

60 SECONDS WITH.... Phillip Everett



Why did you become an actuary?

When I was young my father had noticed that I was interested in figures, patterns and mathematics. He had worked with

an actuary on a number of issues and had suggested to me that this was a good career. After tossing up alternatives such as chemical engineer, architect and naval officer, I decided actuary sounded more interesting.

Where have you worked and what have been some of the most interesting things you've worked on as an actuary?

I began my career as many people did as an actuarial analyst at National Mutual. I spent a couple of years in their personal super area before moving into a boutique consultancy they ran where I worked on an incredible array of projects ranging from tax structures to defined benefit super fund valuations.

I spent a number of years in Super, but there was a run-down of the defined benefit funds and essentially most of my time was being spent converting these into accumulation funds and master trusts. I figured this looked like where it made sense to go and I moved to a product management role in Plum (a large mastertrust). This was a great role where I was exposed to a variety of work and also saw the end to end impacts on a business of decisions we made.

The role at Plum involved pricing management and this led me to a role in NAB doing pricing for the business lending portfolio. I was later promoted to do capital management for that division and then moved to my current role in the NAB group.

The most interesting and challenging time of my career was in 2008 when I worked on the implementation of Basel II and had to manage the lending book through the worst part of the GFC. In each case I had to apply different lenses to the problem and deal with two very large moving parts. We had our view of credit risk capital changing a lot at the same time as funding costs were changing. These had been stable for the previous 10 years and no-one knew what to do and how to respond, so it was very exciting to be doing something that hadn't been done before on each of these as well as integrating our responses.

When did you start applying your skills to risk management?

I think the turning point came when there was a ramp up of the focus on capital and returns in the business management of our bank. This was a white space that no-one owned, not risk, not treasury and not the finance guys. Interestingly, the pricing teams seemed to be the go-to people in this space as we were the people who put this all together. It occurred to me that this was a lot like what the actuaries did in the insurers I had worked in.

How did this evolve to your current enterprise wide risk management role?

My role was expanded to include capital management for the Business Banking division, and a few years back I moved to a similar role across our Group. In this role I have been working

to develop risk reward capability in the Group and to build an enhanced economic capital framework. The work around economic capital in particular is a critical enterprise risk management role, where you look at all the risks of the organisation and how they interact.

What actuarial capabilities do you use in risk management?

I think the ability to see the risks interacting and deal with multiple moving parts is critical.

Also, the actuary's ability to understand and link the various commercial impacts of risks is something that is of value. It's pretty common for there to be really complex models build by a really smart guy but it can't be applied in practice or is not quite built for a purpose or they don't get the impact.

What skills should actuaries enhance to be more effective in enterprise risk management?

I think actuaries are seen as experts in specific risks they are associated with. The truth is most good actuaries can understand new risks and risks that are outside their core training. The key is for the individual to sell themselves as much about this skill as their expertise in life, general insurance etc.

I think it's also good to spend time to work in or understand how businesses actually work. For example spend some time with a distribution or customer facing area.

The best risk managers make the impacts and commercial imperatives of managing these real to people who aren't risk managers. The worst risk managers say you can't do it because I'm the risk guy and I say no. I've seen

actuaries do both, but more often they have been able to use their training around how risk impacts commercial aspects of a business to demonstrate why its important, which ultimately gets long-term buy-in and keeps the risk management going well after you stop policing it. So, my recommendation is to make sure you don't be the cop, but demonstrate why it's important; it's about linking the reasons and influencing people.

What do you advise aspiring actuaries to do to attain wider risk management roles?

Think of yourself as a risk manager and financial services professional with actuarial training. Be clear as to why you will add value, think about the tips I've noted above. Don't say I'm an actuary and expect people to give you a chance, because many people you will need to convince won't have met or dealt with an actuary before or only in a limited capacity.

