



Dermot Corry, SAI President, presenting Professor Patrick Honohan with his Honorary Fellowship parchment

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## Conferring of Honorary Fellowship on Professor Patrick Honohan

Dermot Corry, SAI President, welcomed members, including special guest, Cyril Roux, newly appointed Deputy Governor, Financial Regulation, at the Central Bank, to the conferring of Honorary Fellowship on Professor Patrick Honohan on October 7th 2013. Dermot also acknowledged the Past Presidents who were in attendance. Dermot gave a summary of the background to the election of Honorary Fellows.

Currently, our eminent Honorary Fellows are: Professor Philip Boland, Professor Phelim Boyle, Professor Emmanuel Buffet, Mr Chand Kohli, Mr Tom Ross, Professor Brendan Walsh, Professor Alastair Wood and newly elected Professor Patrick Honohan. The late Garret Fitzgerald was, of course, also an Honorary Fellow.

Article 11 of the Society’s Articles of Association provides that “the Council may from time to time elect as Honorary

*Fellows such one or more persons as the Council at its discretion considers proper to be elected by reason of their position or experience or by reason of their eminence in the actuarial profession or otherwise”.*

*While Council has a wide discretion under the Articles in the election of Honorary Fellows it has generally considered that the following categories of person might be considered suitable:*

- notable Irish academics in a discipline with relevance to the actuarial profession who have achieved some special distinction or who have some particular affinity with the actuarial profession
- industry leaders in the financial services field in Ireland who would be generally recognised as outstanding managers, innovators, etc.
- distinguished members of other professions in Ireland, who would be recognised as such in their own

profession and in the actuarial profession and who would have had a particular connection with the actuarial profession

- distinguished Irish public servants, who would be recognised as such by their peers and in the actuarial profession and who would have had a particular connection with the actuarial profession
- prominent international figures in the actuarial profession who would have some particular connection with the Society or with Ireland.

I am delighted that Professor Boland and Tom Ross have been able to attend today. We received apologies from many of the others including Professor Brendan Walsh who cannot attend due to a prior commitment overseas. He has fond memories of Professor Honohan as one of his students in the now distant past!

Earlier this year Council decided to offer the position of Honorary Fellow to Professor Patrick Honohan and we were delighted that Professor Honohan accepted that award.

Professor Honohan needs little introduction to this audience since he has lived in the public eye for the last few years. Nevertheless I will summarise some of his notable achievements which formed the basis for Council's decision to confer him with Honorary Fellowship:

As you all know he is currently Governor of the Central Bank of Ireland and has taken a key role in stabilising our financial institutions and rebuilding our reputation for financial services regulation.

Before his appointment as Governor, he was Professor of International Financial Economics and Development at Trinity College Dublin and is now Honorary Professor of Economics. He spent almost a decade at the World Bank where he was Senior Advisor on financial sector policy. He was previously Research Professor with the ESRI, Economic Advisor to Garret Fitzgerald as Taoiseach and he spent several years as an economist at the Central Bank) and at the IMF.

A graduate of UCD, he also has a Ph.D. in Economics from the London School of Economics.

He has published widely on issues ranging from exchange rate regimes and purchasing-power parity to migration, cost-benefit analysis and statistical methodology. In recent years, his research has focused mainly on monetary and financial sector policy.

And, of course, on a personal level his father William Honohan was the first President of the Society in 1972.

Dermot concluded by saying that the Society is honoured that Professor Honohan has accepted our Honorary Fellowship.

Professor Honohan then addressed members.

### Address by Professor Patrick Honohan - October 7th

Patrick Honohan is no stranger to the actuarial world as his father was the first President of the Society of Actuaries in Ireland. His opening sentence displayed his actuarial insight as he described home ground for the actuary as measurement and evaluation of financial risk over time as it relates to human life and human behaviour. In particular, he noted that the actuarial toolkit is well suited to evaluating long term promises or guarantees and on the behaviour side, to design systems to cater for moral hazard and anti-selection.

Professor Honohan's speech expanded on both of the actuarial concepts in the context of the current crisis facing the Irish banking system and society at large, namely, the mortgage arrears crisis.

Firstly, on the assessment of long term guarantees, the Central Bank of Ireland is currently studying very closely the expected future loan losses on the Irish banks' loan books to guide both provisioning and potential capital requirements. The Central Bank have been developing complex in-house financial models including a forward looking expected loan loss model and a full balance sheet assessment inclusive of a macroeconomic stress test. What was particularly fascinating was the clear crossover in terms of what the

Central Bank are trying to achieve and issues that Insurance actuaries face regularly. Two key common challenges are accessing suitable data and choosing the appropriate methodology.

He compared the loan modelling world where a loan migrates from performing to non-performing with a typical life assurance mortality model. However, the loan modelling scenario involves additional complexity in that the loan may migrate from non-performing to performing. At least life actuaries don't have to allow for resurrection!

Professor Honohan pointed out that an additional complexity arises because the loss amount, or loss given default is dependent on future property prices. In practice, there has been so little loss crystallisation on Irish banks' loan books that the data is not particularly informative. The Central Bank developed a model based on a richer household data set of current income and employment on the basis that the banks will modify a loan to make distressed loans sustainable. The loan modification is calibrated to ensure sustainability given household income. This alternative model is useful but suffers from the lack of sufficient evidence of banks using such loan modifications.

On the data side, it was very interesting to hear of the problems that the Central Bank faces with data in attempting to model loan books. Although there is data covering some 660,000 loans, it does not capture income and employment status over time and therefore the impact of changing economic conditions can not be directly modelled. Professor Honohan remarked that it was similar to 'water, water everywhere, nor any drop to drink' in that what appeared to be abundant data was not usable. Again, the similarity that both insurance and pension actuaries face in terms of the availability of usable data was striking. In the end, the Central Bank used complex econometric techniques to simulate evolving performance of the loans into the future.

Professor Honohan went on to discuss the behavioural aspects of moral hazard and anti-selection. As mortgage business



*Professor Honohan with the President, Past Presidents and Honorary Fellows*  
 Back L to R – Philip Boland, Hon FSAI; Brian Duncan, Tom Ross, Hon FSAI; Peter Delany, Philip Shier, Michael Brennan, Patrick Honohan, Hon FSAI; Pat Healy, Eamonn Heffernan, Paul Kelly and Bruce Maxwell  
 Front Row – L to R – Bill Hannan, Bob Willis, Dermot Corry, David Kingston and Paul O’Faherty

in Ireland has been virtually free of default risk over the decades, bankers and regulators have not until recently given it much thought. Indeed, he noted that there is little literature available on mortgage lending default risk.

From a bank’s perspective, the success or otherwise of adopting a strategy of modifying loans is dependent on the ability to distinguish between those borrowers who can pay from those who won’t pay. Interestingly, the US banks are so convinced that they can’t solve this adverse selection problem that they make widespread use of repossessions even though they recognise the value destruction on general property prices and the large costs associated of repossessions. This in stark contrast to Irish banks that are slow to move to repossession, possibly for exactly those reasons.

Professor Honohan said that he disliked the value loaded term ‘strategic defaulter’, which is now used extensively by the media. The term originated in the US and refers to an entirely different situation. He went on to explain that it was important to better understand the multiplicity of causes

for the mortgage arrears behaviour. In particular, he said that many cases could be described as ‘wait and see’ cases. As examples of this category, he cited the ‘angry group, blaming others for their situation but knowing the debt build up will catch up with them’ and then he mentioned the ‘consumption smoothing group’, who respond to an income shock by borrowing from the cheapest source - accumulating mortgage debt can appear as a cheap form of borrowing. He also cited the ‘management of multiple debt’ group who perceive that non-payment of other debts such as utility bills and credit card bills have worse consequences than non-payment of mortgage debt.

He went on to remark that the scale to which the unresolved arrears situation has grown reflects a degree of adverse selection in that there is an absence of consequence for non-payment. In summary and in keeping with the theme of the two actuarial concepts in his introduction, Professor Honohan stated that the resolution of the mortgage arrears crisis involves a solution to both issues - implementing loan modifications for those whose debt is unsustainable and equally ending

the procrastination of those who can be put on a sustainable path. He went on to say that this is an enormous challenge, the biggest facing the Central Bank over the next 18 months and it must be executed with timeliness and skill. The resolution to this deep and protracted problem has called on advanced analytical techniques to measure and design solutions.

Professor Honohan also referred to other actuarial concepts that are used in banking such as stochastic modelling of property prices and unemployment and asset liability mis-matching in relation to tracker mortgages. This raises the interesting question of why there are not more actuaries working specifically in the area of ‘loan modelling’ within banks and regulators.

Professor Honohan then took questions from the room, leading to a frank and engaging question and answer session. It was notable too that Professor Honohan’s speech made headlines on both the RTE news and a number of the domestic broadsheets – highlighting the significance of the mortgage arrears issue, and the newsworthiness of our newest honorary fellow.



*Past Presidents, David Kingston and Bob Willis chatting at the reception for Professor Patrick Honohan.*

At dinner following the conferring of Honorary Fellowship on Professor Patrick Honohan, Dermot Corry presented Bob Willis with champagne and congratulated him on his recent significant birthday. Dermot conveyed the best wishes of Council and members to which Bob replied with thanks and a joke about his age!

# Dermot Corry's Presidential Address to members on September 19th

## Recent economic backdrop and the major news of 1982

Dermot Corry delivered his Presidential Address on September 19th to an audience made up of actuaries, members of Dermot's family, and in one case, someone who fell into both camps. He began by making it clear that he was presenting his own personal views rather than those of the Society or those of his employer, before taking us on a whistle-stop tour of the major news stories of 1982, the year when he began his actuarial career with Irish Life. This may have been the most entertaining, and also the most depressing part of the presentation. Could it really be over 30 years since E.T. phoned home and Seamus Darby prevented Kerry from winning the 5 in a row? So famous was that result that I remember the victorious Offaly team visiting my school as a child, and I didn't even grow up in Offaly!

Dermot's historical context was not solely devoted to the distant past of the early 80's. He took a few minutes to remind us of the carnage of recent years through rising unemployment, increasing spreads on government bonds, falling property prices, bank bail-outs and budget deficits. On reflection, maybe this was actually more depressing than E.T.'s age.

Against this economic backdrop we got a sense of the wider role that actuaries play in people's lives – with 700 Fellow members of the Society in Ireland protecting the interests of 500,000 pension scheme members and millions of insured policyholders with over €200 billion of combined liabilities. This gives a sense of the heavy responsibility that actuaries carry both individually and collectively through the Society. In this context, Dermot highlighted the need for actuaries to focus our efforts on contributing to the strength of our financial institutions.

## Defined Benefit Pensions

Having set the context, Dermot got quickly into the "meat" of his speech. Despite a background in life assurance, Dermot devoted a large portion of his speech to pensions concerns, and in



*President's Cake!*

particular the challenges currently facing Defined Benefit pension arrangements. Not content with simply setting out his analysis of the causes of the challenges facing DB schemes, Dermot was willing to set out a straw man for what in his view might be a sustainable approach for those remaining DB schemes.

In summary, his straw man involved:

- A new contract for future accruals within DB schemes, with complete guarantees of benefits and firm rules
- A structure for dealing with existing benefits that recognises the reality of the current position, involving firm sustainable recovery plans
- A fair and equitable system for determining priority on scheme wind-up, possibly including debts on employers
- A requirement for all schemes to appoint a risk manager

Dermot reiterated that his straw-man was a personal view and not designed to in any way capture or represent the views of the Society.

Dermot also expressed his disappointment with two particular aspects of the current regime:

- The priority order on wind up and in particular its unfair treatment of those close to retirement. He called on the Minister to act in this area before a large number of employees suffer large reductions in their expected pension entitlements.

- The decision of the Minister not to approve some proposed changes to ASP-Pen2 which is used to determine transfer values. He noted that the Society is working with the Pensions Board on this issue and plans to jointly propose to the Minister that the responsibility for this standard should transfer to the Pension Board.

## Importance of Defined Contributions

Having outlined his views on the Defined Benefit crisis, Dermot then turned his attention to Defined Contributions. Noting that active private sector DC members outnumbered the DB equivalent by a ratio of about 5 to 1, Dermot expressed the view that "we spend too little time discussing this group in comparison to their numbers". Given the fact that new members will almost invariably join DC schemes, he stressed the importance of getting DC structures correct. He highlighted work that the Society has been doing in this area, including a Defined Contribution working party set up to consider key issues like DC investments and communication with members, and indicated that this is an area where more resources will be applied in coming years.

In this context, Dermot pointed out an elephant in the room, in the form of the State Pension. Dermot suggested that we are currently in the golden age of the State Pension – it has never been so high in real terms, and is not sustainable in its current form. Any changes needed to make the State Pension equitable and sustainable should be made in the context of the possible introduction of mandatory pensions or auto-enrolment, and Dermot highlighted the work that had recently been completed by the auto-enrolment working party of the Society.

Dermot finished his focus on pensions by calling on actuaries to expand our horizons by taking on risk management roles in Defined Benefits, by showing innovation in designing Defined Contribution solutions and to use our knowledge of the system to influence

government and regulatory actions for private and State pensions.

## Insurance

Of course, pensions were not the only focus for the evening. Dermot talked about the current insurance landscape too. Despite the delays he was broadly positive in his views on Solvency II and felt that the delays may have been beneficial in some ways, wondering whether the system as originally conceived was robust enough to deal with the shocks of recent years. He also praised the Central Bank of Ireland, highlighting the considerable progress that has been made in recent years in developing a robust regulatory system. Despite the positive views, he did have a wish list for future regulatory developments. Top of the list was a call for a clearer roadmap of upcoming regulatory change. He also called for a regulatory structure that was flexible enough to facilitate innovation without weakening the robust nature of the system, and thirdly highlighted the potential requirement for changes under the current regulatory regime ahead of the introduction of Solvency II.

Finally Dermot noted that a consultation paper had been issued by the Central Bank in the area of reserving and pricing for non-life insurers and reinsurers. Dermot promised constructive engagement with this consultation.

## Actuarial skillsets

A strong element of Dermot's speech was his focus on broadening actuarial skillsets. He noted that the shelf life of skills is often around five years, and emphasised our responsibility as actuaries to continually refresh our skills, and the Society's responsibility to support us in this. He highlighted the work of the Professional Development and Research committee in assessing the skills that actuaries need and how best the Society can facilitate them, and the Directors' Interest Group in building the skills of actuaries working or intending to work as directors.

He also highlighted potential changes to both the practising certificates regime and the CPD requirements,

which would extend the level of CPD that actuaries would need to attain.

Dermot highlighted the size of the profession, growing from 17 fellow members 41 years ago to over 700 now. For such a large number of actuaries to continue to enjoy long and fruitful careers he felt that the profession must continue to try to broaden its horizons. He highlighted a number of working parties that had been set up with a view to achieving this goal and particularly noted the level of engagement from younger members of the profession which had grown significantly in recent years.

## Volunteers and international work

Before wrapping up, Dermot took a moment to thank the Society's 250 or so regular volunteers. The imminent visit of the Groupe Consultatif to Dublin was a fitting occasion for highlighting the particular contribution of three people to the Society's work and reputation in a wider international context – Bruce Maxwell, Seamus Creedon and Phillip Shier (the international work of the Society will be less familiar to many members, and we are pleased to have an article in this edition of the newsletter by Phillip Shier providing more insight into this area).

Dermot finished by summarising his key messages and highlighting a range of opportunities for actuaries, particularly in developing our skillsets and broadening the scope of our profession and the services we offer.

With the speech out of the way, Dermot had time to call on Philip Shier for a comment. In reality, we believe Philip may have been scratching his ear rather than putting his hand up but Dermot noted that it was like being at an auction – you have to be very careful how you twitch. Philip's assessment was that Dermot's analysis of the issues with DB pensions was "spot on" and he could see merit in the approaches set out by Dermot in his straw man.

With the formalities out of the way, the evening settled into a more relaxed

format with many attendees chatting over a glass of wine. Dermot's views on DB pensions were a popular topic of conversation and there was certainly disagreement on some aspects of the straw man, but a positive overall engagement with many of Dermot's ideas. Saying that, a number of comments were prefaced with phrases like "when you have been working in pensions for as long as I have" or "well, it's always easier to solve someone else's problems". In terms of generating ideas and discussion though, it's fair to say that the speech was a success. The majority of attendees stayed on for an excellent dinner and more wide ranging conversation.

# ERM: Insights for Insurers - September 25th

There was a large attendance at the Society's 'ERM: Insights for Insurers' conference in the Shelbourne Hotel, with an audience of over 200 people from a variety of backgrounds. In particular, it was interesting to see so many attendees from outside the profession with around a quarter of those present made up of non-members. The attendees were treated to a wide variety of very interesting presentations, delivered by speakers from different backgrounds, both from within and outside the insurance industry, as well as an address by a senior member of the Central Bank of Ireland. A number of strong themes ran through the day, particularly those of risk governance and risk culture. These were accompanied by a focus on some recent developments in areas such as risk appetite and risk measurement.

The event was opened by **Patrick Brady** of the Central Bank of Ireland, who while speaking in a personal capacity, challenged the audience about the investment strategies employed by Irish insurers compared to those pursued by their European counterparts. He believes Irish firms have adopted a passive or reactive approach, looking to address 'yesterday's risks today' rather than take advantage of potential future growth opportunities. He noted that the equity allocation of Irish insurers is at its lowest level in decades and that they have a history of investing in asset classes after yields have compressed. Mr Brady also made some interesting comments on the strategies pursued by variable annuity providers in the current low interest rate environment. He believes that some firms may be increasing guarantees to drive market share growth in the hope that interest rates return to more 'normal' levels in the future.

**Eamonn Phelan** spoke about risk appetite statements and how the regulatory challenge has moved from having a risk appetite statement to focussing on the effectiveness of that statement. He outlined a useful 'effectiveness checklist' and pointed out that insurers should not be afraid of breaches in their risk appetite statement – no breaches may well indicate that the risk limits are set too high or that some important risks are not reflected in the statement.

**Francis Coll** highlighted the upside of an effective compliance function, namely a trusted company with which consumers are happy to place their money. He also discussed where the compliance function sits within the '3 lines of defence'. While strictly speaking compliance forms part of the second line it must also undertake some first line activities in order to become a 'trusted business resource'.

The next presentation provided valuable insights from the perspective of an INED. **Pat Ryan** outlined the merits of having good corporate governance, effective risk committees and a well-articulated risk appetite statement but felt that the culture of the company and the tone set from the top were the most important aspects. Indeed, the importance of 'risk culture' was a recurring theme throughout the day being picked up by a number of speakers during the panel discussions. It was suggested that a good challenge for any CEO was to ask them to define not only the risk culture of their organisation but their role in shaping it.

**Professor Niamh Brennan** returned to the topic of risk culture later in the day suggesting that while the Board has ultimate responsibility for everything the culture of the organization is set by the CEO. In an entertaining presentation that examined the influence of culture in an organisation, Professor Brennan also urged us to focus on 'geology not geography' – that is, to seek to understand the root causes of a problem.

**Esko Kivisaari's** presentation considered some of the current challenges for insurance companies, namely increased longevity and low interest rates. In particular, he noted the point made by EIOPA that Solvency II does not create problems for the business in this regard. Rather it is the economic environment that causes problems and Solvency II merely forces companies to recognise them on their balance sheets earlier.

Methods of mitigating investment risk in order to provide long term guarantees was the subject of **Lukas Ziewer's** presentation. He expressed the view that this was a key function of insurers and noted that the analytical

understanding of market consistent liability valuations had increased rapidly with MCEV and Solvency II. The focus should now be on designing and executing ALM strategies in a difficult market.

After a break for lunch, **John McCrossan** gave a very interesting presentation on operational risk. After highlighting the real costs of operational risk events, he questioned the extent to which operational risks are considered in product pricing. John then outlined a method he has developed for estimating operational risk costs based on general insurance techniques.

The final speaker was **Marie Sinnott** from the ESB who provided some insights into risk management in that organisation. Ms Sinnott stressed the importance of the risk committee having access to the 'shop floor' and recommended having a pre-set agenda for use in the initial meeting after a risk event.

The level of attendance at the conference highlights the growing interest in and importance of ERM as a theme both within the profession and outside it. The attendance of so many senior executive and non-executive directors from outside of the profession shows how highly the ERM expertise of the actuarial profession is regarded. ERM has become a natural new frontier for actuarial skills, and an event like this seminar helps cement the reputation of the actuarial profession in this area.

Speaking after the seminar, the chairman of the ERM committee of the Society, Eamonn Phelan, echoed this view. *"It's clear from the attendance today that enterprise risk management is at the top of insurers' agendas at the moment. We, as actuaries and risk professionals, are ideally placed to meet the challenges of risk management and to ensure that current practice in our industry remains at the cutting edge".*

Podcasts of all of the presentations and round table discussions are available on the Society of Actuaries website.

*Photos from the Conference are on page 9*

# The SAI's International Committee

After the recent Groupe Consultatif meetings in Dublin, we caught up with Philip Shier, chair of the International Committee to find out more about the committee and the wider international actuarial community.

**Tell us about the work of the International Committee, and the key workstreams of the committee at present – is it all Solvency II, or are there other areas that the committee is active in?**

The terms of reference and modus operandi of the Committee are being reviewed at present, but the main role of the Committee is to facilitate and support the interaction of the Society with the International Actuarial Association (IAA) and the Groupe Consultatif - which will shortly be changing its name to the Actuarial Association of Europe.

The Committee does not get involved in the technical detail: for example, inputting to Groupe Consultatif responses to Solvency II issues is handled by our Solvency II and Insurance Committees, and work on the proposed IORP Directive was handled by a working party reporting to our Pensions Committee.

The Committee's role is to ensure that the Society does respond to such issues and to oversee the overall relationship with the two bodies. The Committee also has primary responsibility for considering how to exercise the Society's vote (subject where appropriate to approval of Council) on issues to do with the strategy, governance and finances of the two bodies. Examples of issues which have arisen in recent years are the role of the international bodies in standard setting and also the development of a global ERM credential, CERA.

**How does the committee interact with the wider international actuarial community through the Groupe and the IAA and who is currently involved?**

Some of the members of the Committee are the Society representatives to Groupe/IAA committees.

I am the Society's delegate to the IAA council, where I have the honour and responsibility of casting our 3 votes



*Officers and Executive of the Groupe Consultatif with newly elected Honorary Chairmen Carla Angela and Bruce Maxwell in the centre.*

(recently increased from 2 when the number of qualified actuaries exceeded 500) and I have recently taken on the corresponding role within the Groupe – the formal designation is membre titulaire, which is not, at least for the moment, being changed to an English title! Dermot Corry is our membre suppléant at the Groupe and in this capacity would stand in for me if I was not available.

Jim Murphy represents the Society on the Groupe's Insurance Committee, of which he is Vice Chairman and to which he has contributed significantly in recent years, notably on discrimination issues; he is also a member of a Consumer Protection Task Force. Evelyn Ryder has recently stepped down from the Investment & Financial Risk Committee, having represented the Society very effectively for several years. On Solvency II work, Michael Culligan and Declan Lavelle are members of the Solvency II Working Group, Colin Murray is Deputy Chairman of one of the workstreams of this Working Group, and Francis Coll is a member of a task force that is drafting a standard of practice on the Actuarial Function Report. On pensions, Naomi Reville has recently volunteered for a task force on pensions adequacy, which will explore the financial

sustainability of pension systems in the EU. At the IAA, Stephen Devine, Brian Morrissey and Padraic O'Malley are members of the Reinsurance, Insurance Accounting and Enterprise & Financial Risk Committees respectively, while John Armstrong is a corresponding member of the Mortality Task Force. I must also pay tribute to the contribution of Yvonne Lynch over the last few years: she represents the Society very ably in Groupe and IAA Professionalism and Education committees and has been involved in a number of projects in that capacity: currently she is the head of a working party undertaking a fundamental review of the Groupe's Code of Conduct.

We are always on the look-out for volunteers to get involved in the Society's international activities: this can be a relatively modest commitment, e.g. on a task force or specific project, although it is important that those who volunteer to represent the Society uphold our reputation for being active and thoughtful contributors.

*....continued*

### It would also be helpful to get a sense of the history of Irish actuaries' involvement with international actuarial affairs.

As Dermot mentioned in his Presidential Address, members of the Society have played leading roles in the Groupe Consultatif for two decades or so. Bruce Maxwell chaired the Insurance Committee from 2000 to 2003, was Chairman of the Groupe in 2009-2010, and was elected an Honorary Chairman of the Groupe at the recent General Assembly meeting in Dublin. Seamus Creedon led the Groupe's work on Solvency II during the key period from July 2008 to October 2012 and is widely respected throughout Europe as an expert on Solvency II issues - he has recently been selected to serve a second term on EIOPA's Insurance and Reinsurance Stakeholder Group. I was honoured with the Chairmanship of the Pensions Committee from 2005 to 2011 and am about to start a second term on the EIOPA Occupational Pensions Stakeholder Group.

Other Society members have played key roles in the past: Paul Kelly was Chairman of the Groupe Consultatif in 1994-95 and Jim Kehoe and David Kingston have contributed strongly to the Groupe and IAA.

### How do you think the SAI is regarded internationally and what is your assessment of our contribution on the wider stage?

I believe that the IAA and, more particularly, the Groupe have a high regard for the Society, based on their experience of the contribution made by the Society and its representatives over the years. This is illustrated by the fact that both organisations have held meetings in Dublin over the past 6 years: the IAA meetings in October 2007 were very successful and the recent meetings of the Groupe involved over 100 actuaries from all over Europe. The success of both events was due in no small part to the logistical support of the Society, and particularly Mary Butler, in ensuring that meetings and social events went according to plan.

### How can actuaries working in Ireland get involved in the work of the International Committee?

We have recently sought volunteers to represent the Society on working

parties/task forces established by the Groupe Consultatif and from time to time the Society sets up its own working groups to look at specific issues – this is a good way to get involved in international work. It is not necessary to be a member of the International Committee to get involved in these exercises but if you find them interesting, you may wish to be considered for the Committee to get a broader exposure to international activities. One of the issues faced by the Committee and the Society is succession planning: our representatives to the international organisations tend to remain in post for a number of years as it is difficult to get fully involved in the work unless you do, but it is important to refresh our representation from time to time and it would probably be appropriate for the proposed successors to spend some time on the International Committee before they represent the Society internationally.

### Does the work of the International Committee involve a lot of travel, and is this a positive or a negative? How do you balance the time commitments of this with work and home commitments?

The members of the Committee who represent the Society on IAA and Groupe committees are expected where possible and beneficial to travel to meetings of those organisations, which are held twice yearly. This can involve some long journeys, particularly for meetings of the IAA, which are spread around the globe: in recent years I have travelled to Cape Town, Sydney, Los Angeles and Nassau and attended the September meetings in Singapore. I consider it a positive as I might not otherwise have visited these cities – I often try to take some holiday around the meetings so that my wife and I can enjoy the tourist attractions. However, the Groupe meetings are always held in Europe and so travel distances are not as great. Of course, you need an understanding partner and a supportive employer to be able to commit to attending meetings and this may not be possible for some. However, one can still contribute to the work of the IAA or the Groupe as much of this is done by email or conference call.

### How do Irish actuaries differ from our European counterparts, and how are we similar – are actuaries cut

### from the same cloth regardless of where we are from?

This is a difficult question: how do Irish people differ from other Europeans? I think there is a lot of commonality amongst actuaries, wherever they come from, but in some countries there is more emphasis on technical issues than on the practical application of actuarial principles.

### Why were the GC meetings held in Dublin this year, and what does it mean, if anything, for the Society and for Irish actuaries?

The Groupe knows that meetings in Ireland will always be well organised and well supported and recognises that the Society appreciates the importance of the European/international dimension. It was good to see other members of the Society involved in the business and social activities of the Groupe, and I hope this will help to stimulate interest amongst some of our members to get more involved in international work. Cathal Fleming, Chairman of the Society's Pensions Committee attended the GC Pensions Meetings as an observer and I asked him for his comments: *'The meeting started with an entertaining discussion on Arthur's day! There was a good agenda with topics ranging from the familiar (European directive on Solvency II for pensions) to the not so familiar (pensions tracking services for members). Having listened to a wide range of views during the day, I left with a better understanding of the pensions landscape across Europe.'*

The Society is very appreciative of the many members' employers who generously assisted the Society in hosting the Groupe's meetings in Dublin. The Society was honoured to host this prestigious event.

Philip Shier  
Chairman  
SAI International Committee

### SAI International Committee membership:

Stephen Devine	Jim Murphy
Ramona Dolan	Naomi Reville
Jim Kehoe	Philip Shier (Chair)
Yvonne Lynch	

# Groupe Consultatif Dinner

Westin Hotel – September 27th



*Tom Terry, Dermot Corry, Brenda Dunne and Esko Kivisaari*



*Jimmy Doyle, Marguerite Bolger and Jim Murphy*



*John Moran*



*Nick Dumbreck, Mike Poulding, Seamus Creedon and Paul Sharma*

# ERM: Insights for Insurers

September 25th



*Francis Coll, Eamonn Phelan, Dermot Corry, Pat Ryan and Patrick Brady*



*Dick O'Driscoll, Marie Sinnott and Niamh Brennan*

# Question Time with Jonathan Goold



By popular demand, we are reinstating the Question Time feature that was once a regular part of the Society Newsletter. This provides us with a good opportunity to get a half serious, half light-hearted insight into the life of a fellow actuary and Society member. If you are interested in taking part in future Question Times, or would like to recommend a friend or colleague for a future Question Time, then please get in touch. Jonathan Goold has kindly agreed to be the first subject of the new run.

Jonathan is known to many for his role as Appointed Actuary and Finance Director of Acorn Life in Galway, and for his extensive involvement in the work of the Society. Since his retirement from Acorn in 2010 Jonathan has been an active Independent Non-Executive Director and is currently INED for three insurers as well as director for a number of charities.

## Career Background

Jonathan joined Acorn in December 1992 having worked for the previous 10 years in Abbey Life in Bournemouth. He had no connections to Galway or Ireland (nor did his late wife Liz) and certainly experienced something of a culture shock on moving to the West from the South coast of England. After more than 20 years there, however, Jonathan has clearly "gone native" and is a strong and vocal advocate for life in the West.

Jonathan recalls being offered the job in Acorn at his first interview there. Naturally he did not want to accept such a significant change until he had talked it through with his wife. With four children ranging from 14 to 6 years old, a move to Galway would be quite an upheaval for a young English family. A "keen Christian", Jonathan

described himself and Liz attending church in Galway City on their first fact-finding weekend while considering the move. The reading was from Genesis, and started: *Now the LORD said to Abram, "Go and leave the land of your forefathers and go to a land that I will show you;"*. This led Jonathan to the view that a move to Galway may have had divine backing!

The highlight of Jonathan's early career with Acorn was a successful management buyout in 1997, a process that Jonathan was at the heart of, and he enjoyed a period of continued success with the company subsequent to the MBO.

Liz's unexpected death in 2004 led to a sudden change in Jonathan's circumstances. Prior to that point, a large part of his motivation for work had come from a sense of providing for his wife and young family, but following Liz's death he found himself with his children largely grown-up and certainly a change in outlook and motivation. He started to work towards an early retirement from Acorn, something that came to fruition in 2010 (at the age of 56). A couple of years before his retirement he married Carmel, "a Galway Girl" and they have a happy life together divided between Galway and a holiday home in Portugal.

Jonathan seems to be as busy now as he ever was during his working career. Still an active contributor to the Society of Actuaries, he qualified as a Chartered Director with the Institute of Directors (jointly winning an award for top marks in the UK and Ireland in his certificate examination along the way), and has put his skills to good use as an INED for Axa MPS, HSBC Life Europe and Union Heritage Life, along with a number of Christian charity organisations.

## Question Time:

**Full name:** Jonathan Trevor Goold

**Describe your family:** I'm married to Carmel. I have 4 children through my late wife Liz and 3 step-children through Carmel. I am a proud grand-father to 5 grandkids.

**Qualification:** 1981.

**Current employer:** INED to a number of companies.

**Time you start work:** Varies hugely. Back in my Acorn days, around 8.30am to 9am.

**If you weren't an actuary what would you be?** I would have loved to be a sports commentator.

**What is the worst thing about being an actuary?** The fact that the work can often interfere with the golf!

**Any pet hates?** The tendency to over-regulate everything these days, plus the fear of litigation limiting reasonable risk-taking.

**Favourite actuarial joke:** After my late wife spent a day with another actuary who also had a penchant for precision, she remarked "Wow, he is more like you than you are."

**Favourite holiday location:** Praia da Luz in Portugal.

**Favourite Music:** Pink Floyd. I'd probably have to go for Dark Side of the Moon as my favourite album but would maybe go for Echoes from the Meddle album.

**Favourite tippie:** I'm a big fan of English Real Ale.

**Favourite TV programme:** Any sport, but especially TV golf.

**Who would be your ideal dinner party guests?** William Wilberforce, George Cadbury and Eric Liddell, all famous Christians together with Jesus himself, and not just for turning the water into wine!

**Favourite Pub:** The Dàil bar in Galway.

**How do you relax?** Holidaying with Carmel in Portugal and playing golf.

**Favourite book:** The Lord of the Rings.

**Real books or a Kindle?** Definitely a real book person.

**Favourite movie:** That's tricky – Shawshank Redemption or the Usual Suspects I think.

**Most embarrassing moment:** I had many as a young father explaining various mishaps with the kids to my wife. Such as, it's not a good idea to attach a lively dog to a young daughter's buggy. Dog took off after cat, dragged pushchair, daughter fell out, grazed and yelling, Dad has to explain!

**Last words:** So who said "Old actuaries never die (they just get broken down by age and sex)"?

# Student Section

*“Every man is his greatest enemy, and, as it were, his own executioner.”*  
Sir Thomas Browne

Or as my Dad always said: “you are your own worst enemy”. Whether they were school, university or professional exams he has watched me fret in advance and enter the exam hall ashen faced. As a teenager, I knew everything. I certainly didn’t need to listen to my father. In my opinion, the source of my woes was the very fact that exams existed, not how I dealt with them.

I met recently with Mark Heller, a maths lecturer at the University of Kent who also happens to be a qualified actuary, a qualified therapist and published author. Mark has written extensively on this subject. He identified situational anxiety, and what he called ‘globalisation’ as key issues that exam-takers need to address.

## Situational Anxiety

Whenever we are confronted by a situation that we perceive to be dangerous or threatening, the body produces “stress” chemicals (like cortisol) which initiate a variety of physical changes in the body, such as the release of adrenalin, increased heart rate and sweating. Furthermore, when we feel anxious, we lose the ability to control our own actions and to think rationally.

It’s important to realise that this response is instinctive - once the process has been initiated we have little control over it. The more unfamiliar we are with a situation, the more anxious we are likely to feel and hence our vulnerability to a spiral is increased. Once we enter an anxiety spiral, it is impossible to escape and it becomes difficult to regain control and salvage things in an exam situation.

However, we have control over the factors that influence whether or not the spiral is triggered in the first place!

The obvious solution to reducing your propensity to situational anxiety is to know your material well and attempt a barrage of exam questions (in exam conditions) in advance of the exam. However, even the most diligent of students can crumble when faced with a bad paper – it’s impossible to predict the exam paper in advance and you are guaranteed to see something new at each sitting!

## Globalisation

In this context Mark’s use of the term ‘globalisation’ does not refer to international integration, but rather means reacting disproportionately to a specific situation - or in simple terms - making a mountain out of a molehill. Personally, it is my Achilles’ heel.

Let’s return to the situation above – you’ve opened the exam paper and the first question is woeful. How do you react?

Perhaps the most effective way you could deal with this situation would be to remain calm and rationalise (or compartmentalise) it as one bad question. You could then reassure yourself that you know the rest of the material well enough to pass the exam. One question is insufficient to ruin your chances – there is still plenty left to play for so you delve into the rest of the paper with gusto, unscathed by the initial shock!

However, many people do not react in such a calm, rational way. A typical response might be to start generating negative ideas such as “I don’t know the subject well enough” or “I’m not going to pass the exam”.

This type of globalisation is very dangerous as it raises anxiety levels which in turn inhibit intellectual ability, making it much harder to perform well.

## Exam Tactics & Tricks

I have ambitions (academic, professional and personal) and I often dream of what life would be like, were I to attain my goals. It sounds infantile, yet visualising the outcome makes it feel more tangible and attainable. Mark describes a few simple visualisation tricks that are designed to promote positive thinking and boost confidence whilst sitting exams. Different tactics work for different people; so don’t get concerned if the ideas below seem obscure or unworkable for you. They are merely suggestions and can be discarded or altered as appropriate.

## The Marks Bag

Imagine that as you commence writing, you have an empty bag. Your focus is to fill the bag up with as many marks as you can. Every time you answer part of a question, no matter how small it may be, imagine another mark falling into the bag.

As these marks accumulate; the bag fills up. The strategy works for the following reasons:

- It breaks down daunting tasks – a three hour exam or long question - into manageable chunks, making the exam seem less terrifying (and so you feel less anxious)
- It also helps to enforce the idea that to be successful, you need to “squeeze” as many marks as you can out of each question. Even if you are only able to answer certain parts of the question, the marks associated with the parts you know; will accumulate and help you in your quest.

## The Exam Race

Rather than worrying about what mark you’re going to get in the exam, think about it as though it were a race. All that matters in this race is staying ahead of everyone else. Whilst you’re in the exam room, imagine everyone else getting bogged down with the paper. Then tell yourself that you are more in control than they are. You are better at planning and timing your answers etc.

The strategy works for the following reasons:

- It gives you confidence that you are performing better than other people around you. Granted, in may be false confidence but bear in mind that the strategy is all about making you feel good about your performance and hence, less prone to anxiety.
- It also helps to reinforce the fact that perfect answers aren’t required, or even possible. It’s about trying to squeeze as many marks out of every question as you can even if your answers as a whole aren’t as perfect!

Having interviewed a host of examiners and script markers recently; the same common mistakes are seen to reoccur. We highlighted many of these in our last newsletter. If you can keep a cool head in the exam and avoid spirals of anxiety then time allocation, question ordering, question analysis and other pitfalls should be easier to avoid. There are plenty of challenges that accompany actuarial exams, but there is no reason for your mind to be one of them.

*Niamh Moloney*

# SAI Gala Ball - Saturday 16th November - Round Room, Mansion House

In this year of the Gathering Ireland, invitations to the Society of Actuaries in Ireland's Ball are being extended to all in the Actuarial family. This includes all current and former members. Previously, students didn't attend but this year we hope to see students, recent qualifiers and senior members coming together to socialise and network.

- Re-connect with former colleagues,
- Network with potential future colleagues and
- Spend time with existing colleagues in the glorious social setting of the Round Room in the Mansion House in central Dublin.

In keeping with the generous nature of the Irish people, the Society will provide an opportunity for a nominated registered charity to benefit from attendees' good will on the night. We will run a raffle on the evening and will approach businesses associated with the Society to support us by sponsoring prizes for the evening.

We will also have a table based competition, allowing you to collectively put your minds and wills against others in the room. In addition to the fun and challenge, the prize will be to allow the winning team to nominate the charity of your choosing to which all proceeds of the evening's raffle will be donated.

There is a great buzz amongst members organising their tables and lots of questions have been posed. So, to help you with your plans and to facilitate you to book now for the Ball, here are some answers to members' questions:

- **Dress code for the men:** Dress suits i.e. black tie
- **Dress code for the ladies:** Stylish evening / cocktail attire, long or short.

- **Can non-actuaries attend?** Yes! Actuaries and their partners are invited.
- **Can student members attend?** Yes, this Ball is for all members of the Society; students and qualified actuaries.
- **Can actuaries who are not members of the Society attend?** Yes, as part of The Gathering, we are asking SAI members to invite any Irish actuaries who are now working abroad to join us.
- **Size of tables:** Tables of 10 are ideal.
- **Seating Plan:** You can arrange your own table. When booking online, please state in the 'Remarks box' if you wish to be seated at a particular table.
- **Individual bookings:** Individual bookings, bookings from couples or bookings from a few individuals or couples are more than welcome and the Ball committee will contact you in advance to arrange your table.
- **Will there be a raffle?** Yes! We have plans for a fun table based quiz.
- **What prizes?** We are hoping that members' companies might donate spot prizes. If you are in a position to donate a prize, please contact the Society.
- **Proceeds from the raffle:** All proceeds will go to a recognised charity, which will be chosen by the winning table.
- **Music?** Music will be provided by a 6 piece band, Harlequin - they are all marvellous musicians with a wide repertoire.
- **What time is the drinks reception?** - 7.30pm.
- **What time is dinner?** - 8.00pm.
- **What time does the event finish?** - 2.00am.

*We look forward to a wonderful social event and a highlight in the Society's Calendar.*

## On the Move

### FELLOWS:

**Julia Moore** has moved from the Central Bank of Ireland to **Liberty Insurance**

**Lorna Flanagan** has moved from Towers Watson to **SCOR Global Life Re**

**Darren Egan** has moved from Barclays to **Allianz Re Dublin**

**Michael Marshall** has moved from Zurich to **Friends First**

**Grace Sweeney** has moved from Aviva to **Central Bank of Ireland**

**Donal O'Leary** has moved from Partner Re to **Aetna Health Insurance Company**

**Thomas O'Brien** has moved from Achmea Re to **Hannover Re (Ireland) plc**

**Brian O'Malley** has moved from Aviva to **Generali Pan Europe**

**Clare Cullen** has moved from Towers Watson to **AXA MPS Financial Ltd**

**Laly Calderon** has moved from Hansard to **MetLife**

**Paul Connor** has moved from Alterra to **Canopus Ireland Limited**

**Gillian O'Connor** has moved from New Ireland Assurance to **RGA International**

### STUDENTS:

**Siobhan McDonnell** has moved from the Central Bank of Ireland to **Zurich Insurance**

**Eoin Larkin** has moved from PwC to **Generali Pan Europe**

**Paul Campbell** has moved from Canada Life to **AXA Life Invest**



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