationships with key stakeholders. Paul believes that a lot of excellent work has been achieved in this area and in particular building the relevance and influence of the society over the period. However, he noted too the disappointment that building influence in the area of reforming DB pension priority has yet to bear fruit.

Both Dermot and Paul have been heavily involved in this relationship building and Dermot indicated that continuity in this area would be an important element of his presidency.

## Future focus

It was interesting to get a sense of that continuity. It is clear that the vice president has been heavily involved in the Society during Paul’s presidency and they have similar views on the key issues. Pensions will inevitably remain

a key focus over his presidency, and in particular the crisis in relation to DB pensions.

In many respects the issues relating to insurance are influenced primarily by Solvency II and what happens on a European stage. Although the Society has been effective in contributing to that process, in particular through “punching above its weight” in the Groupe Consultatif, while also building strong relationships with the CBI, in reality the opportunity to influence policy at local level is lower. For pensions, however, the key policy decisions are more local, and if anything, the challenges in this area are more acute.

There was a genuine sense from both that this is an area that the Society has accomplished much over two years. In particular, both feel that strong influence has been built and that the Society is highly regarded by decision makers in this area. They noted that building strategic alliances has been an important part of this. The Society successfully influenced government policy in relation to how changes in pensions taxation policy would be implemented, through its work with the taxation policy group. Coming together with ICTU, IBEC and the IAPF on pensions priority was another good example of the ability to build influence through aligning with other interested stakeholders. While ultimately the Government’s policy decision may not have been what the Society would have advocated, it is clear that we are taken seriously and listened to as a valued stakeholder.

We touched on a key challenge in all of this – the difficulty of presenting the Society’s view while representing 700 members. Dermot saw this as being a challenge both in terms of the ability to respond quickly, as well as the inevitability of there not being a consensus view on many issues. Some members feel the Society should express views on wider issues, but Paul feels that it is important for the Society to focus on areas where it has insight and expertise, and Dermot echoed this view.

Dermot did point to DC pensions as an area of focus for his presidency.

While the challenges of DB are well documented, in some ways he saw those challenges relating to organising “a decent burial for DB”. Not surprisingly Paul preferred to think of it as “orderly management of the legacy”, but agreed with Dermot’s point that in 20 years’ time DB would be a footnote and we would be judged on the success of DC. We can therefore expect a greater focus on DC over the course of Dermot’s presidency.

Another area that Dermot is keen to focus on is education. He wants the Society to push itself beyond the role of the current CPD system. He sees education as being critical for providing actuaries with the right opportunities to develop their skills, and to facilitate development into new areas. There is a challenge to broaden the mix of evening meetings to include more “scientific papers”. There is a challenge also to identify areas where actuaries can be more involved.

## Areas for greater involvement of actuaries

Health insurance and the proposed development of UHI is one area that both men felt the Society could contribute more, but acknowledged the challenges involved, recognising that it is a small pool of actuaries working in a very political area. More so than most actuarial areas, it can be harder to take off the employee hat when speaking as a Society member. However, Paul felt that it would “seem like an area where we should continue to have something to say”, and noted health as a potential area of growth for the profession.

There was a general acknowledgement that we had moved past seeing risk management as the “new frontier” and had perhaps moved into colonisation mode, at least in an insurance context. Paul noted that over half of the CROs of Irish insurers are actuaries and quoted a CBI expectation that CROs would typically be “actuaries or quants”. Dermot noted that it is critical for the profession’s involvement in this area to go beyond simply “calculating the numbers”. The real value is in analysing the results and shaping the strategy, and he feels that this is an important area for the profession to be involved in.

However, a frontier that remains is the role of CRO beyond the insurance world. Paul noted that “with a very small number of exceptions” actuaries had not yet moved into the area of risk management in banks for example. Dermot suggested that for an insurance company where the role and skills of actuaries are understood, it is an easier sell to have an actuary as CRO. The next key challenge for the profession is whether a CRO of an insurance company could then become CRO of a bank or other organisation.

Dermot identified “big data” as another potential new frontier for actuaries. Going well beyond the world of insurance, many large organisations (such as Walgreens in the US and Woolworths in Australia) are using sophisticated techniques to analyse large volumes of data for a range of purposes. Although there was some discussion of the relative cost of actuarial resources relative to potential competitors, to Dermot, this is an area where actuaries are perfectly equipped to thrive.

## Regulation

We touched on the relationship of the Society with the Central Bank of Ireland (CBI). Having had a first-hand view of the workings of the CBI in recent years, what was the verdict on the current state of regulation in Ireland? Dermot was strongly positive in his views on the CBI. He noted that the relationship with regulators had become perhaps less collegiate, but saw this as a good thing. The CBI is now equipped to ask harder questions, and he feels that this is in everyone’s interest.

In many ways, Dermot saw the interests of the CBI, the independent non-executive directors and the Appointed Actuary or Signing Actuary as being aligned. All parties have a stronger interest in the solvency of the company and the protection of policyholder benefits than in shareholder profitability. In his view the CBI has greatly increased its skillset in recent years and has taken on a number of very strong people, both actuarial and non-actuarial. He acknowledged that in some areas the pendulum had perhaps swung too far (particularly in aspects of the fitness

and probity changes and the application of the corporate governance code), but felt that a natural balance would be reached.

Dermot did see some areas where the CBI could do better. In particular he noted challenges in relation to consistency and communication. The CBI has changed its views in a number of areas and the level and timeliness of communication with companies has not always been ideal. Both Dermot and Paul noted the importance of companies having a more consistent sense of what to expect from the regulator and that communication on key issues is timely and clear.

## Solvency II

Both felt that Solvency II would be the key driver of the regulatory landscape over the coming years. In terms of the challenges facing Solvency II, Paul took pleasure in noting that for many years life actuaries had been trying to drag pensions actuaries “to the altar of mark to market zealotry”. He quoted Colin Murray’s assessment of the current challenges facing Solvency II as “life actuaries have had a good look at mark to market and they don’t like what they see”.

So is Solvency II dead and buried? Dermot thought not. “I think the pause over the last nine months will lead to a political solution” he noted, adding “but it may be time for the zealots to take a back seat”. Paul agreed - “politics is the land of the messy compromise”. While much depends on the outcome of the Long Term Guarantees Assessment, both felt that a compromise would be reached which might not be perfect but which would be fit for purpose over the short to medium term. “The perfect solution might not come until Solvency III or IV”, was Dermot’s view.

In some ways the difficulties that have plagued the development of Solvency II may have been timely. Both felt that if Solvency II had been implemented five years ago as originally envisaged, it would never have coped with the financial crisis. The baptism of fire may lead to a system that is more fit for purpose, if not theoretically ideal.

## Highlights of Paul’s Presidency

As our meeting wound down, we looked back at some of the highlights over the two years of Paul’s presidency. In terms of the work of the Society, Paul felt that the progress made in developing a strong position on pensions and engaging with stakeholders was perhaps the biggest highlight for him, even if this was tempered by disappointment in terms of the lack of progress on reform in the area of pensions priority. Paul praised the huge effort of Society members in this area and the excellent progress that had been made. From a social perspective, he felt that the biggest highlight was probably the buzz around the 40th anniversary. He also pointed to the success of the Elevation conference and the great engagement that has developed with members across all age ranges in the Society.

Dermot pointed to the continued strong volunteer ethos in the Society and the fact that a wider pool of volunteers is now involved in the work of the Society. “Most working parties and sub-committees are oversubscribed”, he noted, “and it is great to see engagement across such a wide group.”

Finally we got back to wondering whether Paul had ever worn the chain to Coppers. “Definitely not”, came the answer. “At least, not that I can remember”, was the quick qualification. In fact it turns out that Paul spent the last two years living in terror that he would be the first President to lose the chain of office. He wore it very sparingly, and for most of his time in office it has been locked away in a safe under Mary’s careful scrutiny. Having now made it towards the end of his term of office, Paul can begin to relax. For Dermot, the chain anxiety is only just beginning.

# AGM of the Society of Actuaries in Ireland

Dermot Corry was elected President of the Society of Actuaries in Ireland at the AGM on 10th June 2013. Dermot said that he was honoured to be elected President and that he is looking forward to his term. He welcomed the new Vice President, **Dervla Tomlin**, whom he knows will be a great support to him.

Dermot also welcomed the four new Council members; **Gary Dunne, Paul Kenny, Tony O’Riordan** and **Orlagh Woods** and hoped they would enjoy their term on Council.

Dermot paid tribute to **Paul O’Faherty** and said he was privileged to work with Paul during his term as President. He experienced Paul’s enormous commitment, energy and enthusiasm for the Society. On behalf of all members, Dermot thanked him sincerely for his tremendous contribution to the Society.

Dermot will set out his objectives for his term in his Presidential Address which he will deliver to members on Thursday 19th September in the Conrad Hotel.

## Council 2013 - 2014

### Officers

Dermot Corry	<i>President</i>
Dervla Tomlin	<i>Vice President</i>
Sinead Kiernan	<i>Treasurer</i>
Keith Burns	<i>Honorary Secretary</i>

### Immediate Past President

Paul O’Faherty

### Council Members

Gerard Bradley	Colm Guiry	Padraic O’Malley
Joyce Brennan	Paul Kenny	Conor O’Neill
Gary Dunne	Elena McIlroy De La Rosa	Tony O’Riordan
Cathal Fleming	Brian Morrissey	Orlagh Woods

## Winner of the 2013 SAI Award for Outstanding Contribution - Keith Burns

At the conclusion of the SAI Convention on 29th May, the President Paul O’Faherty presented Keith with his award and said:

‘Keith is currently the Society’s Honorary Secretary. He is a member of the Pensions Committee and has been for many years. He stepped down as Chairman of the Pensions Committee last year, having held that position for 3 years. Prior to taking over as Chairman he was a great support to the Chairman at the time, the late Gerry O’Carroll.

In all practice areas, the global financial crisis has had major repercussions. In pensions, the challenges have been compounded by an extraordinary amount of uncertainty in relation to a changing regulatory framework. Against this backdrop, Keith has worked tirelessly to develop and advance ideas aimed at improving the lot of pension schemes and maximising the actuarial profession’s contribution in this area.

He has led many discussions with the Department of Social Protection and the Pensions Board. He has earned the respect of counterparts in the Department and Board, not just for his technical expertise but also for his calm manner and for his dedication to improving how the private pensions system functions. Keith takes a very considered and measured approach to dealing with issues and is a great ambassador for the Society. The combination of commitment and wisdom that Keith brings to the table is a huge asset for the Society and its members.

Congratulations Keith! This award is very well deserved.’



Paul O’Faherty, SAI President, presenting Keith with his award

# Recent Qualifiers Committee (RQC)

The RQC was established in May 2010. The Committee was set up after the Professionalism Course for newly qualified actuaries that year; at this course it was identified that new/recently qualified actuaries were an ever growing sub-group of the SAI's membership and that perhaps their needs as younger, less experienced actuaries were not necessarily being met.

Throughout the brief history of the RQC the aim has been to enhance recent qualifiers' knowledge of what the Society does, provide for their needs as less experienced actuaries and target specific areas of experience that would be useful to them. This has been achieved by identifying recent qualifiers' needs through surveys, at the graduation ceremony each year and from feedback received from our peers.

Since it was set up, the RQC has grown, both in membership and in responsibilities. The RQC Terms of Reference now include pre-qualification education as well as social and networking opportunities for less experienced actuaries and CPD events. In addition several of the SAI's strategic priorities fall under the RQC's remit.

To date the Committee has not only identified CPD events to be targeted at recent qualifiers but it has also set up

specific CPD meetings for recent qualifiers and thought of new and more interactive ways to deliver CPD events.

Some of the most popular events to date have been the series of presentations on regulations – 'Regulation – Everything you wanted to know but were afraid to ask!' which were also repeated this year due to popular demand, 'Current Hot Topics' papers and presentations and 'The current job market for young actuaries & managing your career progression'. These events had involvement from senior members, interactive panel discussions and some debate also. In addition networking opportunities were encouraged after each of these events with a finger food and drinks reception.

Most recently, and perhaps the most ambitious and successful event organised by the RQC to date, has been the Elevation 2013 half day conference aimed specifically at recent qualifiers, less experienced actuaries and senior students. Feedback received on this event was excellent and the RQC hopes to expand on this in future years and make this an annual event in the SAI's calendar. A brief summary of this successful event is on page 6 of this issue.

The RQC was set up to meet the needs of a specific membership group within

the Society; a group whose numbers are continually growing. This growth reinforces the importance of the work the RQC does for the development and the future of the Society - recently qualified and student actuaries of today are the senior actuaries of the future. While a lot has been achieved in a relatively brief period, there is huge scope for additional activities and the RQC is keen to continue building on its past successes. If you have any ideas for events that you would like to see, or if you would like to get involved with the RQC, then please don't hesitate to contact the committee.

*Elena McIlroy De La Rosa and  
David O'Shea*

*(Elena stepped down as Chairman in May having chaired the committee since 2010 and David is the new Chairman).*

## Membership of the Committee:

Marie Bradley, Aoife Brady, Davide Casinelli, Sinead Clarke, Eamon Comerford, Rachel Gow, Sheila Harney, Adreanna Leonard, Sarah Lynch, Majella McDonnell, Patrick Meghen, Ursula Morrow, Ian O'Donnell & David O'Shea (chair).

The committee is supported by Mary Butler and Tracy Gilbert.

# Graduation Programme for New Qualifiers



The first of the newly renamed Graduation Programmes (replacing the previous Professionalism Course) took place on the 7th and 8th of March in the beautiful Druids Glen Hotel in Wicklow. Although the course is mandatory for recent qualifiers, it was both highly relevant and enjoyable. The only downside was that the tightly packed schedule left very little time for the 39 of us to take in the beautiful surroundings.

The core of the course still focuses on the concept of professionalism, but the extra day has allowed the course to be expanded to cover wider topics, such as career and professional development. The extra material achieved its objective of broadening our perspectives and knowledge.

Throughout the two days, we were regularly rotated to new tables which showed us how varied individuals' reactions and approaches to different scenarios were. Having worked for the same team since I left college, these varied viewpoints were particularly interesting to me and were perhaps best brought out by Mike Claffey's professional challenges workshop. This involved a short personality test and then a group discussion based on a managerial dilemma. This showed how we, as actuaries, tend to be very logical

and lean towards taking a hard line when we have rules to follow. The importance of balancing our instinctive judgmental approach with compassion and considering all points of view was made clear in this workshop.

Similarly, discussions after the multiple choice quiz on the Code of Professional Conduct brought out a deeper understanding and various nuanced interpretations of the 5 principles of the CPC (once we got over our surprise of having another exam to do!)

The Society organised senior members of the profession to impart knowledge of the insurance industry in general and our own specific practice areas which was very enlightening and again prompted more interesting discussion amongst ourselves.

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# Elevation 2013

One particular area I was glad to learn more about was the CPD scheme. A quick run-through of the scheme by Emily O’Gara made it much less daunting (particularly once we were told we were completing 10 of the required 15 hours simply by attending the graduation course!) However, we might all need a refresher soon, as the scheme is being reviewed.

However, it was not all work and no play, as we concluded the first evening with a lovely meal and a speech from the SAI President Paul O’Faherty, followed by drinks and some socialising. I feel that attending the course has helped instil a greater sense of responsibility in me and marks the transition from trainee to qualified actuary. To date, I have not dedicated much time to broadening my views and developing softer skills, but I think that these two days will stand to me and were a great start.

On behalf of all of the attendees, I would like to thank the Society’s Executive and the presenters for the fantastic job they did in ensuring that the course was well structured, fun and most importantly very informative. I am certain the lessons learned will help us as our careers develop in the years ahead.

*Felix McMahon*

The first annual Elevation conference took place on 27th March in the Alexander hotel, with 75 recently qualified actuaries attending. The agenda had a range of interesting topics including the Battle of the Practice Areas debate, an opportunity to brush up on communications skills and a number of presentations on wider fields. The overwhelmingly positive feedback from the vast majority of attendees marks the conference as a great success, and should be a source of great pride to both the organisers and presenters.

## Battle of Practice Areas

The “Battle of the Practice Areas” was a light hearted debate in which representatives from the areas of life, pensions and general insurance battled it out to answer once and for all the question – which practice area is the best?

David O’Shea of New Ireland Assurance was first to speak, representing life assurance. He started by emphasising the long history of actuaries working in the life assurance market and the role life assurance actuaries had in founding the profession. Following a brief overview of the Irish market, David discussed how the industry is responding to changes caused by the economic downturn and how life assurance actuaries are at the forefront of managing this. David concluded by showing that despite its long history, life assurance is by no means set in its ways, pointing to the vast opportunities available for growth and expansion in the emerging micro-insurance market area.



*The panel at Elevation 2013*

Majella McDonnell of Allianz plc set out to prove that despite its relatively short history as an actuarial field, the “small but mighty” general insurance practice area has rapidly evolved into the most interesting of the three. She argued that the ever increasing number of general insurance actuaries was proof of this, growing from only a handful thirty years ago to 14% of fellows today. Majella went on to describe the wide variety of work that general insurance actuaries could be involved in such as pricing or reserving for home, motor and commercial insurance – maybe even alien abduction insurance! She finished by showing that general insurance work continues to evolve, citing no less than five future hot topics, such as usage based insurance and micro insurance.

Paul Torsney from Towers Watson was last to speak on behalf of the pensions practice area. Paul argued that far from being a “conversation killer”, the pensions area is an interesting and socially important industry to work in. Paul described some of the seemingly endless challenges facing pensions actuaries such as the pensions time bomb and funding proposals, each one providing an opportunity to get involved in stimulating and challenging work.

Following the three speakers a vote was called to determine which practice area would reign supreme. Majella’s passionate speech appeared to have convinced some voters to jump ship in a tight race between life and general insurance. However, with the results too close to call the judges ordered a recount and the Life Practice area won by the slenderest of margins.



*L to R: Majella McDonnell, Paul Torsney, Conor O’Neill, Mairead O’Shea, Paul O’Faherty, Sinead Clarke, Adrian Turner and David O’Shea*

## Communications Discussion

Following the "Battle of the Practice Areas debate, Des O'Sullivan gave a presentation on how to develop your presentation skills. Des has over twenty five years' experience in the insurance and pensions industries and teaches CA3 in Dublin City University.

Des began his presentation with a light critique of the three previous presenters' speeches before going on to discuss the key tips for giving a successful presentation. He placed particular emphasis on the need for practice, a good structure and the need to speak slowly and clearly.

## Wider Fields

The speakers in the Wider Fields section of Elevation 2013 were Conor O'Neill, Mairead O'Shea and Adrian Turner. Conor worked in both Life and Pensions before jointly setting up Delta Index, a financial spread betting company and currently works as Managing Director of Barclays Insurance Dublin.

Conor expressed the view that actuaries have many skills which make them ideal for working in wider fields, including technical skills, good business logic and that certain aura of "mystique". Obstacles include people management and the actuarial industry being too focused on Life and Pensions. Wider fields covers many areas, including gambling, banking and software development. Conor gave us a couple of questions to consider - how can we get actuaries into wider fields and if you decide to go into this area, what's the worst that could happen?

Mairead began her career in AIB Ark Life as a product development actuary. Since then, she has been involved in 3 main roles in AIB; product management and revenue strategy, finance and capital management and risk including credit risk.

Mairead felt that skills such as analysis, pricing, reserving, project management and financial planning were transferable from her actuarial experience but she also needed new banking-related and leadership skills. Obstacles included getting people to review and challenge what was put before them, the current economic climate, tensions between

objectives and the availability of technical skills.

Adrian spent his early actuarial career in Irish Life and Bank of Ireland Asset Management. He has also worked with McKinsey & Company, Hibernia Transactions, Jury's Doyle Hotel Group and is currently Managing Director of Crownway Capital, a restructuring organisation.

Adrian gave 5 main pieces of advice for actuaries looking to expand into wider fields;

- 1) You have the technical and intellectual skills to go back to traditional actuarial work at any time.
- 2) Actuaries have the financial know-how to hold their own in any financial discussion, regardless of the industry.
- 3) Your career is iterative and may involve failures along the way - there is no textbook career solution.
- 4) Work with great people who are great leaders.

- 5) Work for great firms who make money doing what they do.

## Q&A

Following the presentations, there was a Q&A session led by Paul O'Faherty. Topics discussed included why people might consider going into wider fields and why more actuaries are not involved in the banking industry, given its links to the insurance industry.

The panel responses were that they went into wider fields due to a personal interest in the area and because there was demand for their skills in their chosen area. They believed that banks mostly hire internally and are not aware of the financial skills actuaries have to offer. The conclusion to the discussion was that actuaries have the common sense and numeracy skills needed for work in wider fields and we should therefore be putting ourselves out for new opportunities.

## Best Student in April 2012 Sitting of ST9 - Rachel Lynch



*David Hare, incoming President of the Institute & Faculty of Actuaries presenting Rachel Lynch with her award for best student in the April 2012 ST9 (Enterprise Risk Management) exam.*

# Round-up of SAI Meetings (March - May 2013)

## Aggregation and the use of Copulas - March 5th

On 5th March 2013, Tony Jeffery hosted an evening meeting on the topic of "Aggregation and the use of Copulas" which aimed to give the audience an understanding of the use of copulas as part of the aggregation of risks in internal models. Tony opened the presentation by highlighting the significance of risk aggregation and the subsequent diversification benefits on the Solvency II capital figure. He outlined the various aggregation methods in place and how the use of copulas helps overcome some of the difficulties and constraints of these methods. The evening concluded with some questions and tips on validating the results of complicated models. A particularly interesting discussion took place on the level of understanding that would be expected of management and board members

## Limit on tax relieved pensions funds - March 13th

There was a large attendance for this evening meeting during which Tony Gilhawley of Technical Guidance Ltd. gave a very interesting and lively presentation on the "Limits on Tax Relieved pension funds".



Tony Gilhawley

Tony gave a broad overview of the current Standard and Personal Fund Threshold (PFT) Limits for pension funds, highlighting the changes made in the Finance Act 2012. Tony outlined various anomalies in the current tax system including what constitutes a "lump sum" under the current lump sum limits, how Pension Adjustment Orders (PAOs) and Death in Service

benefits are treated under the tax system and whether Defined Benefit PFTs should be based on accrued or prospective entitlement.

Also highlighted were some inequalities between DC and DB members and between private and public sector workers. Finally, Tony put forward his views on some potential options for future changes to the tax system.

## Regulations in General Insurance - all you wanted to know but were afraid to ask! - March 21st

Sinead Kiernan, Rebecca Punch and John McGlynn of Deloitte delivered a very comprehensive presentation on regulations in general insurance, including regulations under Solvency II and also the background to corporate governance. These presentations will be of particular interest to students and recent qualifiers working in general insurance.

Sinead Kiernan began by covering the Statement of Actuarial Opinion (SAO) including what the process involves, the directors' role and the future of the SAO. Rebecca then presented on the topic of 'Corporate Governance, the Code and me' which included a detailed background to corporate governance and the need for a corporate governance code.

John McGlynn concluded the evening by discussing Solvency II from the perspective of general insurance, covering the structure, core functions and the role of the actuary.

## RDR, PRIPS and IMD2 - Irish implications - April 9th

Tony O'Riordan and Geraldine Ahern presented an overview of developments in relation to the UK Retail Distribution Review, Packaged Retail Investment Products and proposed revisions to the Insurance Mediation Directive. It covered developments in the UK since the introduction of RDR and comments on how these developments could impact on Ireland. The presentation also touched on other regulatory developments relating to the distribution of investment and other life assurance and pensions products.



Tony O'Riordan and Geraldine Ahern

## ERM: Consultancy Viewpoint - observations on current practice - April 23rd

Elliott Varnell of Milliman gave a presentation on ERM that went well beyond mere observations, as suggested in the title. The presentation began with a discussion of the regulatory pressures to implement ERM.

The bulk of the presentation focussed on how to add value from ERM. Elliott focussed on the need for a holistic approach to ERM, with the ultimate aim being to embed risk management in the culture of a company.

The risks of solely using past data to derive a 1 in 200 year estimate of ruin were vividly highlighted. Elliott concluded by considering the current items on a CROs agenda and possible implications for insurers of the European Market Infrastructure Regulations (EMIR). The Q&A session included observations on different countries approach to the approval of internal models & the possible death of internal models in time!

## Solvency II Roles and Structures - April 29th

Ger Bradley and Jim Murphy gave an insightful presentation on Solvency II roles and structures based on the report of an SAI Working Party. In particular, the talk focussed on the role of actuaries in the Actuarial Function and Risk Management Function and how these differ from the current statutory roles of Appointed Actuary and Signing Actuary. They also looked at organisational structures that would be appropriate and some approaches for dealing with conflicts of interest.

They charted a 'year in the life' under Solvency II outlining the tasks for the Actuarial Function and the Risk Management Function in a typical year. The presentation was followed by a lively question and answer session. One of the more intriguing topics was "Who will check the checkers?"



*Ger Bradley and Jim Murphy*

### PRSA Forum - May 8th

Adam Lyon began the forum by giving an overview of the PRSA committee's work and developments in the PRSA market since the last forum. Brendan Kennedy of the Pension Board then spoke about regulatory issues and future changes for PRSA's, giving an insight into the types of change that are most readily achievable. Jim Connolly then spoke about how PRSA's are being used in the market and offered his views on why the market has evolved in this way. Finally, Fergus Collis presented the findings of the PRSA committee's review into disclosure for vested PRSA's.

### Solvency II for Pensions - latest developments - May 9th

EIOPA recently published the preliminary results of its quantitative impact study (QIS) for a revised Institutions for Occupational Retirement Provision (IORP) directive. The study was a comprehensive attempt to calculate solvency figures on a common and consistent basis for European defined benefit schemes using the holistic balance sheet approach. Brendan Kennedy, Chief Executive of the Pensions Board and chairman of the Occupational Pensions Committee of EIOPA, provided an overview of the findings, offered an Irish perspective on the results and his views on future European developments.

### Solvency II for Beginners - May 16th

Last year, Mike Frazer presented a lunchtime session on 'Solvency II for Beginners' which was very well received, especially by recent qualifiers and senior students. Mike recently presented a similar session which provided a general overview of Solvency II, including the key outstanding issues, the measures expected to be implemented in 2014 and the expected timeline for further developments. It was aimed primarily at actuaries practicing in a life or non-life environment who have not previously had significant involvement in Solvency II, and at those working in other areas who were interested in getting a general understanding of Solvency II.



*Mike Frazer*

### Life Reinsurance Forum - May 23rd

The Chairman of the SAI Life Reinsurance Sub-Committee, Steven Hardy, opened the Forum with a brief update on the work of the committee. Jenny Fee from the Central Bank of Ireland then presented an update from the regulator. This was followed by a presentation by Jon Palin entitled 'Mortality Modelling – a structural approach'. Alasdair MacDonald then gave an update on the European life re-insurance market and the forum concluded with Mike Green's presentation on 'US Regulatory and Market Developments'.

### SAI Annual Convention - May 29th

This year saw a record attendance at the Society Convention, with 330 members attending. The morning commenced with a joint Life and General Insurance Forum, at which

Gareth Colgan briefed members on recent EIOPA developments regarding Solvency II. Jim Murphy then outlined the Society's response to the EIOPA consultation on Guidelines on Preparing for Solvency II. The Life & General Insurance members then split up into two separate groups to continue their practice forums where topics covered included Telematics in the General Insurance Forum and 'Risk Appetite Challenges' in the Life Forum. The Pensions Forum commenced with an update on hot topics from the Pensions Committee, followed by a presentation by Brian Duncan on 'Current Topics - a Trustee perspective' and the forum concluded with David Wareing presenting a session on auto-enrolment. Following the three practice forums, members were treated to a fascinating and entertaining talk by Gary Keegan, Director of the Irish Institute of Sport, on 'Developing and Sustaining a Performance Culture'. Gary shared his experiences of designing, delivering and managing an environment that stimulates and nurtures the growth of high performers in order to compete and deliver success on the world stage. Through his presentation and discussion, he demonstrated the parallel learning opportunities and overlaps between high performance sport and business. While Gary's presentation focused on his success with Boxing Ireland, the techniques Gary discussed are equally applicable in the business world.

While Gary was a hard act to follow, Colin Murray and John Caslin succeeded in maintaining the attention of members for their presentations on 'Communicating Investment Risk' and 'Communicating Risk and reward', respectively.

The President, Paul O'Faherty wrapped up the Convention with an update on the past year in the Society to the sound of Booker T and the MG's 'Green Onions'! Paul then announced the conferring of Honorary Fellowship on Professor Patrick Honohan, who will address members on 7th October before being formally conferred with his fellowship. Finally, Paul announced that Keith Burns was the winner of the 2013 SAI Award for Outstanding Contribution – see page 4 for further details.

# Boston Marathon

“Hot bath or cold bath?” As I slowly made my way over a sunny Boston Common and up Beacon Hill towards my hotel, this was the most worrying thought on my mind. Having really struggled through the last 5 miles of the 117th Boston Marathon - from the accurately named “Heartbreak Hill” to the finishing line at Copley Square - my legs were stiff as a board, and I couldn’t wait to just lie down. But my mood matched the sunny weather – I had just crept over the line in a personal best time, and the goodwill from half a million cheering supporters all along the route made it difficult not to smile. Having finished, I now knew why Boston is considered the pinnacle for most marathon runners – it’s the oldest organised marathon in the world, gets the most enthusiastic crowds, and has a hilly course that runners consider a unique challenge.

Back at my hotel I eventually decided on a cold bath (better for bruised muscles apparently) and after psyching myself up for 20 minutes I plunged in. Just as I did so my mobile phone started to ring on the bed, but after the effort of getting in I decided to just let it ring. It rang again a few minutes later. And then again . . . and again. When eventually the hotel phone rang, I realised that someone was really keen to get hold of me, and gratefully took this as an excuse to hop out of the cold water.

“Thank God you’re OK” came my wife Aisling’s voice from the other end, “there were two bombs at the finishing line of the marathon”. Initially I couldn’t believe it, but turning on the television confirmed the news. The pictures were horrific – just a mile away, on the finishing straight that I had run along 90 minutes earlier, people were being treated for horrific wounds, and at least two people had been pronounced dead. There were rumours of another bomb at the JFK Library, and of unexploded devices at nearby hotels. And out on the course, about 7,000 runners were stuck, unable to finish after the race had been halted.

It was a strange feeling, knowing that I was so close to this shocking event, but at the same time feeling remote from it in my hotel room. Not sure what to do next, I sat tight and started answering the dozens of texts and emails that I had started to get from friends, family and colleagues. My Facebook and

Twitter postings to say that I was OK quickly drew lots of comments and replies. There were even a few from journalists looking for some quotes. Meanwhile the television coverage continued to bring more pictures and reports, but everything was so confused and speculative that it was difficult to know whether it was dangerous to venture outside.

Eventually I decided to go ahead with my plan to meet some in-laws out in Harvard, and left the hotel. The streets were very quiet, and I found that the subway had been closed as a precaution. Getting a taxi was difficult as most cab drivers had apparently left the city and gone home, but eventually I found one and shared it with two others heading the same way. One of them was a runner who told me he had been on the home straight and had continued running to the finishing line, through the smoke and panic that followed the explosions. We dropped him at a hotel near MIT, very close to the spot where the next evening the bombers hijacked a car and killed a security guard.

I ended up staying the night out with my wife’s relations in the suburb of Melrose – transport back in to the city was apparently dodgy, and while I would have been happy to head back in, it seemed to give everyone at home a lot of comfort to know that I was away from the action. Plans for a big night out in Boston were shelved and we sat watching the news, still not quite believing that it had all happened.

While naturally everyone’s thoughts were with the victims, I also felt a huge amount of sympathy for those who hadn’t been able to finish the race. After months of training, to get so close to the finish line and not be able to finish would have been so disappointing. Physically they would have been exhausted and freezing (despite the sun the temperature was only in the early teens). And then there would be the uncertainty – what had happened up ahead? Were friends and relations OK? How were they going to get their bags, gear, phones, money, hotel keys? It made me feel even luckier to have got through the finish earlier and to have enjoyed the feeling of crossing the line.

The next day when I headed back into the city the police presence on the streets was obvious. The talk in my

hotel, shops, and on the streets was of nothing else, and a blue and yellow marathon jacket was an entry ticket to dozens of conversations about the events of the day before. In the restaurant where I had lunch, I sat and talked with a lawyer whose 69 year old wife had been among the runners who had been held up. Thankfully she had her mobile phone with her and was able to call him from the course, but it had taken her until 6pm to finally get her bag and find her way home. He told me she was still very shaken up by the experience.

The area where the bombs had exploded was completely sealed off, and in any case it seemed voyeuristic to go down and try to have a look around. I spent the day walking around the city centre, taking in the sights, and trying to get my aching muscles moving. When eventually my legs gave out I did the tourist thing and went for a pint in Cheers. The overriding feeling of people I talked to was sadness – not just for the victims, but for the whole city, for whom Patriot’s Day is a real family holiday and the marathon a source of great civic pride.

Back in Dublin Airport I met Paul O’Meara, another actuary who ran the marathon, and we exchanged stories. Then we had the slightly bizarre experience of walking out into arrivals to be greeted by a horde of journalists – anyone wearing runners with a sportsbag seemed to be a target! Despite having very little to say I gather I was featured on the RTE and TV3 news during the day.

I’ve been lucky enough to run a couple of big city marathons, including New York and Berlin, but for obvious reasons I think Boston 2013 will stand out in my memory for a long time. The combination of euphoria and disbelief I experienced still seems slightly unreal, and as time goes by I reflect more on how lucky I was not to be directly impacted. As yet the implications for future big marathons are not clear – although thankfully the following week-end the London Marathon seemed to go off without a hitch. I certainly hope that this unique event goes ahead again in 2014 – it seems to me this would be the best tribute to those who died or were seriously injured on a day when sport and goodwill were unfortunately overshadowed by tragedy.

*Gareth McQuillan*

# Exam Tips – How to Avoid Silly Mistakes

We have all been at a tutorial or lecture and listened to the lecturer reminding us to 'read the question' before answering. It's almost something we don't listen to, how could anyone not read the question?

Well it happened to me during the last set of exams. I missed a major point in the question which led to me not being able to solve the equation and then I never re-read the question while making my three re-attempts at it. I spent far too long on it and I wonder if it would have made the difference between a pass and a fail...

Some of the items in this list may seem very obvious. And they are. But we have canvassed the views of lecturers and examiners and they tell us that students make these errors time and time again. So have a read and make sure you don't fall victim to these!

## Read the Question

Many people simply answer the wrong question, or miss important points in it. Read the question fully and underline the key points before attempting it. Don't jump straight in assuming you know what it's asking.

## Marks

Pay attention to the marks allocated to a question. People often write far too much for a short question and not enough for a long one.

## Question Order

Lecturers tell us they are amazed anyone would answer an exam paper in question order. This is not the best strategy. Bank marks quickly by doing the easiest questions first. Leave the hardest ones which you are least likely to score well on until the end. As long as you label the questions clearly, you will have no issues doing questions in whatever order you want.

## Sleep

Some may disagree with this point, but experts agree that a good night's sleep is essential to exam performance. How can you reach your full potential if you are exhausted?

## Technical Points

These may sound basic, but these are some very common mistakes

$$(x + y)^2 \neq x^2 + y^2$$

$$2^3 \neq 6$$

$$\text{if } 2x = 0, x \neq \frac{1}{2}$$

And don't confuse integration with differentiation!

## Handwriting

To a certain extent, we can't help our handwriting. But there is some evidence to say that bad handwriting can subliminally annoy markers. Try your best to help the marker give you the marks.

## Be Clear

Show the formula before plugging in the answers, just in case you go wrong.

Circle the final answer to make it easy for the marker to see if it's a numerical question. Try to ensure your presentation is good, points are obvious and paragraphs are used to make it easy for a marker to grade.

## Timing

Be brutal. Time is tight in actuarial exams. Don't be afraid to give up on a question if you have gone over time. Allocate 1.8 minutes for every mark. You can always come back to it at the end if you have time. So many students fall down because of timing and not lack of knowledge.

## Assumptions

And finally, always state the assumptions, this is one of the things most often forgotten. They can be some of the easiest marks to come by, make sure you don't leave them behind!

## The Best Job in the World

Many of us will remember the yellow circular advertising the job of Appointed Actuary to Acorn Life when Jonathan Gould was retiring. The job was described as the best in the world, and it did sound pretty good to me. Although that job circular didn't make the news on CNN, or feature in articles from Forbes to the L.A. Times, the actuarial profession has recently been making headlines. A survey by CareerCast.com has ranked actuary as the best job in the world. Of course, the newsworthiness of the ranking has been helped by the fact that journalists are ranked as having the worst jobs in the world.

Not surprisingly much of the reaction from the press has focused on the worst job ranking of journalism. John Hall in the Independent noted "It's official – I now have the worst job in the world". However, the survey has raised the profile of actuaries internationally ("analysts who apply statistics and financial theory to help companies, particularly insurance firms manage financial risks" according to Time, whose website also linked to the wikipedia page on fictional actuaries).

Reporting the survey results, the Times of India described an actuary as "one who assesses risk probabilities, often for insurance purposes, using statistical data, environmental impacts and situational trends."

The CareerCast.com survey assesses 200 careers using a scoring system that aims to take account of the work environment (including physical and emotional challenges), income levels, job prospects and stress levels.

Actuary beat biomedical engineer to the top spot with software engineer third on the list. At the other end of the table, jobs that might once have been viewed as exciting and glamorous are now ranked in the bottom ten, including actor, flight attendant and bottom placed journalist.

# Diary Dates

## Thursday 19th September - Conrad Hotel - Dermot Corry's Presidential Address

This will be an occasion to join the President, Dermot Corry, to hear his plans for his term and to join him for dinner afterwards to continue the discussion and share your views with him.

## Wednesday 25th September - Shelbourne Hotel - full-day Seminar 'ERM: Insights for Insurers'

Full details are on the Society's website.

## Monday 7th October - Alexander Hotel - Address by Professor Patrick Honohan

The Governor of the Central Bank of Ireland, Patrick Honohan, will address members prior to being formally conferred with Honorary Fellowship of the Society of Actuaries in Ireland. There will be a dinner following this Address for members to celebrate this occasion.

**The Calendar of Events will be continuously updated during the summer months, so please keep an eye on the Events section of the SAI website.**

## Launching the SAI Ball

**Saturday 16 November 2013**  
**Round Room, Mansion House,**  
**Dawson Street, Dublin 2**

Lots of ball gowns and dress suits will be seen on Dawson Street on 16th November as SAI members and partners, together with actuaries who have moved abroad, gather to enjoy the Society's Ball. Be part of this Society social occasion and book a table with:

- Work colleagues
- Friends from college
- Fellow members on SAI Committees
- Members whom you worked with previously
- Members whom you met at Professionalism Courses & Events /Graduation Programme, or
- Make an individual booking and the Ball Committee will organise a table for you

If you know of any Irish actuaries who are now working abroad, please contact them and invite them to join us.

**Pre-dinner reception – 4 course meal and wine – great music in a stunning location - and ticket price only €100 p.p**

## Golf Calendar

### Matchplay Competition

This competition is underway with the final due to be played before Captain's Day.

### Scramble - Friday 5th July - Lucan Golf Club

Each team will consist of 4 players. You are welcome to put your own team together or enter individually and we will pair you with other golfers. Individuals without an official handicap are welcome to play in this event – please just specify that you don't have a handicap when booking.

### Captain's Day - Thursday 29th August - Carton House Golf Club, O'Meara Course

**Enter online at the Events section of the SAI website.**

**Best of luck to all!**

## On the Move

### FELLOWS:

- Ger Bradley** has moved from RSA to **Milliman Limited**  
**Kevin Humphreys** has moved from Aviva to **Zurich Insurance**  
**Sarah Fee** has moved from Attain to **Deloitte**  
**Gareth McQuillan** has moved from Aviva to **Axa Life Invest**  
**Niamh Lynch** has moved from Standard Life to **Aegon Ireland**  
**Eoin Murphy** has moved from Aviva to **Towers Watson**  
**Niall Dillon** has moved from IBRC to **AIB**  
**Paula Burke** has moved from VHI Healthcare to **Liberty Insurance**

### STUDENTS:

- Julie Reynolds** has moved from Travelers to **Liberty Insurance**  
**Catherine Murphy** has moved from Travelers to **Ernst & Young**  
**Jennifer Healy** has moved from IPSI to **Standard Life**



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