



New Qualifiers October 2016



From back to front & left to right: Ciaran O'Sullivan, Nicholas Whelan, Paul Regan, Joseph O'Flaherty, Eoin Feeney, Matthew Hudson, Flann Brennan, Robert Whelan, Ciara McKeown, Caoimhe Fahy, Vincent O'Flynn, Enda Fagan, Kieran Walsh, Conor Callaghan Claire McKeivitt, Matthew Brophy, David Reilly, Gillian Kissane, Bronagh Traynor, Cian Reynolds, Aisling Breathnach, Sarah Keane, Antje Rooney, Justin McCormack, Niamh O'Mahony, Deirdre O'Brien, Alan O'Byrne, Dervla Tomlin, Edwina Murphy, Rosemary Maher.

The President, Dervla Tomlin, welcomed 29 new qualifiers and their guests to the Society's Fellowship Ceremony on 13th October in the Royal College of Physicians. In Dervla's Address she reminded the new qualifiers that 'It is vital that actuaries operate with appropriate technical competence and to high professional and ethical standards'. Dervla recognised the very hard work it has taken for new qualifiers to achieve their professional status and acknowledging the strong reputation of the actuarial profession, Dervla emphasised the importance of guarding that reputation.

Dervla also highlighted the privilege that comes from being a member of a profession that serves the public by working to secure people's financial futures. She stressed the great responsibility that comes with that privilege - the responsibility we have as

actuaries to the people we serve.

Noting the recent challenges faced by the country, the insurance industry and the actuarial profession, Dervla also highlighted the opportunities that challenge and change can create. "As actuaries, we have valuable skills to contribute in a changing world. We pride ourselves on our ability to assess risks and to maintain a long term perspective. If we keep our skills up to date and we continue to demonstrate our ability to assess risks and solve problems, there will be a continued demand for our services – both in our traditional areas of employment and in new ones."

Dervla concluded by congratulating the new qualifiers again and wishing them every success in their future career. The evening concluded with a very enjoyable reception.

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Exploring the Wider World

As actuaries, we typically identify as working in traditional roles within the insurance and pensions industry. However, in recent years there has been an increasing trend towards working in non-traditional areas such as data analytics, aviation finance, recruitment and banking. The SAI Wider Fields committee was created in late 2014 with the aim of promoting actuarial careers in non-traditional areas and providing support for actuaries who work in these areas. At present, the committee consists of a mix of actuaries who identify as working in both traditional and non-traditional roles.

In the past two years, the Wider Fields committee has organised a number of CPD events. Notably, last November the committee invited a panel of SAI members to talk about their experiences working in a non-traditional environment. The panel consisted of Brid Horan (formerly ESB), Bryan O'Connor (AIB) and Finnian O'Neil (Aviation Finance Corporation). In addition, the SAI annual conference held in June this year hosted both a plenary session and a breakout session on data analytics, which saw speakers discuss their personal experiences of working in the field. The interest in non-traditional topics has been evident from the level of attendance and engagement at these events.

Recently the committee has helped facilitate a partnership with the IMI with the goal of expanding education and networking opportunities for members.

Earlier this year, on the back of discussions with the IDA, the committee researched and developed a two page document entitled "The Actuarial Profession in Ireland", in order to provide a ready-made mechanism for communicating the activities, scale of presence and reputation of the profession in Ireland. The long term goal of this is to support the further development of the profession. The committee has also submitted a paper to Council outlining its nine key intentions in developing the promotion of wider field activities.

Data analytics is an area where actuarial skills are clearly applicable and the committee has sought to build awareness and capability of this. Last year the committee organised a competition which saw SAI members attempting to estimate the number of survivors of the Titanic, by using real passenger data and designing their own prediction models. Nearly fifty members were involved in the competition at various stages and eleven teams formally submitted entries to the competition.

The winning team from Zurich Life & Pensions (Nicholas Clarke, Patrick Mangan & Julianne Harrington) beat off some close competition but in the end finished first, predicting the outcome accurately.

In carrying out its activities, the committee has developed a relationship with the Dublin R meetup group, a Dublin-based community which meets frequently to discuss the programming language R. As a result the Dublin R meetings have seen an increase in attendance by actuaries due to a common interest in data analytics. Communication has also been made with other actuarial societies in South Africa, Australia and America in an initiative to learn and grow from one another's approach to promoting wider fields.

The committee is currently busy working on further CPD events and opportunities to promote, develop and support actuaries who work in wider fields.

If you would like more information please contact the Society at info@actuaries.ie

Current Committee Members:
Tony O'Riordan (Chair), Conor Byrne, Alan Canny, Emily O'Gara, Brendan Guckian, Jenny Johnston, Rachel Lynch, Barry Murphy, Pedro Ecija Serrano, Bence Zauper

Barry Murphy

Invitation from the President, Dervla Tomlin



I would be delighted if you can join me on Tuesday 6th December for the Society's Christmas Drinks, which will be preceded by an interesting and informative presentation entitled 'Diversity – Why Bother?'

The idea for this presentation came from the Diversity Working Group of our Member Engagement Committee. Regulators and governance experts are becoming more vocal about the benefits of diversity in the Boardroom and within management teams. I invite you to come along and hear the benefits and learn some practical steps that can be considered within organisations.

This gathering of members will take place in the Conrad Hotel. The evening will commence with tea/coffee served from 6pm. The Presentation will commence at 6.30pm followed by Christmas Drinks and finger food at 7.30pm.

It will be an opportunity for members to meet before the festive season and an ideal networking event. This occasion will also give me the opportunity to say 'thank you' for your support, engagement and involvement in the Society during 2016.

I hope you can join me on 6th December. If you are available to attend, but have not yet booked, please contact the Society at info@actuaries.ie

Regards

Dervla Tomlin
President

The UCD BAFS Degree – 25 Years On



Professor Philip Boland looks back on 25 years of the UCD BAFS Programme.

The UCD BAFS (Bachelor of Actuarial and Financial Studies) degree programme began in October 1991. To mark the 25th anniversary of this event, Colm Fitzgerald (FSAI and BAFS graduate of 1995) organized and launched the Actuarial Education & Research Network (AERN) Lecture Series at UCD on October 5th, 2016. Given that I was the director of the BAFS programme for many years beginning in 1991, he also asked me to look back over the intervening years and make a presentation on some of my thoughts and memories. It was a pleasure to do so. In brief I can say that it was for me a very exciting and rewarding experience to be involved both in the establishment of the programme and the education of so many talented students at UCD.

I joined UCD as a lecturer in mathematics in 1971, and in 1986 moved to the new Department of Statistics as Professor of Statistics. Prior to that I had made very little contact with the Society of Actuaries in Ireland, although several of my good students in mathematics at UCD had by then already gone on to be qualified actuaries and members of the SAI. In early 1987, as a member of the Statistics department, I was approached by Bill Hannan and Frank Downey of the SAI about the possibility of UCD giving tuition in probability and statistics to Irish actuarial trainees. The SAI had been taking an increasingly active role in student affairs through its education sub-committee, and was concerned with respect to recent difficulties of trainee students (particularly school leavers) with Subject 1 (Probability & Statistics) of the Institute/Faculty of Actuaries. Subsequent discussions between UCD and the SAI led to an agreement to present courses in the evenings at UCD starting in October of 1987. These lectures were well attended by many trainees over the next few years and proved to be successful. However this contact with actuarial trainees in the late 1980s (in particular with those who bypassed university) led me to believe that there was a genuine need for a university degree programme in actuarial science in Dublin.

This was to lead to the BAFS programme and its first students in October 1991. The BAFS programme has been a success, and certainly one of the main reasons is the high profile and excellent reputation the actuarial profession in Ireland and the SAI have maintained over the years. In my 25th anniversary presentation, I decided to highlight the inaugural class of students who began their studies in 1991 and graduated in 1994 (BAFS Class of 1994).

This first class began with 28 members (5 female) coming from all parts of Ireland. There was no question about the academic calibre of the students in this first class because the cut-off in entry points for the programme was the highest of any programme in the country at the time (and for several subsequent years). This was certainly a good start for the BAFS programme, although I do remember being more than a little concerned when at our very first (orientation and advisory) meeting in October 1991, the most common question was “Will there be actuarial jobs for us when we graduate in 1994?”

The (initial) intake number of 28 students had been decided by considering recent intake into the actuarial profession in Ireland (30, 38 and 17 actuarial trainees were taken into the profession in Dublin in respectively 1989, 1990 and 1991), as well as estimating what percentage (say 50%?) of students in the programme would eventually want to become actuaries following graduation! Over subsequent years the increasing demand for entry into the BAFS programme became such that the quota rose to 35-40 for many years and currently is over 50. Initially the BAFS programme was a 3-year programme, but in 1998 it became a 4-year programme when work experience (2nd semester of the 3rd year) became an important component of the degree (for both the students and the many employers – thank you SAI!).

The inaugural BAFS class (27 of the 28 original students) graduated from UCD with considerable honours in 1994. Many of them went on

to become qualified actuaries. In 1994 there were 141 Fellows of the SAI in Ireland (while in February 2016 there were over 830).

The actuarial profession in Ireland has changed considerably in the past 25 years, and currently (as verified by the International Actuarial Association) Ireland has the highest per capita percentage of actuaries in the world. There are presently 348 BAFS graduates of UCD (125 female) who are qualified (Fellow) actuaries working worldwide. Should the BAFS class of 1994 have been so concerned on their first day at UCD in 1991 about where their jobs would be 3 years later? Where are they now in 2016? With considerable help from some members of the BAFS class of 1994, I was able to get a good picture of where the class is today.

Almost half of the class (48% or 13/27) became qualified actuaries now working in Dublin (Willis Towers Watson, New Ireland Assurance, Lane Clark & Peacock, Mercer, Deloitte, Invesco, and Canada Life) and elsewhere (Travelers and JRP Group in London, Mercer, and Voya Financial in North America). Most of the others (41% or 11/27) went into banking & finance obtaining senior positions in Dublin (Bank of Ireland Global Markets, Mainstream Renewable Power, Goodbody Stockbrokers, and MKW Futures), or elsewhere (BNP Paribas Bank, Standard and Poor's, Nomura Bank, Moore Capital, Fidelity Brokerage, Swiss Bank, and private consultancy). Three others (11% or 3/27) found successful careers in real estate (Metro Capital), medicine (Dublin GP) and executive coaching (Resonate Leadership).

Geographically a small majority (52% or 14/27) of the class live in Dublin, while the rest are in London (30% or 8/27), USA or Canada or Hong Kong (18% or 5/27).

I think the BAFS class of 1994 should be pleased and proud of their progress since their first days at UCD over 25 years ago!

Submission to the Pensions Authority on pensions reform

The Pensions Authority undertook a "Consultation on the reform and simplification of supplementary funded private pensions" to which the Society submitted a response in early October. The response was prepared by a working group with members representing the pensions, life assurance and PRSA practice areas. The group was chaired by Michelle Roche, and the other members were Alan Hardie, Angela McNally, Brian Fitzgerald, Joanne Roche, John Groarke, Kevin Manning, Ramona Dolan, Ross Mitchell, Trevor Booth and Munro O'Dwyer with support from Philip Shier.

The consultation paper sought responses to questions on the following topics:

- Proposed changes to trusteeship
- Scheme authorisation
- Enhancing the current supervisory and enforcement processes
- Rationalisation of pensions vehicles
- Master trusts/multi-employer pension schemes
- Transition

Although many of the questions asked were not actuarial in nature, the Society responded to all of the questions posed, whilst highlighting that other important issues also needed to be considered as part of a comprehensive review of pension policy (such as the State Pension, proposed universal pensions, occupational and personal pension vehicles) including ways to increase coverage, review of ARF regulation, the gap between State pension age and the age at which

individuals are required to retire from employment, simplification of tax rules and the defined benefit funding requirements (which could benefit from greater flexibility in the current environment).

The Society supported the proposed rationalisation of personal pension vehicles whereby buy-out bonds and retirement annuity contracts would be phased out, leaving PRSAs as the only option. In the Society's view, such a move would need to be done alongside a review of the PRSA regime, with a view to providing greater flexibility, and subject to individuals' accrued rights not being adversely impacted e.g. by a change in tax treatment. We also strongly recommended that policymakers consider the introduction of an individual pensions vehicle which would facilitate both pre- and post-retirement phases so that an individual can manage his/her retirement saving and drawdown without being required at a single point in time to switch from one product/regime to another.

The Society also emphasised the importance of bringing the tax treatment of various pension arrangements into line. We suggested also that one-member schemes should be considered separately and that they should not become the "tail that wags the dog" when designing a new pensions framework. The Authority sought views on the current Trustee model and the possible future development of master trusts. The Society's view was that the traditional model remained appropriate for medium and large schemes, and that the inclusion of member nominated trustees was important, but agreed that

requiring a minimum level of qualification, CPD and experience would be appropriate, subject to this being met by the Trustee body in aggregate. For smaller schemes, a contract based model e.g. a revised PRSA or a master trust could be more appropriate. We noted the development of master trusts and related regulation in the UK as an approach which could be followed, although given the relative size of the Irish market, some aspects would need to be revised and care taken to avoid potential for conflicts of interest.

The Authority also proposed to introduce a Scheme authorisation process for new schemes to replace the current registration process and a more pro-active supervisory regime. The Society supports these proposals but identified the need for the authorisation process to be coordinated with the Revenue approval requirements, and to be flexible enough to deal with situations where a new scheme had to be established quickly e.g. as a consequence of corporate activity or negotiations between employer and employees.

The Society has regular dialogue with the Pensions Authority and we would hope to have the opportunity to develop some or all of these issues with the Authority before any significant changes are introduced. As noted at the beginning of this article, the Society considers that there should be a comprehensive review of the pension system, leading to policy decisions supported by all stakeholders, which can then be implemented in a way which improves both the quality and quantity of pension coverage.

Guidance on Head of Actuarial Function Role

The Central Bank published Guidance for (Re)Insurance Undertakings on the Head of Actuarial Function Role.

We are pleased that the Central Bank has taken on board most of the suggestions made in our response to their consultation on an earlier draft.

The Central Bank has also published a Feedback Statement on the consultation, along with copies of the submissions made by the Society and various other entities.

Research Paper on Inflationary Pressures in the Irish Private Health Insurance Market

The Healthcare Committee prepared a research paper which was presented at a lunchtime meeting on 10th November attended by Society members, along with guests from the Department of Health and the Health Insurance Authority (HIA).

The presentation was made by four members of the Committee, Martin Kelly, Ivor O'Shea, Brendan McCarthy and Christelle Sotura, but in introducing the paper, the Chairman of the meeting stressed that all members of the Committee had contributed to the preparation of the paper over the preceding 18 months. The paper considers inflationary pressures on the Irish private health insurance market, building on the two reports published in 2013 and 2014 by a Review Group established by the Minister for Health under the chairmanship of Mr Patrick McLoughlin.

During the course of preparation of the paper, more recent data was obtained from the HIA which enabled the Committee to update the analysis to incorporate 2015 figures which include the initial effect of the introduction of lifetime community rating.

The key findings of the research paper are:

- the ageing of the insured population contributed approximately 2.5% p.a. to claims inflation between 2009 and 2015. The total impact of 2.5% p.a. can be attributed to the ageing of the general population (c. 1.0%), increased penetration rates at older ages (c. 0.5%) and reduced market penetration rates at younger ages (c. 1.0%).

- the potential inflationary impact of projected future demographic changes on health insurance premiums from 2016 to

2046 will be in the region of +1.3% p.a., with the strongest effect (approximately 1.7% p.a.) expected over the period 2016 to 2026. This contrasts with the expectation that for public and private pension provision, the impact of improving longevity will continue to increase into the future, whereas for health insurance costs, the inflationary impact of ageing gradually weakens in the years after 2026. This is because the projections have been carried out on the implicit basis that disability-free life expectancy will rise in line with projected future mortality improvements. Improving mortality would only be likely to cause appreciable problems for health insurance if people were to live longer and that additional life span was largely spent in poor health requiring significant additional medical care.

- the take-up of private health insurance cover is strongly correlated with growth in disposable incomes relative to premium inflation.

The analysis of recent trends in premium inflation identified the following features:

- Between 2010 and 2015, premium increases by insurers resulted in a 65% increase in the Health Insurance Premium Index as calculated by the CSO, but the average premium paid by consumers only increased by 32% over this period, suggesting that

consumers switching between products and insurers resulted in average savings of c. 50% of the price increases introduced by insurers.

- For all age groups, as prices increase, customers are choosing different plans in order to keep their premiums down.
- Younger customers are more sensitive to price and less sensitive to the actual benefits offered, which are more valuable to older lives given their higher propensity to claim.

The paper notes that whilst the introduction of lifetime community rating has been a clear initial policy success with a 105,000 rise in insured lives in open enrolment undertakings seen in 2015, it is too early to tell whether it will have an ongoing impact on the age profile of the health insurance market.

The Committee also considered the likely future course of medical inflation and concluded that because Irish private health insurers each negotiate separately with health care providers and do not have strong purchasing power with the pharmaceutical companies, medical inflation will continue to be relatively difficult to control when compared with centralised purchasing systems such as the UK NHS.

The paper notes that even if the Irish economy grows only at a modest rate, the impact of general medical inflation is likely at least to match, and more probably exceed, the impact of ageing on health insurance premiums.

Professional Regulation Framework

Important information for members on changes to the Society's Practising Certificates Scheme and proposed changes to the CPD Scheme.

As per the [Discussion Paper](#) issued in June, Council has reviewed the Society's professional regulation framework with a view to ensuring that it remains fit for purpose having regard to drivers for change such as Solvency II and the increasing internationalisation of actuarial standards. This is in the context that a key strategic objective for the Society, as set down in our

[Strategy Plan](#), is to "regulate members' professional activities in such a way as to sustain public confidence in the quality of actuarial work".

Matters set out in the Discussion Paper were discussed by Practice Committees, the Solvency II Practising Certificates Working Group, the Practising Certificate Committee

and the Professional Affairs Committee. The inputs received were very helpful and Council would like to thank all those who contributed.

Key decisions resulting from the review were emailed to all members on 9th November 2016. The email is also available on the Society's [website](#).

IMI National Management Conference 2016

“Managing Disruption, Seizing Opportunity”



Late September saw the first Irish Management Institute (IMI) event since the recent partnership between the SAI and IMI, which was facilitated by the Wider Fields Committee. A number of SAI members attended to learn how to manage disruption and seize opportunity from a range of distinguished guests. To quote Michael Dell, the CEO of Dell Inc., “Disruption is around every corner and in every industry, but so is opportunity”.

The conference was hosted by Newstalk presenter and founder of Whipsmart Media, Jonathon McCrae. Jonathon opened the event by introducing An Taoiseach, Enda Kenny, who spoke on a number of points including Brexit, industrial relations, the housing crisis and the upcoming budget before dashing off for his next event. Being the Taoiseach is no doddle!!

We were then treated to an interesting insight into China by Strategist and author of “China’s Next Strategic Advantage”, George Yip. George discussed how China is moving aggressively from a strategy of imitation to one of innovation. Driven both by domestic needs and by global ambition, China is establishing itself at the forefront of technological innovation. Western businesses need to prepare for a tidal wave of innovation from China that is about to hit Western markets, and Chinese businesses need to understand the critical importance of innovation in their future. He believed the emergence of Chinese innovation stems from four factors: customer variety, culture and ambition of the economy, enhanced capability of Chinese firms and finally, cash piles (due to success to date and government support). With this comes a bravery to ‘go global’ and backed by an ambition at state level, global they are going – acquiring for brand, market share and knowledge. Finally George looked at what we must learn from China and its “fail fast” methodology.

Next up was Professor Frances Ruane, Director of the ESRI. She spoke about the importance of acknowledging the concept of ‘opportunity’. In the true spirit of economics, Frances took us through a cross-section of society from government to business to families and

asked how we can “look positively beyond the immediate” and how we can address our legacy issues by being focused on the future. We are in a cycle of dealing with ‘the now’ instead of considering the future. She asked us to consider the Irish trend that 97% of companies regard organisation structure as the most important issue they face (Deloitte Human Capital Trends, 2016) - the need to be more agile and customer focused which flies in the face of the hierarchical, slow-moving system that has served many companies so well during and out of the downturn.

It was then time for tea and a chance to network. With a wide range of attendees from many different industries it was a rare chance to see how other businesses, both big and small, viewed the world. After the break we were treated to a brilliantly entertaining discussion from Adrian Furnham who is a leadership and talent consultant, psychologist and author (but many in the audience would have known him as the guy who looks like Michael McIntyre). He noted that management of people is never simple; selecting, engaging, developing, letting go are all constituent parts of what we do every day. We must challenge, support and provide feedback but our journey to leadership doesn’t support these skills, i.e. the journey from technical to strategic. Adrian pondered some key questions related to leadership. Can leadership and/or management be developed? What is the role of engagement and motivation? And finally, how do our answers to these questions fit in the future workplace?

At this stage we were all starting to feel a bit hungry but we had one more talk before lunch and this time it was one of our own, Eoin Kennedy, Head of Products at New Ireland Assurance. Eoin had the tough job of breaking down the pensions crisis into its constituent parts in plain English, not an easy task but he managed it brilliantly. He brought the audience through the decline of DB schemes/ rise in DC schemes, the increase in life expectancy and highlighted the low level of pension provision within the Irish market. Finally, he explained what the attendees could do about it by engaging with employees,

providing expertise and scale and maybe even contributing a few Euros towards employees’ pension pots.

After a great lunch, we were into the final stages of the event. To ensure we did not go into a food coma of the Christmas Day variety, Connacht Rugby Coach Pat Lam brought us back to the 70’s with some disco dancing before settling down to business. Pat highlighted that “Leadership is always the problem and always the answer”. He asked the question, “What is leadership?” and gave his views on the ability of leaders to bring influence and improve themselves. He also brought us through his 4 P model of Purpose, People, Perseverance and Performance. Finally Pat elaborated on the need for a clear vision, be it in the boardroom or on the pitch.

To finish off the day, leadership expert, author and Professor of Management and Director of the Center for Leadership at the Tuck School of Business at Dartmouth, Sydney Finkelstein discussed Superbosses. Sydney took us through his Superboss Playbook and his research into the top leaders in industry. He asked what makes a superboss? They can make people accomplish more than they ever thought possible. Thankfully Sydney believes that superbosses are not necessarily born but instead they can be nurtured and the behaviours that make superbosses can be learned, perfected and passed on to future superbosses. This is something to which we can all aspire!

Slides for this event are now on the “Past Events” section of the SAI website. The next IMI event is on the 27th October. It will be given by Harry Largey, an MBA qualified Entrepreneur, Board Member and Coach and he will discuss the “Customer Experience – the new battleground for business”. Further details of this event and other future events can be found at <http://www.imi.ie/events>.

There is much of value here for us as a profession and we should all be considering attending one or more of the coming IMI events.

Risk Management Perspectives Conference October 2016



Back row, left to right: Lukas Ziewer, Brian Morrissey, Jim Power
Front row, left to right: James Grennan, Monika Smatralova, Dervla Tomlin (SAI President), Susanne Hughes, Allan Kearns

The annual Risk Management Perspectives Conference was held at the Convention Centre Dublin on 13 October 2016. The event was well attended and included a broad array of interesting and thought-provoking talks.

Flann Brennan (Irish Life) provides a summary of the topics covered at the conference.

Solvency II Data and Reporting: Early Observations – Dr Allan Kearns (CBI)

Dr Allan Kearns presented a talk on the evolving analytics strategy of the CBI, presented some aggregate statistics on capital, investment, and reconciliation of Solvency I and Solvency II, and on the importance and challenges of data quality. He noted that extra data will be available following the Solvency II year-end submissions and that the CBI will publish some industry feedback later in 2017.

An overview of effective cyber risk management – Conor McGovern (EY)

Cyber risk has been present for a number of years, but a number of recent high-profile cases have brought it into focus. Conor McGovern presented a talk on these risks and detailed some potential control strategies. He noted that the CBI has increased its focus on cybersecurity and has recently issued a guidance document on it. Cyber-attacks can harm an organisation and limit its ability to achieve objectives, bring financial gain to the hacker (e.g. theft of customer personal data, and 'ransom ware')

and cause an organisation embarrassment. Cyber attackers can be individuals, criminal organisations or nation states. Cyber risks can be mitigated through improved information security by use of: encryption, malware defence, training and awareness. The risks can be mitigated using tailored insurance contracts with specialist providers. They can also be avoided by only retaining data when necessary and destroying it when no longer required.

Stress Testing in the Banking Industry – Susanne Hughes (Deloitte) & Dr Monika Smatralova (Professional Risk Managers' International Association)

Dr Monika Smatralova and Susanne Hughes gave an overview of the challenges facing banks in the execution of the 2016 European stress testing exercise and the lessons learnt from the exercise. The banking and insurance stress tests were compared and the use of the stress tests was detailed. Lessons learnt included:

- Data quality is key and perceived weakness in process controls can lead to capital add-ons
- EBA methodology can leave areas of interpretation and banks need a process to consistently interpret them across the industry
- Appropriate resources need to be allocated to these exercises to run alongside BAU and to embed in the organisation.

Macroeconomic Risk Update – Jim Power (Jim Power Economics Ltd.)

Jim Power's annual update on the macroeconomic climate has become a feature of the conference. Jim described the global background which is highly unusual, with low inflation and historically low interest rates. This is driving a risk of secular stagnation, as experienced by Japan over the last two decades. Risks are also increased by the political landscape, including terrorism, geo-political tension and Brexit. Jim touched on all the major categories of risk with a strong focus on local dynamics

Panel discussion – Potential implications of Brexit

Brian Morrissey (KPMG) chaired a panel discussion on the implications of Brexit, in which: James Grennan (A&L Goodbody) talked about possible misconceptions about Brexit and its terms, Lukas Ziewer (MetLife) explored the challenges for a multinational firm of Brexit, and Jim Power discussed economic impacts. The panel also discussed potential challenges and opportunities for Ireland as a result of Brexit. Challenges included the loss of trade deals with a major trading partner, whereas opportunities included attracting financial firms who would previously have been based in London, and UK universities opening departments in Ireland to gain access to international students. There followed a lively Q&A session with interesting insights provided by the panel. Each of the speakers provided valuable insights from different perspectives.



Left to right: James Grennan, Jim Power, Brian Morrissey, Lukas Ziewer

ERM practices in non-financial institutions – Paul Hopkin (Institute of Risk Management)

Paul Hopkin outlined high-profile risk topics for the Institute of Risk Management, details of the FRC risk guidance, and how non-financial companies detail their risk appetite statements. He also discussed how risk integrates with the business model, represented by CORR – Customers, Offering, Resources, and Resilience. A number of lessons were learned from the practices of non-financial institutions.

Agency Risk – assessing, quantifying and managing it – Colm Fitzgerald (UCD) & Dr Jonathan Allenby (EY)

Colm Fitzgerald and Dr Jonathan Allenby presented on agency risk, discussing the current narrative around it, and how a behavioural and cultural perspective is more appropriate. This provided a useful framework in which to consider dominance risk. Under the model developed by the speakers, behaviour can be split into four categories: Citizens, Egotists, Conformists, and Brutes. The model has been developed for practical application and includes both a:

- Know Yourself Test which aims to help you be the best you can be, by helping you to be more aware of the impact of your ego on behaviours
- Know Your Team Test which assesses the health of the team ego and can be used to assess dominance risk

Modelling Climate Change in Ireland – Dr Paul Nolan (Met Eireann)

Climate change is an increasing global concern, where short-to-medium term predictions include: rising sea levels, melting polar ice caps, and more extreme weather conditions. Dr Paul Nolan presented results of his research, which models the impact of these changes on Ireland.

At a global level, existing models predict rising temperatures under the scenario where emissions continue at current levels. However, most forecasts are at a global level and do not provide detail on the effects on smaller geographical areas. Dr Nolan has developed a more detailed model which he has run to examine the potential impacts of climate change for Ireland. The results of these model projections suggest that temperatures in Ireland were projected to increase in all areas.

Overall rainfall was projected to decrease but with an increase in the number of days of heavy rainfall. This result is of significant interest to the insurance industry, as it may increase losses due to flooding, although no specific projections were performed to assess this.

This work was also interesting from an insurance modelling point of view, with many parallels, such as the challenges of communicating uncertainty within the results to a non-expert audience, and computing

power as a constraining factor even with powerful modern computers.

Why a mature ERM is worth the investment – Mark Farrell (Queen’s University Belfast)

Mark Farrell presented strong evidence that ERM adds value to businesses, thanks to his research into the valuation implications of a mature ERM strategy. He made use of the RIMS Risk Maturity Model, which assigns a score from 1-5 of the risk maturity of an organisation. In assessing companies’ scores, he focussed on public listed companies, and contacted high-ranking risk officials in these companies. A regression test was performed on this data, modelling firm value against a number of variables, including ERM maturity, firm size, leverage, dividend paying status, etc. ERM maturity was found to have a significant positive correlation to a firm’s value with further cause and effect analysis planned for future studies. Further work was done on the individual areas of ERM maturity to find the most important areas to focus on. ERM process management (i.e. how well the ERM process is being integrated into everyday practices) and performance management (i.e. the ERM process is viewed as an integral element in strategy and planning activities) were found to be the most significant.

The Society of Actuaries in Ireland would like to thank all who contributed to an enjoyable and informative day.

Student Page

The Student Society Committee for 2016/2017 has recently taken over the reins from the outgoing committee; Sarah Keane, Louise Gallen, Francisco Porquillo and Sinead Doherty. A huge 'thank you' goes to the outgoing committee for their tremendous work in organising many very successful events over the last year, including a recent trip to the Leopardstown races – see details and photos below.

The new Committee held their first event, which was organised to celebrate the beginning of Christmas! It all happened in **The Jar, 31 Wexford Street, Dublin 2 on Thursday 1st December at 6.30pm!**

Watch this space for photos in the next issue of the Newsletter as students celebrate the festive season in their Christmas jumpers!

The Student Society Committee 2016/2017:

Chairperson: Rachel Kelly
Communications Officer: Matt Ahern
Treasurer: Sinead Keane
To keep up to date check out our Facebook page:

www.facebook.com/StudentSocietyofActuariesIreland

A night at Leopardstown Races

On behalf of the Student Society of Actuaries in Ireland, both students and recent qualifiers were invited to chance their luck at a horse-race meeting held at Leopardstown Racecourse on the evening of Thursday the 11th of August 2016.

On arrival, the attendees were greeted with food and drink tokens along with a free bet to encourage everyone to get into the spirit of the evening! The fashion stakes were high as attendees competed to win coveted prizes of shopping sprees at Dundrum Town Centre. These generous prizes were kindly sponsored by Acumen Resources and offered to both the best dressed male and female at the races.

We would like to commend everyone for making a tremendous effort and turning

on the style for the night. The students and recent qualifiers jumped at the opportunity to dress up to the nines! Photographs of all the students were taken by the committee as a memento for everyone who attended the occasion and can be found on the Student SAI Facebook page.

After much deliberation, Brendan McCusker and Rachel Kelly were selected as being the best dressed on the night. Brendan looked very smart in a three-piece baby blue suit, while Rachel ensured she stood out in a beautiful floral midi-length skirt and royal blue top. Both were thrilled that their outfit choices did not go unnoticed. Paul Walsh from Acumen Resources was in attendance to present the prizes to the worthy winners. After the racing

had finished, the attendees enjoyed a concert by The Boomtown Rats with hits such as 'I don't like Mondays' seeming to strike a particular chord with many!

The committee would like to thank Leopardstown Racecourse for providing a great evening of entertainment. We would also like to take this opportunity to thank all the students and recent qualifiers who attended this event and all past events that the committee of 2015/2016 organised. We appreciate your support and as step down would remind you that the society is always looking for volunteers to join the Student Society committee.

Sarah Keane



The Society of Actuaries Golf Society 2016



As 2016 winds down, I look back with gratitude on my year as captain of the Golf Society.. It began in April, with the commencement of the 21st edition of the Matchplay competition and unfolded smoothly into the summer months when Thomas Farrell and Ray Leonard contested the final. Well done to both on this achievement and congratulations to Ray for winning out in the end. Thanks to Piers Segrave-Daly for pioneering this excellent and convivial element of our golf calendar and for presenting the trophy to Ray in August. Captain's Day was played at my own club, Glen of the Downs in Wicklow!

The previous weekend saw the Club Captain's Prize almost abandoned due to heavy rain and high winds. Fortune smiled on us five days later, as the actuaries descended on the Glen on the most glorious day we had all Summer!

Lots of good golf was played on the day. However, though I enjoyed my own round of golf playing with Maurice Whymys and Ciaran Belton I had a moment of some concern on the back nine. As we drove off on the 13th (our Longest Drive hole) I saw that the marker for the Longest Drive was missing. Ah well, I thought, it's not such a huge disaster and we walked to where our not too bad drives had finished. Then we noticed a small sign in the distance ahead of us and ... yes you guessed it ... there was the Longest Drive marker after all! Uphill, 299 yards from the tee, the ball of one Steven Hardy had come to rest – a truly magnificent effort. Ray, Ciaran and others did



a great job of totting up the scores and I was delighted to find that the winner of the Captain's Prize was none other than last year's Captain (has that ever happened before?). I was very pleased indeed to present the trophy to Gareth Colgan, victorious with a magnificent total of 43 points. Well done to him and to all the prize winners. The full results were as follows:

Winner	Gareth Colgan	43 points
Runner-up	Steven Hardy	40 points
Third	Phil Mullen	37 points
Front 9	Donal O'Leary	
Back 9	Ciaran Long	
Nearest pin:	Donal O'Leary	
Long drive:	Steven Hardy	

Finally there was the Quaich, a trophy played for between the Society and the Scottish actuaries. This year was the Scots' turn to come to Ireland and again we had beautiful weather for the event played in late September on the O'Meara course in Carton House. 7 warriors joined me on the team – Ray and Thomas from the Matchplay Final, Gareth the Captain's Prize winner, along with Phil Mullen, Ciaran Long, Paraic Shortall and Maurice Whymys.

I did a little research on the word Quaich. The pronunciation is interesting. The "ch" is neither as in "chin" nor "ache" but rather as in "chaith mé" and "chuala mé" (Irish for "I threw" and "I heard"), so it is like a soft rattle towards the back of the throat. The "qu" is pronounced as one would expect, like in



"quaint". Quaich comes from the Irish or Scots Gaelic word "cuach". Some of you may know that this word means cuckoo. However, it also means goblet or bowl. It is possible that the word quaff (as in to drink liberally) comes from a similar root – our Quaich certainly provides ample room for whatever beverage one chooses to pour into it!

The good news is that the Society retained the Quaich – by a margin of 2.5 to 1.5. Two of the four fourballs were won comfortably and one was lost narrowly (on the last green). In the other match, Gareth and Ray holed a couple of important putts coming down the straight to secure the half that gave us overall victory.

We are most grateful to Graeme Muir and the rest of the Scottish team for taking the time to compete in this most pleasant fixture. Throughout the year, Mary and Catherine in the Society were brilliant at ensuring that all went well with the golf fixtures. I thank them for all their support. Thanks too to all who participated in the Golf Society this year.

I enjoyed being Captain and was honoured to be asked by Gareth to fulfil the role for 2016. I first met Ciaran Long in 1970 in Irish Life. All these years later, I am very pleased that he has accepted the Captaincy for 2017 and I wish him well.

Something tells me that Captain's Day next year will be North of the Liffey!

On the Move

FELLOWS:

Sara Martinez moved from Willis Towers Watson to **EY**
Brian Fitzgerald moved from Invesco to **Aon Hewitt**
Richard Clossick moved from Willis Towers Watson to **Mercer**
Bryan O'Higgins moved from Willis Towers Watson to **Mercer**
Gareth McQuillan moved from SCOR to **Aegon**
Deirdre McDermott moved from Friends First to **VHI Healthcare**
David Kirwan moved from Central Bank to **EY**
John Armstrong moved from Irish Life Health to **AWP Health & Life SA**
Brent Engelke moved from Aviva to **Scor Global Life Reinsurance Limited**
John Stevenson moved from Willis Towers Watson to **Generali Worldwide**

STUDENTS:

Sean O Dornain moved from PwC to **SCOR Global Reinsurance Ireland**
Catherine Johnston moved from AXA to **Aviva**
Marie Doyle moved from CACI to **FBD Insurance**
Emily Dunne moved from RSA to **FBD Insurance**
Laurence Brady moved from Aviva Health Insurance to **Aviva General Insurance**

Adrian O'Hagan

Adrian O'Hagan's paper with Colm Ferrari on actuarial clustering compression has been published in the North American Actuarial Journal.

www.tandfonline.com/doi/full/10.1080/10920277.2016.1234398

Adrian presented the paper to the Society on 15th January, 2015.



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