

2012

Year in Review



**Actuaries
Institute**



Businesses and governments around the world are crying out for people who can synthesise data and information, see the risks and opportunities it reveals and drive the strategic activity required to adapt.

This is what actuaries have been doing for decades – drawing insights from information and harnessing data to drive change.

Introduction

Thriving in new places (where we've always been...)

The journey of the Actuarial Profession continues and one of the roads which it is travelling down is signposted "data". One actuarial academic we spoke to this year said his dream is for young actuaries to "own" the data management field. It makes sense – we, the world, created 1.8zb of new data in 2011 and businesses and governments around the world are crying out for people who can synthesise that data, see the risks and opportunities it reveals and drive the strategic activity required to adapt.

That's what actuaries have been doing for decades – drawing insights from information and harnessing data to drive change. Now, and in the future, the tools may be different, but the skills, aptitudes and attitudes are the same.

Actuaries are trained to solve problems and provide clarity – whether that's in traditional fields like insurance, superannuation and investment or newer specialties like enterprise risk management and what Ogilvy & Mather call *Math Marketing* – the use of data management to capture marketing opportunities.

We saw that process at work in 2012, where the Institute's increased public policy output included an analysis of the real flood risks facing the country's biggest city¹. We also produced a landmark study of *Australia's Longevity Tsunami*². These

initiatives included not just in-depth analysis but clear, concrete proposals on how to manage the problems.

Australian actuaries continue to work around the world. From the 4,000+ members of the Institute, 900 are practising internationally. In 2013, the Institute is reinforcing its efforts to service this important and expanding cohort more effectively.

In 2013, the Institute will also be highlighting the profession's strengths to the marketplace and driving greater recognition for the profession and all its people.

2012 Year in Review

The theme for the 2012 Year in Review is to highlight key areas of activity and achievement for the profession and report on the business performance of the Institute.

Further detailed information on professional standards, professional conduct, the activities of Council and the various practice areas, are published on the website, in *Actuaries magazine* and through regular bulletins and newsletters.

¹ When Sydney becomes an inland sea, we'll need the pool, 19 March 2012

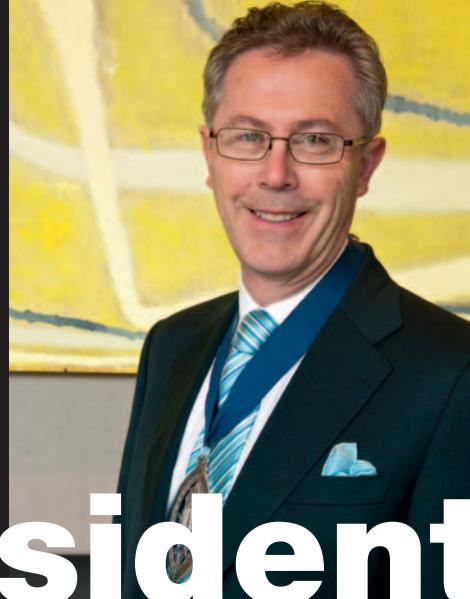
² Australia's Longevity Tsunami – What Should We Do?, 6 September 2012



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From the President

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The past year has given me great scope to delve into the many aspects of the Institute and that has been a real pleasure. Like so many Presidents before me, the standout experience was hosting the Presidential Dinners and presenting certificates to our talented new qualifiers. I particularly enjoyed seeing the next generation of Actuaries being congratulated and supported by their peers, their families and – most encouragingly – their employers.

The global view

I learned a lot from another important Presidential duty – representing the Institute to other national and international organisations. This gave me the opportunity to meet with many of our members overseas. I was struck both by the quality of these members and by their interest in, and support for, the profession in Australia.

A number of the overseas organisations I spoke to wanted to know more about, and perhaps emulate, our pro-active approach to public policy. They were impressed with our ability to engage rapidly with the public and government, and do so on a variety of levels – from agreed Institute policy, to discussion papers, to personal opinion pieces by our members.

A number of overseas bodies were also interested in our approach to governance – the way Council focuses on the strategic leadership of the profession more than on operational issues and how that facilitates faster, better decision-making. Naturally, I was able to learn a lot from the organisations I visited as well. Some of these organisations are doing great things, particularly in the area of actuarial education.

Driving strategy

Of course, the key role of President is to drive the implementation of the strategy set by Council. A great deal was achieved in pursuit of those aims in 2012.

Enhance the brand of Actuary and reputation of the Institute

- Improved engagement with members outside Sydney.
- New initiatives to improving member retention by delivering better value for members (for example – no fee increases).
- Engaging with regulators on the performance of actuaries in regulatory roles.
- A more pro-active public policy presence - including submissions to government and thought leadership on topics such as a flood insurance pool, Australia's ageing population and retirement funding.

Expand the Mandate

- Promoting risk management as a career path for actuaries.
- Expanding access to the CERA qualification through our experienced practitioner and university pathways.
- Promoting actuaries' skills in defined contribution superannuation.

Add value to members beyond the mandate

- Running the very popular *Influential Actuary* CPD tour across the country.
- Launching the Actuarial Capability Framework.
- Developing a new CPD strategy for launch later in 2013.

It is crucial that members understand how we are viewed by our stakeholders

The stakeholder view

It is crucial that members understand how we are viewed by our stakeholders – including our clients, employers, business, government and the public. Our stakeholder research suggests that as a profession, we need to be better communicators and more engaged in delivering business outcomes.

To deliver on that need, we have to better equip members through education and support as well as strengthening the image of the profession. We need to ensure an actuarial qualification is seen as more valuable to more businesses. If we do that we will provide greater opportunities for our members.

Our traditional approach to education – along industry lines and without a deep focus on broader business aspects – is no longer serving our graduates as well as it should, especially as we compete with other professions for talented people.

We run the risk that actuaries are seen as professionals who work in insurance and superannuation when the reality is we have much to offer outside these areas. Many members have gone into the broader banking industry, into data consulting and policy making and we need to do much more to encourage and promote this.

As a result Council has agreed that the two key objectives for 2013 are a focus on improving the actuarial brand and a review of future education needs.

The overwhelming majority of members I talk to are encouraged by our forward looking approach. I trust that those who lead the profession in the future have the courage to maintain the momentum.

Thanks

Finally I must record my thanks to our CEO, Melinda Howes, who works tirelessly to ensure the Institute is well run but also on promoting our public policy initiatives. Our small team at Institute HQ do an outstanding job in an organisation that provides a very broad range of services to a diverse membership around the globe.

My thanks also go to the Council and the Vice Presidents who have supported me over the past four years. Crucially, they have been prepared to look strategically at the future of our profession. Lastly, but most importantly, thank you to our many volunteers whose work we rely on in so many areas.

David Goodsall

President (2012)





Continuing to build on more effective execution at HQ and deliver better value for members

From the CEO

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News from HQ

There's a great business book called *Execution: The Discipline of Getting Things Done*². The authors say "People think of execution as the tactical side of business, something leaders delegate while they focus on the perceived "bigger" issues. This idea is completely wrong. Execution is not just tactics – it is a discipline and a system. It has to be built into a company's strategy, its goals, and its culture".

Over the past few years, the Executive Team and Council have backed me in a big push to improve execution across the organisation.

During 2012 we continued to build on the work done in 2010 and 2011 to execute more effectively here at HQ and in doing so give members better value for money.

My personal focus in 2012 was to further lift team productivity – especially in project delivery. One key aspect of our business plan focused on improving team culture and making the Institute a more stimulating place to work. By year end our team satisfaction score had greatly improved and this led to big productivity gains – our delivery record on key projects in 2012 was far superior to that of previous years.

Another aspect of this productivity focus was the progress we made on Education. Changes to the Fellowship exams (Part III) and a move to electronic exams for Life Insurance cut an estimated 3,100 hours of volunteer time. That's not just 3,100 hours of volunteer time saved – it's 3,100 hours of our wonderful volunteers' time freed up to

invest somewhere else! You won't be surprised to know we are taking more subjects electronic in 2013.

Improved services, same fees

Better execution also means lower costs. The business efficiencies we captured in 2012 allowed us to freeze membership fees at their 2011 level (when, in turn, fees were frozen or reduced from the previous year).

In 2012 we expanded our program of events. We appointed CPD Representatives across Australia, China, Singapore and Hong Kong and this helped us deliver additional CPD and networking events in these locations. In all we ran 111 events for members worldwide – a 13% increase over 2011.

Part of our push to invest in efficiency was the purchase of new audio visual equipment for our Sydney boardroom. This cost money – significant amounts of money – but it means we can do HD interactive Video Conferencing and live Webcasts so that members working and living almost anywhere get the benefit of our event activity in 2013.

One of the most important activities for the year was our new Actuarial Capabilities Framework. Underpinned by an online diagnostic tool and a year of intensive research, the Framework has a multiplier effect on our skills effort – improving the courses we offer and making sure actuaries invest their time in the training they need to fill skill gaps and enhance specialisation.

² Execution: The Discipline of Getting Things Done, Larry Bossidy & Ram Charan, 2002

Actuaries Institute – Strategy 2013 to 2015			
Vision	To position the profession so that wherever there is uncertainty of future outcomes actuaries are sought after for their valued advice & authoritative comment		
Mission	Education & CPD, R&D and expansion to new fields, professional guidance & standards, represent profession & public policy, meet member services & needs		
Strategic Intent	<p>Enhance the brand of actuary & the reputation of the Institute</p> <p>Sustain & develop the actuarial profession</p> <p>Sustain & develop the Institute's business</p>		
Strategic Outcomes	<p>More members identify themselves as an actuary</p> <p>The Institute is sought after for authoritative comment</p>	<p>The actuarial qualification is attractive to current & potential future members</p> <p>Increased demand for actuaries on boards, by employers, clients and government</p>	<p>Actuaries are in demand as trusted advisers & partners to business</p> <p>Actuaries are recognised as valuable practitioners or experts in both traditional and wider fields of practice</p> <p>The profession has capitalised on future growth areas for jobs for actuaries</p>
			<p>More actuaries in whatever roles they are working, think the Institute adds value</p> <p>The Institute is attractive to current & potential future members, in Australia & O/S</p> 

Reputation and profile of the profession

We again increased our media presence in 2012. The August release of our first ever thought leadership White Paper – Australia's Longevity Tsunami – What Should We Do? – was successful on a range of levels: generating media attention, gaining traction with policymakers and helping advance an agenda we at the Institute believe is crucial to Australia's retirement policy.

Strategic leadership

In the latter half of the year we refreshed the strategy to give us a roadmap of where to focus our efforts for the next three years. The new strategy for 2013-15 is outlined in the table above.

In 2013 we will be heavily focused on enhancing the actuary brand and developing the profession and the Institute. We have important programs planned that we believe will build greater recognition for the profession and its people. The payoff – more and better jobs for actuaries.

In our 2012 quarterly member surveys, our member approval rating was over 80%. That's a great testament to the hard work the President, Council and my fantastic HQ team have put in this year.

I'm looking forward to working with that team and our wonderful volunteers in 2013 as we seek to drive ever-better execution through the Institute and deliver even better services to members.

Melinda Howes
CEO

Business Delivery in 2012

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Operations and 2012 Business Plan

Throughout 2012 HQ staff continued to strive for operational excellence in delivering the day-to-day business of the Institute. In addition, a significant number of projects were undertaken to fulfil the requirements of the 2012 Business Plan and the Institute's strategic intent. Key achievements from each business unit and a summary report on the 2012 Business Plan projects follow.

Key Achievements:

Communications and Marketing

- ▶ Launched new-look Actuaries magazine.
- ▶ Increased readership and member contributions to Actuaries magazine.
- ▶ Improved e-communications including personalisation, value-add content and look and feel.
- ▶ Published 2013 Look-Ahead Calendar in conjunction with Events Team.
- ▶ Improved social media efforts, including the launch of our Twitter presence with both the @ActuariesInst and @HowesMelinda building a significant following.

CPD

- ▶ Launch of the Actuarial Capabilities Framework, Assessment Tool and Report plus the Capability Development Planner.
- ▶ Institute events mapped to the Actuarial Capabilities Framework.
- ▶ Published a monthly CPD column in Actuaries magazine – Staying Ahead.
- ▶ Used video to announce important launches and created competitions to encourage member participation.

Education

- ▶ Completion of the Actuarial Capabilities Framework.
- ▶ New computer based exams implemented for Life Insurance courses.
- ▶ Achieved a reduction of 16% in Part III volunteer effort.
- ▶ Exemption fees were reduced by 50%.
- ▶ Revamp of Global Retirement Income Systems Course 6A completed.

Events

- ▶ Delivered a more responsive 2012 CPD program attracting 5,185 registrations, an increase of 12% on 2011.
- ▶ Increase in delegate registrations for GIS2012 and ERM2012 with participation levels up 50% and 58% respectively.
- ▶ Increased the number of live events by 13% and hosted 111 CPD or networking events for members worldwide.
- ▶ CPD Representatives established across Australasia.

Finance

- ▶ Improved automation of data transfer from our CRM (Aptify) to our accounting system (Exchequer).
- ▶ Produced monthly management reports with updated forecasts.
- ▶ Implemented specific recording and reporting functions for Events business unit.



Governance and Regulation

- ▶ Development of the first (on practice risk management) of a series of planned professionalism CPD eLearning courses, launching in 2013.
- ▶ Finals released of a Professional Standard on the determination of accrued benefits for defined benefit superannuation funds, as well as Practice Guidelines on pricing and financial projections for private health insurers, valuing health insurance liabilities and financial condition reports for superannuation. In addition, exposure drafts of proposed changes to four other Professional Standards were released; and five new or revised Information Notes.
- ▶ Four disciplinary actions managed to conclusion – an important part of protecting the reputation of the profession.

Member Services

- ▶ Revamped the new members welcome pack and created an online version eliminating the mailing process.
- ▶ Improved the online renewal process by creating a simplified three-step payment process which resulted in an increase in online renewals – 60% of members renewed online in 2012, compared to 50% in 2011.
- ▶ Member resignations reduced from 171 in 2011 to 60 in 2012.
- ▶ Member reinstatements increased from 59 in 2011 to 89 in 2012.

We continually strive to deliver operational excellence in all aspects of the Institute's business

Business Plan 2012 – Projects Report

Projects driven by CEO, Council & Volunteers

1.1 Engagement with Employers

Complete – additional activities will be undertaken in 2013 (Project 05 of 2013 Plan).

1.2 Promote Actuarial role in Risk Management

Complete

1.3 Promote Actuarial role in Defined Contribution (Accumulation) Super

Complete

1.4 Promote Actuarial role in Energy Markets

Partially complete – project was subsequently discontinued due to the Energy and Environment Committee being disbanded.

1.5 Promote Actuarial role in Mining

Research complete – Council agreed to no further activity in this area. Project discontinued.

1.6 Develop a team-based culture

Complete – ongoing focus will continue.

1.7 Review of Committee and Subcommittee Structure

Complete – implementation undertaken ahead of schedule.

Projects driven by Governance

2.1 Online professionalism CPD

2012 project complete – ahead of schedule – course due for completion 3/13.

2.2 Growing professionalism IP base

Postponed resources diverted by CEO, project will be delivered in 2013.

Projects driven by Finance

3.1 Expand Member base

2012 activity complete – this is a multi-year project. Continuing as Project 03 in 2013.

3.2 Develop performance metrics for the business

Complete

3.3 Institute wide procedure manual

Complete

Projects driven by Change Management & Member Services Team

4.1 Web Enhancements

On track, revised schedule – expanded scope, delivery delayed to 6-8/13 subject to member testing and feedback.

4.2 Member attraction and retention

Complete

4.3 Enhance welcome pack

Complete

4.4 Thought Leaders: Actuaries as “ White Coats”

Work has been **incorporated into Project 1.1** and public policy program. Project discontinued.

4.5 IT Outsource

Complete

4.6 Phone & CRM integration

On hold – cost of project is under review.

4.7 Develop disaster recovery and business continuity plans

90% complete – simulation scheduled for 3/13 which will complete project.

Projects driven by Events Team

5.1.1 Strengthen CPD Events Program

Complete

5.1.2 Boardroom Upgrade

Complete

5.1.3 Appoint actuaries to drive CPD in major member locations

Complete

5.2 CPD Program to emphasise expanding the mandate

Complete

Projects driven by Communications & Marketing Team

6.1 Web enhancements – social media functionality

2012 project complete – activity will continue in 2013 as business as usual.

6.2 Leadership skills focus & training

2012 project complete – activity will continue in 2013 as business as usual.

6.3 Tonality guide

Behind schedule as scope expanded – completion Q2 2013.

Projects driven by Education Team

7.1 Promote university graduates to employers

Work has been **incorporated into Project 1.1** for 2013. Project discontinued.

7.2 Revamp GRIS course

On track, revised schedule – 6A complete. 6B work will finish mid 2013 under Project 09. No impact on students as 6B was only run in Semester 2.

7.3 Capabilities framework first stage rollout

90% complete – Project 06 in 2013 will pick up remaining work with mapping GRIS course.

7.4 Investigate creating a data analytics qualification

Research phase complete – Council agreed further activity to be dovetailed into Education Strategy Project 10 in 2013.

7.5 Reduction in Part III volunteers

On track, revised 2013 schedule – Project was always multi-year but is taking longer than anticipated. Project 08 in 2013 will complete this project under the new timetable.

7.6 Engaging volunteers beyond education

70% complete – will be carried over as a small project in 2013 business plan called “100 Club Initiative”.

Projects driven by CPD Team

8.1 CPD revamp

2012 project complete – more work planned in 2013 by CPD Consultant as business as usual.



Volunteering is essential to the ongoing success of the Institute

Our Volunteers

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Progressing our success

Our volunteers

The Actuaries Institute relies on the contributions of members in almost all its activities:

- ▶ Committees
- ▶ Council
- ▶ Events
- ▶ Education
- ▶ Professional Practice Regulation
- ▶ Research

Volunteers are vital to the work of the Institute and the strength of the profession.

The two semester education program has long caused considerable strain for the volunteers involved in delivering the Part III education program. In 2012 we launched a major new project aimed at fixing these problems. We implemented a new assessment structure for Life Insurance

subjects. The initial effort required from Course Leaders and Chief Examiners was more than expected but this new examination system has already reduced the examination workload and means less work going forward. We aim to roll out the same assessment process across all subjects by 2014. This will reduce the strain on our volunteer resources with no negative effect on course quality or the student experience.

Why do volunteers volunteer?

- ▶ Our volunteers are passionate about sharing expertise and developing other members or students pursuing their actuarial careers.
- ▶ The resilience of our students – we have seen students fail again and again. When they finally make it across the line we feel like their struggles have been our struggles and their success our success too.
- ▶ The great thing is that it is only a matter of time before our students evolve into volunteers themselves – and the support circle continues.



Research

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Increasing knowledge

The Research Council Committee (RCC) is responsible for the Institute and the profession's research needs and approach to research. RCC formulates research priorities and policy, establishes and oversees a research program and monitors research performance.

Research Grants

In 2012 the RCC awarded \$183,000 in research projects for projects to be carried out in 2013 (see table on p15). This is significantly more than the amount awarded in 2011 (\$159,750).

New Research Prize

A new research prize was established in 2012 – the Financial Services Research Prize. The primary objective being to promote and recognise research with a focus on results that are of direct relevance to practising professional actuaries. The inaugural Financial Services Research Prize was presented to Ramani Venkatramani at the 2012 Financial Services Forum (see p24).

Australian Journal of Actuarial Practice

In 2012, the role of the *Australian Actuarial Journal* (AAJ) as a professional journal supporting the Actuaries Institute's research objectives was reviewed. As a result, Council approved some significant changes to the structure of the AAJ. From 2013 the AAJ is being renamed as the *Australian Journal of Actuarial Practice* (AJAP) to emphasise the intention that it publishes articles and papers of interest to practitioners. Two editions of the AJAP will be published per annum, available electronically, with hard copy available on request.



Supporting and advancing the actuarial profession through research

Research Grants

Project	Researcher(s)	Institution	
Australian investment performance 1959 – 2013 (and investment assumptions for stochastic models)	Colin Grenfell	N/A	15
Flexible models of losses on default of corporate debt	Egon Kalotay, David Pitt, Alan Rai, Yuri Salazar	Macquarie University	
A study of portable long service schemes in Australia	Shauna Ferris, Tim Kyng, Ray Markey	Macquarie University	
Microinsurance. Better. Smarter	Sachi Purcal, Peter Carroll, Ivy Suan, Mia Pang Rey	Macquarie University	
The cost of living longer: projecting the effects of prospective mortality improvement on economic support ratios for a selection of OECD countries	Leonie Tickle, Nick Parr, Jackie Li	Macquarie University	
Modelling climate impacted risks with generalised additive models for location, scale and shape	Stefan Truek, David Pitt, John McAneney, Rob van den Honert, Tony Coleman	Macquarie University	
Robotic reserving for General Insurance	Julie Sims, Grainne McGuire	Taylor Fry	
Better PPCA models using GLMs	Hugh Miller	Taylor Fry	
Engaging the Major Retirement System Issues	Anthony Asher, Robert Brown, Junichi Sakamoto, Eduard Ponds, Krzysztof Hagemejer, Heinz Rudolph, Jonathan Mort	UNSW	
Human capital analysis for financial institution regulation	Carol Royal, John Evans	UNSW	
Hedging longevity risk in long-dated life insurance contracts	Jonathan Ziveyi, Kata Ignatjeva, Michael Sherris	UNSW	



We need to make our voice heard in key areas of public interest

Public Policy

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Voice of the profession

In 2011 Council agreed that the profession should make its voice heard in public policy in areas where we can contribute in the public interest. This decision aligned with many aspects of the Institute's Strategic Intent, not least in that it helps to "enhance the brand of actuary and the reputation of the Institute."

This public policy effort was successfully rolled out in 2012.

Our approach to contributing to the public policy debate is two-pronged:

- ▶ we talk first – and directly – to Government, regulators and other industry stakeholders; and
- ▶ we contribute to debate through the media.

In 2012, we had direct discussions with the Government and with various regulators across a number of the Institute's areas of expertise. We dealt with APRA, for example, on issues ranging from new capital standards and risk management to the governance of insurers and superannuation funds.

We have a flexible policy when it comes to working with the media, responding where appropriate to requests for comment and also encouraging and helping actuaries to write opinion pieces on topics which are relevant to the broader community debate.

In 2012 there were around eight Institute-sourced opinion pieces published in the mainstream press covering topics as diverse as flood and disaster policy, smoking rates and health insurance and superannuation governance.

Our major public policy initiative for 2012 was the Institute's White Paper on *Australia's Longevity Tsunami – What Should We Do?* The White Paper harnessed the thinking of superannuation and life insurance professionals to analyse the challenges of our ageing population and its implications for retirement incomes policy. More importantly, it also provided a detailed set of policy recommendations, which were very well received and achieved widespread press coverage throughout the year.

Throughout 2012 the Institute generated around 200 mentions in the press including 40 press interviews.

Most of the public policy work is driven through volunteers although CEO Melinda Howes and a number of external public policy professionals work closely with the Institute and its Members to make sure our overall public policy effort is focused, achieves our objectives and advances the debate. This work will continue in 2013.



International collaboration ensures we remain relevant and capable of contributing on the world stage

International

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Working together, around the world

The Institute's international activities are designed to:

- ▶ better equip its members to work internationally;
- ▶ improve members' access to overseas markets; and
- ▶ leverage international relationships to benefit the profession in Australia and worldwide.

Mutual recognition agreements

The Institute maintains good working relationships with major actuarial bodies around the world, and operates Mutual Recognition Agreements with many of them (mainly in English-speaking jurisdictions). This means Australian actuaries can relocate to these countries and ultimately gain Fellowship of the local association.

Insurance accounting and the IASB

Through membership of the International Actuarial Association, the Institute contributes to the development of international standards in insurance accounting by the International Accounting Standards Board (IASB) and to the development of a common framework for insurance solvency through the 'Comframe' project of the International Association of Insurance Supervisors.

These projects are areas where actuarial influence can produce global consistency in techniques. More importantly, the early involvement of Australian actuaries means their knowledge of modern techniques has influenced the design of these standards. This positions Australian-trained actuaries to practise successfully in the global financial reporting environment in future.

The fact that these projects are collaborations between the actuarial associations and the supranational bodies concerned means that we can co-ordinate our profession's efforts, minimise overlaps and maximise the leverage of the Australian profession.

CERA

Thanks to the Institute's commitment to the CERA Global Association, Australian-trained actuaries now have access to internationally-recognised ERM credentials.

The CERA credential can be awarded by 11 major actuarial associations. This recognition gives members the benefits of a standard approach and methodology when working on corporate level risk management assignments around the world. CERA is the first truly portable qualification for actuaries and is already changing the way actuaries work in the global ERM field. (For more information see www.ceraglobal.org).

The IAA's Mortality Working Group

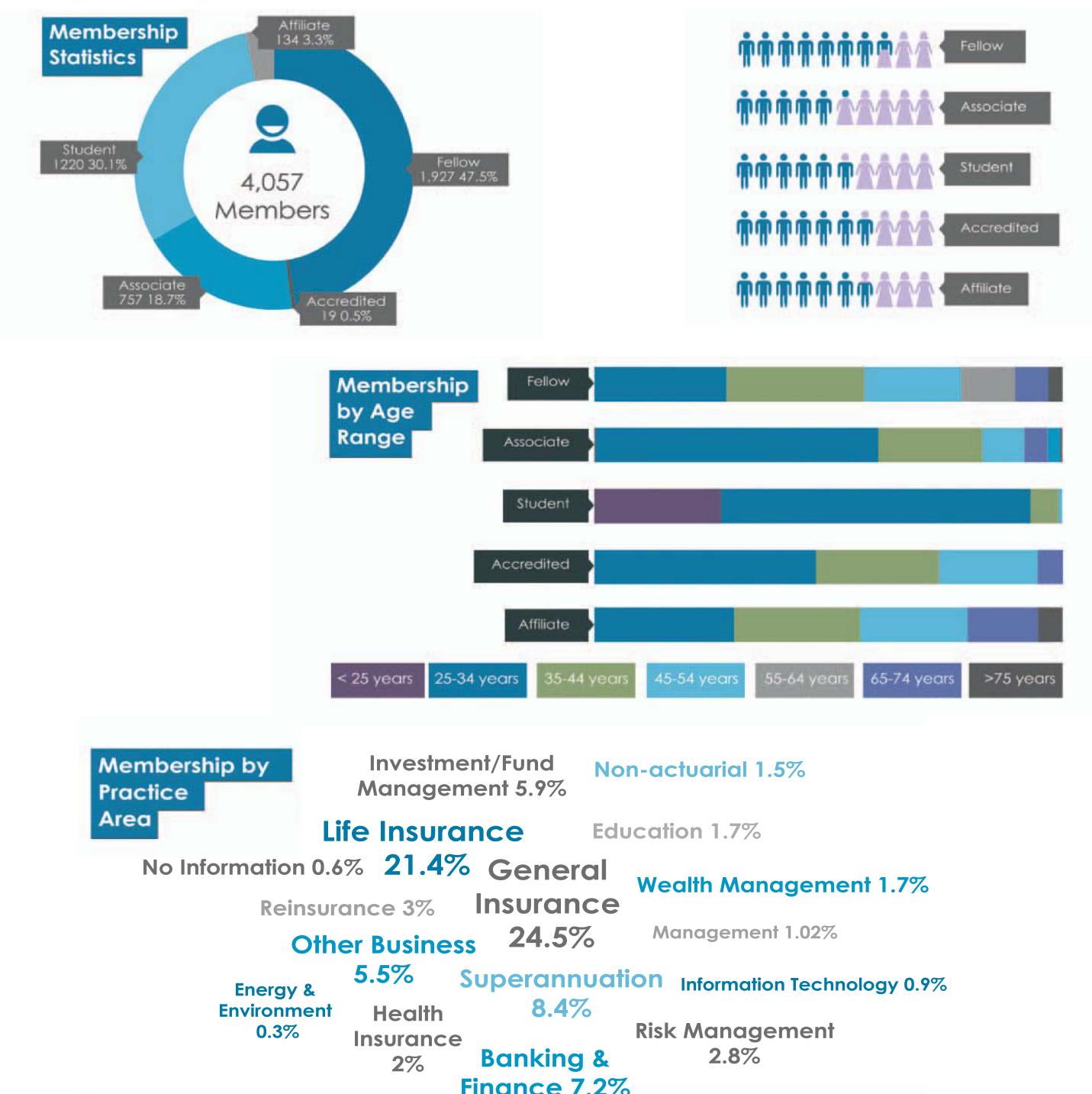
This Working Group also collaborate internationally with the aim of building standard tools for use in mortality measurement around the world. These systems are designed to throw clearer light on mortality trends and enable governments, pension funds and insurers to improve outcomes for their stakeholders. The Institute continues to contribute its expertise to this working group.

Resource industry projections

In 2013, the Australian actuarial profession will do more work on projecting resource utilisation and resource depletion. This is a highly specialised field and one with significant relevance for the Australia economy. This is yet another major field of economic endeavour where the combination of technical expertise and professional delivery stands to benefit the profession and the communities it advises – not just in Australia but overseas.

Member Statistics + DEMOGRAPHICS

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Annual Growth in Membership

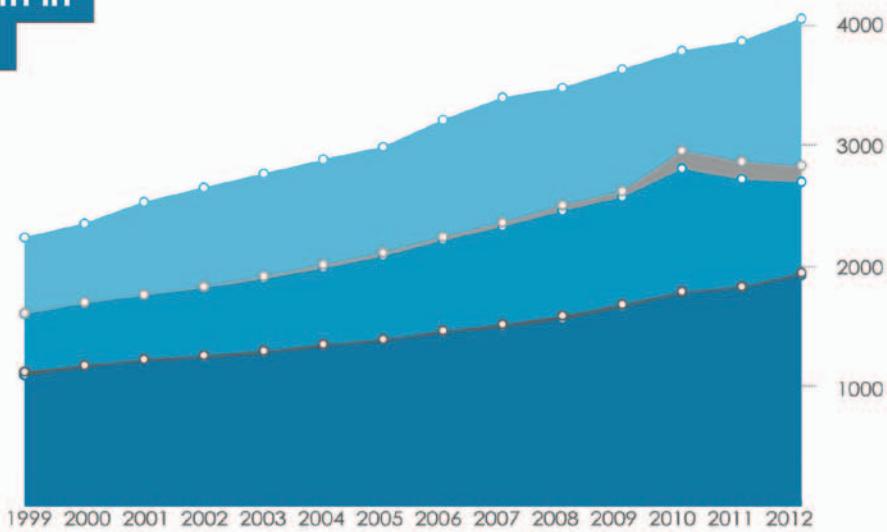
Student

Affiliate

Associate

Accredited

Fellow



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Members in over 40 countries - and counting...

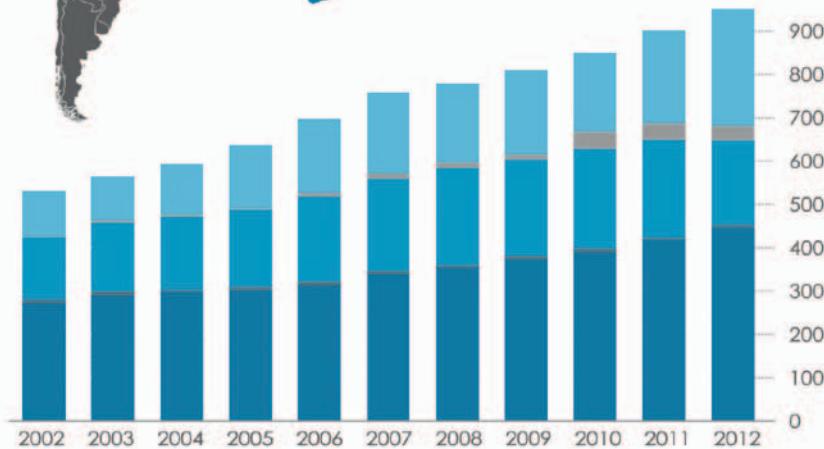
Student

Affiliate

Associate

Accredited

Fellow



Your Council in 2012

20

Committed to leadership



Caroline Bayliss



Andrew Boal



David Goodsall
President



Jules Gribble



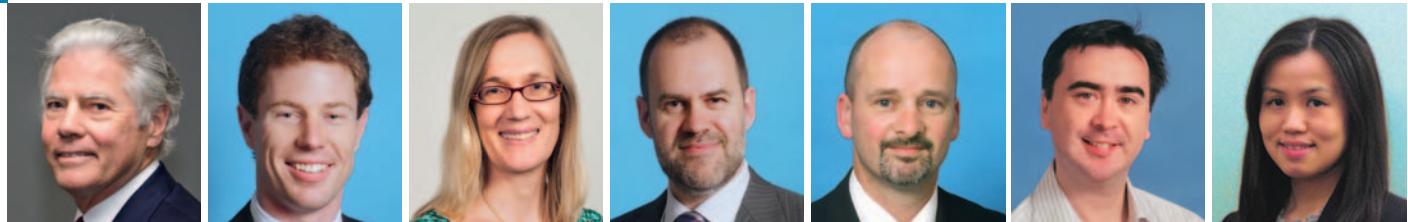
Andrew Huszczo





Council's task is to successfully guide the Institute into its future

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John Newman
Senior Vice President

Michael O'Neill

Estelle Pearson

Lindsay Smartt

Daniel Smith
Vice President

Stephen Woods **Gloria Yu**

Disciplinary Scheme

Under Rule 9.5 of the Disciplinary Scheme, Council is required to report annually to members in relation to the activities of the Professional Conduct Committee and any proceedings before any Tribunal or Appeal Board during the year. Accordingly, the following information is provided for the information of members.

Since the report provided to members in the 2011 Annual Review:

- ▶ the outstanding complaint lodged in 2010 against Mr Anthony Richard Lewis was finalised by Professional Conduct Tribunal 12.02. No appeal was lodged and the member, having been found to have engaged in Actionable Conduct, was reprimanded and suspended from membership of the Institute for a period of three years;

- ▶ of the two complaints lodged in 2011:
 - the complaint against Mr Graham Peter Osborn was finalised by Professional Conduct Tribunal 12.01. No appeal was lodged and the member, having been found to have engaged in Actionable Conduct, was given a warning and required to undertake to attend a Professionalism Course conducted by the Institute at his own expense within 12 months of the Tribunal's decision; and
 - the second complaint was investigated by an Investigating Sub Committee which determined that the member concerned had not engaged in Actionable Conduct. This determination was confirmed by the Convenor of the Tribunal Panel; and
- ▶ one complaint was lodged in 2012. The complaint, made against Mr Adel

Alameddine, was investigated by Investigating Sub Committee 1201 which determined that the person concerned had engaged in Actionable Conduct. Since 2012, the complaint has been finalised by Professional Conduct Tribunal 13.01. No appeal was lodged and the person concerned, having been found to have engaged in Actionable Conduct, was suspended from membership of the Institute for a period of three years. An interim suspension order was also issued in the matter.

Details of all finalised complaints are available on the Institute's website.

Member Milestones

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New Fellows – 2012

NEW FELLOWS – 2012 *Australia**

Keith Joseph ALMEIDA	Anthony Patrick JOYCE	Julie Ann SIMS
Jason ARONT	Ying KANG	Su Li SIN
Joel Dushanthan ATPUTHARAJ	Michael KOGAN	Jun SONG
Peter John BALLANTYNE	Shweta KRISHNA	Peter Chun Yeung SUEN
Leigh BOEKESTEIN	Michael Thomas KWOK	Garrett Aidan SWEENEY
Trang BUI	Christopher John LARKIN	Wen Yi TANG
Matthew CHAE	Ruby LAU	Steven THAI
Alec CHAM	Chung Wai Andy LAW	Jih Ying TIOH
Yee Chiu CHAN	William LEE	Angela Yu Wing TONG
Cindy Siu Ying CHEUNG	Keri Yu-Fang LEE	Benjamin Jonathan TROLLIP
Emily Jin Shyan CHONG	Kitty Nga Man LEUNG	Kimberley Weijuan WANG
Oui Yau CHUAH	Qiushi Charles LI	Yuzhou WEI
Anna COLLINS	Bolin LI	Yvonne WEN
Joseph Wade DALEY	Yu LIN	David WILHEIM
Chris DOLMAN	Xue'Er Cheryl LIN	Stephanie WONG
Scott James DUNCAN	Wen LIU	Dickson Kai Hei WONG
Leonid ELIKHIS	Stephen Michael LONG	Chit Wai WONG
Meray EL-KHOURY	Clarence Chun-Kit MA	Martin Meng-Yuan WU
Owain Peter EMSLIE	Jane MIAO	James Xiaoren WU
Ping GAO	Dennis MOSOLOV	Haoyu WU
Kellie Theresa GREENOUGH	Andrew Tin-Pui NGAI	Michael Ian WULFSOHN
Jesse HAINES	Ashley James PALMER	Piotr Adam WYDYMUS
Dean Christian HAMMOND	Louise Ann PIKE	Meng YUAN
Xue HAN	Romel Anthony RAMOS	Han Fei ZHANG
Melanie Jasmine HAYMET	Simon Judah ROSIN	
Simon HO	Anthony John SALIBA	
Ka Ki HO	Andrew John SCHOLE	
Jonathon HUA	Ai Nee SEOW	
Victor Weida HUANG	Michelle Hoi San SHEK	
Christopher Lloyd HUSTON	Minjie SHEN	
Jia JIAO	Matthew Oren SIMON	

(*This list was also published on page 30 of the December 2012 issue of *Actuaries*)



Congratulations to all our successful members in 2012

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New Fellows – Overseas	Members who achieved the Actuary designation in 2012	Members who achieved the CERA designation in 2012	
Chong Wen ANG Weihao CHOO King Tai CHUNG Kok Yang GOH Georgina Catherine HEMMINGS Yu KOBAYASHI Hyesun KWON Jie Ting LEONG Yunting LIU Bronwyn Rachel LUSBY Yan Lei SUN Hui Yen TAI Sheena WONG Chee Chang WOO Simon Edward YOUNG Yuyang ZHANG	MALAYSIA SINGAPORE HONG KONG SINGAPORE UK HONG KONG UK HONG KONG GERMANY NEW ZEALAND SINGAPORE SINGAPORE UK SINGAPORE UK CHINA	Liam BARRETT James BUNTINE Jie CAO Chi Yau CHAN Fatt CHANG Atif CHAUDRY Danielle CHAUMEIL Li Ting CHEN Joseph CHIDWALA Jonathan COHEN Aniket DAS Danielle DI SANO Stephanie DUONG Luyan FAN Shruti HEGDE Jennifer HU Thach HUYNH Ian HYLAND Ivan LEBEDEV Chi Kin LEE Hui Ching LEE Zarni LEE Kelvin LEUNG Jiang LI Ashley MCBROOM Andrew MCGRATH Hugh MILLER Tecla NGOMA Nikita PATIL Peter PROMNITZ Somar ROUEL Xing SUN Neelish TIWARI Richard TRUONG Qing WANG Katie WRIGHT Kieran WU Zhen Zhen WU Li Ting ZHOU Zhaohua ZHU	Joel ATPUTHARAJ Atif CHAUDHRY Cindy CHEUNG Jonathan COHEN Tony COLEMAN Jeffrey CONNOR Rory EGAN Phillip EVERETT Wen Fei HE Georgina HEMMINGS Jonathon HUA Khang HUYNH Jia JIAO Ying KANG Kitty LEUNG Bronwyn LUSBY Gregory MARTIN Andrew NGAI Wing-Sze PUI Harry RAO Brett RILEY Ai Nee SEOW Hui Yen TAI Annie TAY Dickson WONG Stephanie WONG Martin WU

2012 Prize Winners

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Consistent Excellence

Research Prizes

A M Parker Memorial Prize

Andrew Gale for his paper *Growing Pains – Selection Effects in Private Health Insurance* presented at the 2011 Biennial Convention



Financial Services Research Prize

Ramani Venkatramani for his paper *Actuarial Challenges in Defined Contribution Schemes* presented at the 2011 Financial Services Forum



Melville Biennial Convention Prize

Ashish Ahluwalia, Jamie Reid and Sonia Tripolitano for their paper *Risk Equalisation 2020 – Is the current system sustainable?* presented at the 2011 Biennial Convention



Melville Financial Services Prize

Professor Michael Sherris, Dr Katja Hanewald and Maathumai Nirmalendran for their paper *A Comparison and Economic Analysis of International Solvency Regimes for Annuity Markets* presented at the 2011 Financial Services Forum



Professor Michael Sherris, 2012 President David Goodsall, Dr Katja Hanewald and Maathumai Nirmalendran



Formal recognition of excellence in endeavour and application

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Education Prizes

Andrew Prescott Memorial Prizes

Major Prize for best overall performance in the Fellowship examinations jointly awarded to
Andrew MacKessack and Andrew Ngai



Meritorious Performance 2012 Investments Examination
Wenjing Liu



Meritorious Performance 2012 Life Insurance Examination
Junxia Su



Meritorious Performance 2012 Investment Management and Finance Examination
Shu Su



Meritorious Performance 2012 Commercial Actuarial Practice Examination
Stephen Edwards



Katherine Robertson Memorial Prize

Best Performance 2012 General Insurance Examination
Hugh Miller



Actuary of the Year

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Estelle Pearson

Actuary of the Year

Leading insurance and actuarial consultant, **Estelle Pearson**, was awarded 2012 Actuary of the Year.

The Actuary of the Year is bestowed on an actuary who has brought credit to the profession, and made a key contribution to business, the community, government or the profession during the year.

For more than 20 years Estelle Pearson has been a major contributor to and thought leader in the actuarial profession and the general insurance industry.

Since 2007 she has been Managing Director of Finity Consulting, the largest independent actuarial consulting firm operating in general insurance in Australia, with over 80 professional staff.

In her regular presentations and speeches at industry events, Estelle is a strong promoter of the actuarial profession and the insights that actuaries can bring to businesses. During 2012 she presented at a dozen industry forums – including the NIBA Annual Convention (Brokers), ANZIIF's Sunshine Seminar (Insurers), PIAA's international meeting (Medical Indemnity insurance), and the Commonwealth Law Association Regional Conference (Lawyers).

She also promotes the profession at 'grass roots' level through presentations at high schools. The formal roles Estelle has held over the years reflect her standing in the profession and the insurance industry:

- ▶ She has worked with the State and Federal Governments on the liability crisis in 2002.
- ▶ She acted as the actuarial expert to the HIH Royal Commission.
- ▶ She was appointed as an APRA inspector in 2005 to investigate the financial reinsurance issues - an appointment which included liaison and co-operation with international regulators undertaking similar investigations.

Estelle is a current Council Member of the Actuaries Institute.

Reflections from HQ

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Engaging with members

We asked the people in charge of each HQ business unit to reflect on a whole range of things – what they do, how they feel about their work, the successes and lessons learned in 2012 – and their aims for 2013. Here are some of their thoughts...

Communications and Marketing

Let your voice be heard – but keep your ears open

Engaging with our members and promoting their skills – this is our 80 in the 80:20 rule. We continued to strive to deliver improved communications and marketing activities during 2012 while listening carefully to member feedback.

Feedback from the quarterly member surveys ran throughout 2012 consistently recorded a high level of member satisfaction with our external communications. This is a great result for our team and we will continue to focus on improving our efforts in the coming year.

In 2013 we want to shine the spotlight fully on the profession and showcase the unique strengths that actuaries bring to the broader business community. To do this we'll be working with experts who position brands for a living. We'll be talking to members throughout the process and asking them for their feedback on the 'actuary' brand. Their support of the proposed marketing activities is critical if the profession is to prosper and grow.

To listen,
is to learn

Fortunately for our team, there's no spin required – actuaries are the real deal!

The Institute's website is being upgraded – our new online presence will feature an integrated suite of constantly refreshed content that members can use every day – educational webcasts, member forums, blogs and breaking news from the profession, policy-makers and business. The upgraded website will give us more opportunities to promote the profession, listen to members, talk to them and encourage them to talk to each other.

"The most rewarding part of our job is telling the stories of our members' successes – passing their exams, being appointed to Boards, making a difference and just being good at what they do."

Katrina McFadyen

Head of Communications and Marketing



Continuing Professional Development

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Remaining current and competent

Complying with Professional Standard 1 – support from HQ

Because actuarial knowledge and the environment in which actuaries work is constantly changing and developing, Continuing Professional Development (CPD) enables members to remain current and competent in their areas of practice, provide high quality service and ensure the continuing strength of the profession's reputation.

We support members to comply with PS1 by:

- ▶ encouragement and guidance;
- ▶ measurement and monitoring; and
- ▶ auditing compliance.

The Actuarial Capabilities Framework

The Framework was launched in 2012 together with the Capability Assessment Tool, Capability Assessment Report and Capability Development Planner. We now also map all our events to the Framework.

All these tools matter because they:

- ▶ identify the skill sets and knowledge actuaries need to succeed;
- ▶ allow actuaries to compare their capabilities against the Framework; and
- ▶ identify any gaps.

"Overall, we've now got a much more rigorous base for CPD planning - for the Members and the Institute. And that's going to drive a great deal of our activity in 2013."

Anne Peters

Director of Governance and Regulation,
Company Secretary

Sue Wetherbee

CPD Consultant

Maintaining, improving and broadening knowledge and skills

Education

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Supporting the education of the actuaries of the future

Our most important activity is supporting the day-to-day administration of the education program by ensuring members' needs are responded to from their very first enrolment enquiry through to the day they become Fellows.

2012 – it took time to save time. Our greatest success in 2012 was successfully implementing the new computer-based exams for Life Insurance subjects. The point of that project is to make the whole examination process more efficient. We learnt that doing this well takes a long time; and unless it's done well, it's not worth doing. We will be spending more time creating new computer-based exams for other subjects.

2013 – ongoing alignment. We will be analysing how well the education program aligns to the new Actuarial Capabilities

Framework and working on ways to improve this alignment. For the remaining Part III subjects, we will introduce more computer-based exams. We want the exams to more exactly assess what actuaries do in their jobs using today's business tools. And, we want to improve the efficiency and sustainability of the overall exam program.

"We continually strive for best practice in the way actuaries are taught and assessed by efficiently supporting the education program. The most rewarding part of our activities is seeing members finally achieve their qualification."

Philip Latham
Head of Education



Helping actuaries achieve their qualification is the most rewarding aspect of our role

Events

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Learning, experiences and networking

Our purpose is to deliver high quality, cutting edge events where our members can present and hear the latest industry developments and share their ideas and experience through creative networking opportunities.

Our biggest lesson for 2012? The same thing we learn every year – the importance of thoroughly checking every aspect of every event to ensure that every 't' has been crossed and every 'i' is dotted.

We also learned that our members are very responsive to new technology and new event ideas. And that by rapidly analysing their feedback we can reinvent the processes and event products we deliver to meet their needs even more effectively.

We've invested in technology that offers members better value. In 2013 we will be able to deliver CPD opportunities to hundreds of members around the world through live, interactive sessions broadcast out of HQ.

"Events sounds glamorous but it's 90% detailed grind (planning) and 10% delivery (producing the event onsite, on the day). At times the team is exhausted before the event begins – but 'sick day' is not a term in an event professional's vocabulary!"

"It's all worthwhile when we get positive feedback from delegates and we love seeing new events for our members grow in new locations around the world."

Sarah Hodgkinson
Head of Events



Our aim is to deliver high quality, cutting-edge events

Full steam ahead

Nobody thinks of us this way (which may be just as well) but we are the firemen on the footplate of the steam train.

We watch the dials and gauges so the engine runs efficiently – and doesn't blow up (we manage the budget and do the reporting).

We assist the engine driver (CEO) by issuing alerts if any dials or gauges indicate abnormal operations (comparing actuals to budgets).

We supply updates on the journey to the passengers (regular reporting to business units).

We feed the fire that boils the water that drives the engine that drives the train (we pay the bills).

In 2012 the train ran faster and more smoothly.

"In 2013 we will drive the train faster and even more smoothly..."

Glyn Thomas
Chief Financial Officer

**Stoking the finance engine
and staying on track**

Governance and Regulation

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Promoting best practice

The professional view

The purpose of the Governance and Regulation business unit is management of the Institute's corporate governance arrangements so that they reflect best practice, support the profession and protect its reputation.

A key way in which this purpose is achieved is through the development of practice regulation, such as Professional Standards and Practice Guidelines. Other ways include: management of the Disciplinary Scheme and supporting disciplinary processes; providing support for, and advice to, Council and HQ; providing advice and information to members on actuarial professional, technical and legal obligations; and contributing to the Institute's strategic thinking, leadership, planning, budgeting and implementation of business plans so that the Institute's goals are achieved.

In 2013 we will be rolling out new e-learning courses on practice risk management and whistle blowing. This is a major project that will form the basis for other e-courses on a range of professionalism issues. Our

members will have access to affordable CPD that's both effective and enjoyable (from a learning perspective).

We're also going to roll out the courses to other professionals who are not members of the Institute which will provide another revenue stream for the Institute.

The personal view

Most aspects of my work are hidden from the majority of members. They're only visible in specific contexts – at Council, working on professional standards and guidance or discipline. When I work with members in these circumstances they start to appreciate what I do, but only a few people get a full picture...

"The best part of my role is working with members – appreciating and learning from each other's skills. Working with the same members over a number of years and forming close relationships makes me feel a part of our actuarial community."

Anne Peters

Director, Governance and Regulation,
Company Secretary

Practice regulation supports and protects the Institute's reputation

Member Services

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Service excellence really makes a difference



On a day-to-day basis, the Member Services team works to assist members with any queries that arise.

The bigger picture is that we're about doing all we can to deliver services that attract Members, keep them with the Institute and strengthen its reputation.

That means simple but vital things like improving the application process and the renewal process. By providing more information (e.g. online FAQs, e-welcome packs and new member networking events) we significantly shortened the application process. Using better technology also helped us increase on-time renewals by 40%. These things matter – they're part of the reason that membership topped 4000 for the first time ever during 2012.

Feedback does drive change – in 2013 the focus will continue to be acting on the things that matter most to members. One example is an exit survey for resigning members so we can understand their decision. There are all sorts of different ways we seek and receive member feedback. It's helped drive progress in the past – such as process improvements in the database.

It will drive more change in 2013...

Shreya Trasy
Member Services Manager

Our goal is to provide a high quality service to members and keep them with us

In Memoriam

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Remembered

Sadly, the Institute lost a number of members in 2012. As strong supporters and contributors to the profession, their loss was felt by all who knew them.

Lawrence Julius Cohn,
FIAA, FFA, ASA, ANZIIF (Fellow)

Robert (Bob) George Glading,
FIAA, AM, BSc, FIA, ASA

Peter John Ryder
FIAA

► Thank you to all members and the people at HQ who contributed to the 2012 Year in Review.

Contact us

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Unrivalled expertise

About the Actuaries Institute

As the sole professional body for actuaries in Australia, the Actuaries Institute represents the interests of its members to Government, the business community and the general public.

Actuaries assess risks through long-term analyses, modelling and scenario planning across a wide range of business problems.

This unrivalled expertise enables the profession to comment on a range of business-related issues including enterprise risk management and prudential regulation, retirement incomes policy, finance and investment, general insurance, life insurance, health financing, and energy and the environment.

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