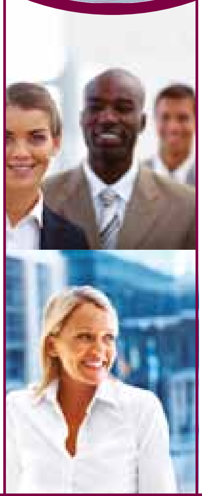
THE MAGAZINE OF THE ACTUARIES INSTITUTE
SEPTEMBER 2012 ISSUE 173

Actuaries

10 Review

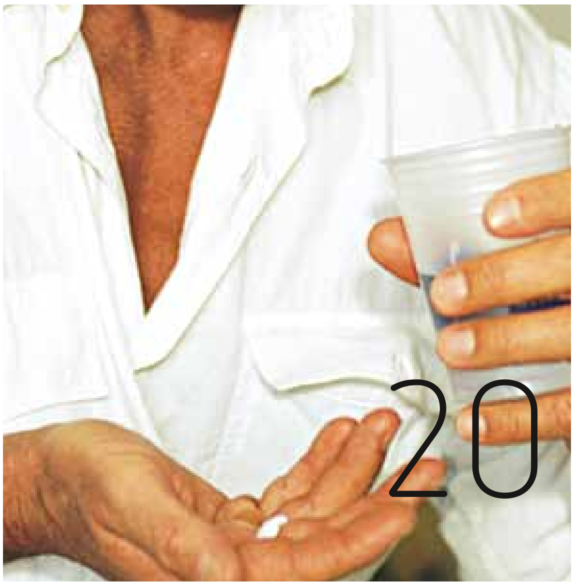
The Actuary in the Boardroom



Contents

SEPTEMBER 2012 ISSUE 173

COVER: A SLICE OF ICED DELTA © PHOTOGRAPHER: DAVE CORNFORD
WINNER OF OUR 2012 PHOTO COMPETITION (SEE REPORT p2)



Actuaries

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All contributions must conform to our submission guidelines which are available from the Communications and Marketing Team.

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Coming up

Oct

ERM Community – ICAAP and the Appointed Actuary
Wednesday 3 October 2012, Sydney

CPD Session with Jules Gribble – An Actuarial Perspective on Retirement
Thursday 4 October 2012, London

Insights Networking – Longevity, Public Policy and Building Your Skills
Monday 8 October 2012, Shanghai

Young Actuaries Program
Tuesday 9 October 2012, Hong Kong

Insights Networking
Wednesday 10 October 2012, Hong Kong

Insights Networking – Longevity, Public Policy and Building Your Skills
Thursday 11 October 2012, Singapore

Nov

General Insurance Seminar 2012
Monday 12 – Tuesday 13 November 2012, Sydney

Insights Networking – Presidential Visit
Tuesday 13 November 2012, London

Enterprise Risk Management Seminar 2012
Wednesday 14 November 2012, Sydney

2013

Actuaries Summit
Monday 20 – Tuesday 21 May 2013, Sydney

Photo Competition

CONGRATULATIONS to the winner of our inaugural photo competition – **Dave Cornford** – with his sweet take on the Institute delta – *a slice of iced delta.* Hopefully having his photo on our cover is considered 'just desserts' for his creativity.

Dave Cornford studied at Macquarie University and qualified in 1986. His career so far has been split roughly fifty/fifty between superannuation, and more recently, marketing and customer strategy. He has just commenced working at Mobillytics, a business intelligence and customer analytics consultancy, after taking a year off to write and self-publish some fiction. Links to his work can be found at www.davecornford.com.

We had some excellent submissions and intend to display some of the runners-up in future issues.

N.B. – With Dave's permission, his winning photo has been reversed on the Actuaries *cover to enable it to better fit the headlines and spread onto the back cover.*

Dave Millar
Guest Editor
editor@actuaries.asn.au

Social animals

I love social media. Don't judge me. Because whether you like it, love it, loathe it or simply abstain, it is shaping our world and having lasting impacts on brands – corporate and personal. Whether or not you agree with the views expressed, the singular voice can now be heard across the world, louder than ever before.

I know people who choose to avoid social media avenues, steering clear of Facebook, Twitter and other popular platforms. They claim it's a "waste of time" and they're "not interested in what their mate ate for breakfast." I definitely find myself agreeing with them, with some of the drivel and self-promotion that floods these pages, but I believe it's a fantastic way to engage with others, gather support and effect change.

Many of these abstainers will engage readily with other social opinions, using popular review sites for restaurants, movies, consumer electronics and the like. The success of products has often been linked to the nature of the reviews posted and many companies are going to great lengths to actively promote their products in these spaces.

Is the Institute doing enough? What's our online presence like? Could we do more to engage with our members and our customers?

To the final question, I believe the answer is a resounding yes. Both as individuals and as a collective.

But enter naively at your own peril. One ill-considered posting and your reputation, job and livelihood could come crashing down around you. And that post doesn't even have to be from you.

Just recently, actor Charlotte Dawson was subject to a torrent of abuse on her Twitter account, including death threats and explicit pictures, which resulted in her hospitalisation. This isn't an isolated case, with Biggest Loser winner Margie Cummins confronted by 'trolls' who threatened to burn down her house and kill her animals.

While personalities are often targeted, the full force of social media is often reserved for corporations. Target was recently in full damage control after an outraged customer used the company's Facebook page to complain about the retailer's "tramp-like" girls' clothing range. Regardless of your views on the matter, over 70,000 people responded to this single post. The impact was wide-ranging, hitting news bulletins across the country which forced their Corporate Affairs team to respond to a variety of criticisms.

Dr Brent Coker is an internet consumer psychologist at Melbourne University and suggests that "80% of corporations are scared of social media. They're not too sure about how they should conduct themselves or how they can use it." Yet if you get it right, the impacts are just as powerful.

The Institute must be more flexible in responding to industry issues in a timelier and more integrated manner, be at the forefront of thought-leadership across the risk management space and continue to promote our valuable skills. Various forms of social media provide the ideal platform.

Whether you love it or loathe it, without embracing social media, our voice(s) will struggle to be heard. A

Actuarial Challenges in Defined Contribution Schemes

The superannuation industry needs to innovate. Wherever possible, actuaries would need to work collaboratively with other professions to develop solutions in the best interest of members.

Actuaries have had an important role in financing retirement ('superannuation' also called 'pension') plans for a long time. This has been the case largely in defined benefit schemes (DB). With the decline of DB and the dominance of defined contribution schemes (DC) in retirement planning, this traditional role has declined. Our paper argues that given the changes in the market, actuaries can and should play an important role in DC to achieve optimal outcomes for scheme members.

THE TRADITIONAL ROLE

The traditional role of an actuary in DB has included:

- benefit design at inception in response to employer, member or regulatory needs;
- periodic liability valuation and setting of future contribution rates;
- investment strategy formulation aligned with benefits;
- remediation of solvency concerns;
- insurance coverage;
- repatriation of surplus to employers;
- consideration of member security in fund mergers;
- fund closures and equitable treatment of stakeholders; and
- anti-detriment claims.

In addition to the statutory requirement to engage actuaries, the impact of increased market volatility has led to greater interaction with actuaries to monitor solvency and take appropriate action, as encouraged by the Australian Prudential Regulation Authority (APRA). More recently, APRA's focus on robust risk management including liquidity has involved actuarial advice in DB and hybrid schemes.

In contrast, DC schemes have not had significant actuarial input in the past. Some trustees have consulted actuaries about investments, determination of earning rates, remediation of unit pricing issues and tendering for group insurance, but this is by no means uniform across the industry.

CHANGING INDUSTRY LANDSCAPE

Australia is notable among the countries that led the move from DB to DC, through its compulsory superannuation guarantee, tax concessions for voluntary savings and robust prudential regime. Across the world, the move to DC is strong, due to employers' lower risk preference, the impact of accounting standards and the trend towards member investment choice. Increased job mobility has caused a greater demand for portable superannuation, which is easier in DC than DB.

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These external changes have gone hand-in-hand with changes in member preferences as well. Increasingly, members choose their investments in their fund. To facilitate competition, choice of fund is now a general legislative requirement.

Messages exhorting members to save for their own retirement (no doubt triggered by the ageing population forced to fund social security pensions on a 'pay as you go' basis) supplemented by several tax concessions have increased the public expectation of the security of the super regime.

From the legal construct of DC 'you get what you get', the changes have induced a mindset 'if I pro-actively fund my retirement, the system will take care of me'.

The Global Financial Crisis (GFC), painful though it was, has offered several salutary lessons to the finance industry, and superannuation in particular:

- the superannuation industry, despite being supported through compulsory contributions, can and will go through liquidity crunches;
- no longer is it sensible to believe, as an axiom, that any asset can be sold for a price; and
- as superannuation grows and comes of age, its risk management processes must compare well with other industries such as banking and insurance in terms of robustness.

The various regulatory requirements after GFC and the far-reaching industry changes under 'Stronger Super' are intended to position the industry for meeting the challenges.

RE-THINKING ACTUARIAL INPUT INTO DC

Given changes in public expectations, it is naive to rely on the legal and accounting practice of writing down member balances in DC following a major fall in asset values. Public confidence would be dented, and if the loss is of a sufficient magnitude, social cohesion could be at stake. Policy-makers, regulators, the industry and professional advisers have a responsibility to take pre-emptive action.

Risk management, making sense of financial uncertainty, asset liability mismatches and presenting a holistic financial condition report are areas where actuaries have developed practical skills over many years in the broader financial services industry. By leveraging these skills to minimise the incidence and impact of serious falls at or close to retirement, actuaries can add value to retirement financing.

TARGET AREAS

The superannuation industry needs to innovate. The challenges of managing increasing longevity in the current context of the ability to take benefits as a lump sum should be addressed.

As investment choice is now established in the market, greater rigour in the financial planning process (instead of adopting median assumptions by default, as occurs now) will make likely outcomes clearer to members. The advice question needs to be re-framed to cater to members' risk preferences.

The focus on MySuper as a low-cost default option for the majority of disengaged membership will call for clearer segregation from choice

products. Actuaries have relevant experience in life statutory funds, which can be adapted.

For the first time, superannuation will move towards a risk-based capital regime, with the introduction of the Operational Risk Financial Requirement. Developing a fund-specific risk model would call for statistical analysis, an area of actuarial training.

Wherever possible, actuaries would need to work collaboratively with other professions to develop solutions in the best interests of members. We envisage a form of 'financial ecumenism', where the varied skill sets of different professions are harnessed for the common cause.

REGULATORY IMPRIMATUR

There is no need to wait for regulators to prescribe such activity. Once the industry perceives the value added through enhanced confidence and member engagement, the improvement in risk management should lead to better APRA risk grading and supervisory stance. The Institute's Practice Guideline [499.05] *Financial Condition Reporting for Superannuation Funds* (FCR) is an excellent starting point.

NEXT STEPS

Large DC super funds should be approached to trial improved risk advice and management, either for individual risks or through a time series of selected risks. A comprehensive FCR on a periodical basis to evaluate the inter-relationships of various risks will provide action triggers for the future.

The need to fight inertia as the memory of GFC fades cannot be over-emphasised. Member interests require nothing less. A

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Update from the Superannuation Practice Committee

Like all Practice Committees, the main objectives for the Superannuation Practice Committee (SPC) are:

- to contribute to the strategic direction of the Institute through representation of the specific practice area;
- to actively support the development of actuarial practice through the Institute's education, CPD, standard-setting, public policy and research activities; and
- to actively identify and promote opportunities for members working in the practice area and facilitate communication and liaison within the profession.

The SPC is ably supported by several sub-committees who assist with the drafting of various submissions to government, treasury and other regulatory bodies:

- Legislation sub-committee, chaired by Paul Shallue
- SMSF sub-committee, chaired by Allen Truslove
- Accounting sub-committee, chaired by Tim Furlan
- Superannuation Projections and Disclosure sub-committee, chaired by Bill Buttler

In the last couple of years, a major focus of the SPC has been to review all the existing professional standards and guidance notes to make sure that they are all up to date and comply with the Institute's revised approach. In that time, five Professional Standards have been approved by Council (one other has been withdrawn) and four Practice Guidelines have also been finalised. A number of Information Notes and Discussion Notes have also been released to members since 2008 as well. Copies of all these documents are available on the Institute website.

So far in 2012, work has been progressing on three more Professional Standards, and a new Practice Guideline (PG499.05 on Financial Condition Reporting for Superannuation Funds) was finalised in June.

In 2011, the Institute sent 17 submissions to various bodies on behalf of the SPC and its sub-committees, and so far in 2012 there have been a further 15 submissions. Some of the more significant submissions related to the implementation of the Stronger Super reforms, the introduction of APRA Prudential Standards for Superannuation, the draft accounting standard ED223, the deductibility of TPD insurance premiums, the calculation of superannuation forecasts and the Age Pension, the calculation and disclosure of investment returns and risks, and the disclosure of fees and costs. Copies of all our submissions are available on the Institute website.

The SPC has also actively assisted the Institute with its work on the ageing population and the development of suitable post retirement products to improve the efficiency and adequacy of the retirement income system for individuals. Through the work of the Superannuation Risk Management and FCR Taskforce, we have also been supporting the development of new work for actuaries in the superannuation field. The release of PG499.05 in June was a major milestone in promoting the work of actuaries in the field of risk management in superannuation.

To facilitate better communication within the profession and to assist members with their CPD requirements, the SPC produces three newsletters each year to keep practitioners up to date with the work of the Committee, in addition to our involvement in various member activities including:

- A Super Policy Forum on Superannuation Risk Management in October 2011;
- Insights meetings in March 2012 on "The New DB Funding Framework"; and
- A joint forum with FEAL on the new Prudential Standards for Superannuation in May 2012.

As an aside, it is worth noting that there were also nine sessions relating to superannuation at the 2011 Biennial Convention, including the very relevant topic "Managing Liquidity in Superannuation", and seven sessions at the Financial Services Forum in April 2012 including a "hot off the presses" session on APRA's Prudential Standards for Superannuation.

One particular topic of interest that we are currently working on is in relation to Conflicts of Interest in Superannuation. A lot of work has been done on this topic in the UK in the last few years, culminating in the release of a new guide for actuaries in June 2012. The SPC recently released a Discussion Note for member comment and we also received feedback from APRA. The SPC will now review all this feedback and work out the next steps for the profession in consultation with members and the regulator.

As you can see, the SPC and its various sub-committees continue to be very active and I would like to thank all the volunteers involved, as well as the support staff at the Institute HQ and other members who have assisted with the drafting of various professional standards and submissions. While it is demanding from time to time, the experience is also very rewarding and contributes not only to the profession but also to the superannuation industry. A

Superannuation Practice Committee

Andrew Boal	Paul Shallue
Matthew Burgess	Diane Somerville
Jeff Humphreys	Allen Truslove
Brad Jeffrey	Stephen Woods
Peter May	

David Su
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David Su

Title... Chief Actuary

Organisation... BT Financial Group

My interesting/quirky hobbies... Military history especially WWII

My favourite energetic pursuit... Cycling – although not so energetic with a seven, five and three year old in tow...

The sport I most like to watch... Test cricket (when it's competitive) and the Tour de France

The last book I read (and when)... *The Second World War* by Antony Beevor (still going)

My favourite artist... Stacey Kent, an American jazz singer- the most relaxing music I know

The person I'd most like to cook for... My wife, but not sure she'd want that

What gets my goat... People who pretend to know more than they do, and people who take credit for someone else's work

Four words that sum me up... Christian, husband, father, professional

Where I studied to become an actuary and qualifications obtained... Macquarie University, BEc 1992

My work history... I started off programming actuarial software with a company called Acsys Pty Ltd. After two years I joined what became KPMG Actuaries as their first actuarial student – what a fantastic learning opportunity! I was with KPMG Actuaries for nine years, mainly focussed on financial services but getting many opportunities to dabble in all sorts of other areas including health insurance.

I took a sabbatical in 2002 and spent the year studying at Moore Theological College. Following the health theme, in 2004 I detoured off the actuarial path and joined NSW Health in a funding policy role. After two years I decided to head back to the private sector and joined MBF Australia looking after both their private health and later their life insurance actuarial teams. After MBF was acquired by BUPA in 2008 I joined BT Financial Group, taking on the Appointed Actuary role for the three life insurers in the group in June 2009, and then the Chief Actuary role in November 2011 (encompassing the in-house actuarial team looking after BTFG's general insurance and lenders mortgage insurance businesses)

What I find most interesting about my current role... Leading an actuarial team with a very diverse range of interests, backgrounds and career directions, working out how best the actuaries can work with other colleagues across the group

My role's greatest challenges... Promoting and explaining the value of insurance, which is currently a business unit inside a division inside a bigger division inside the Westpac Group

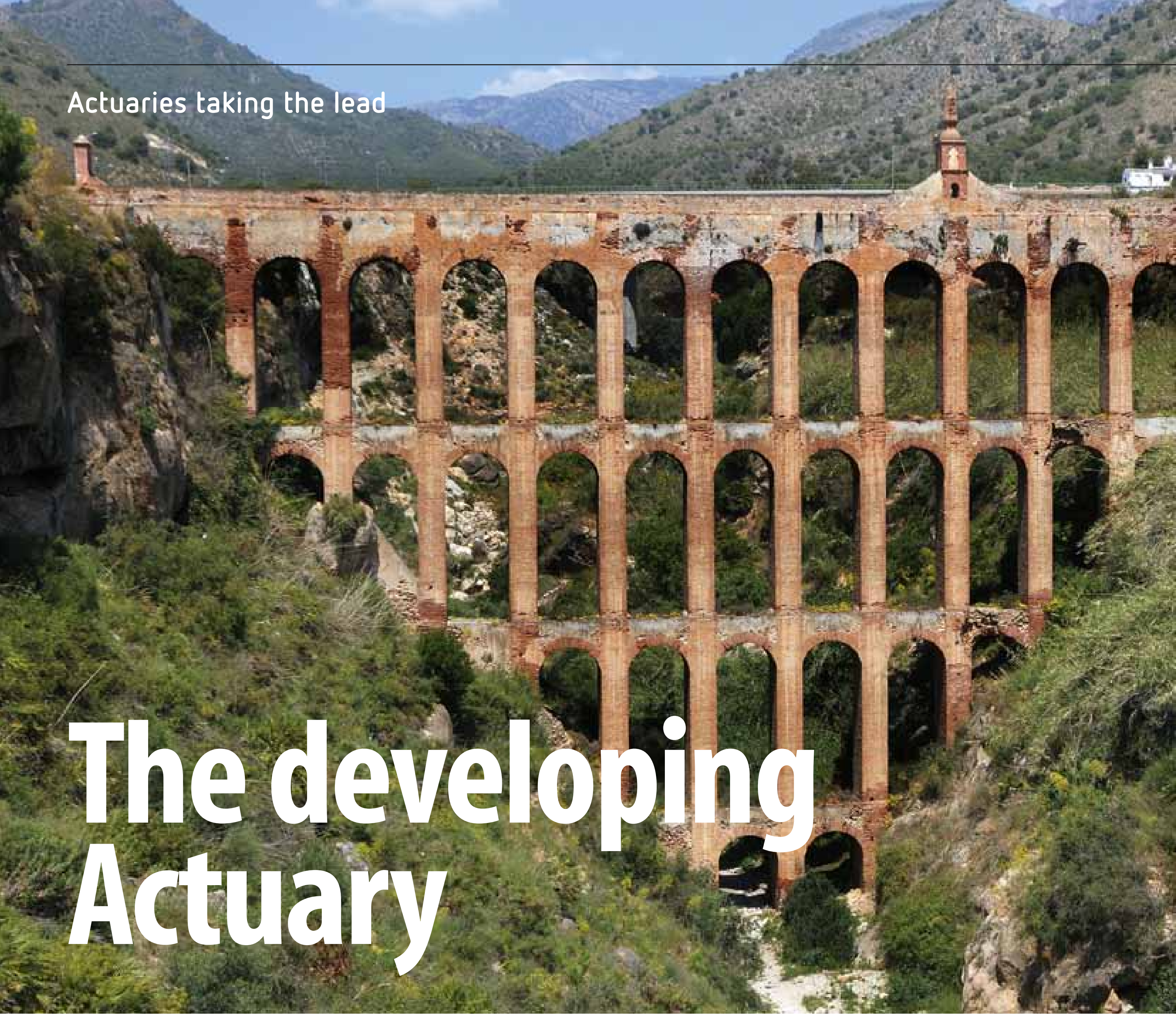
Who has been the biggest influence on my career (and why)... Bruce Edwards for giving an absolutely green actuarial student a go, Greg Martin for proving it's possible to be strategic and technically brilliant at the same time, and David Torrance for showing what excellent client relationship is all about

10 years from now... I will be working part-time and outside of the financial services sector (maybe!)

At least once in their life, every actuary should... Take at least a year out to work or study in a totally different context

My best advice for younger actuaries... Approach every piece of work as if your name and reputation is at stake (because it is)

If I win the lottery, I would... Activate my succession plan!



The developing Actuary

If you are one of the hardy souls who reads *Actuaries* month after month, you would have started to pick up a common theme in my last few columns – the many ways to develop leadership capacity. So far we have covered challenging assignments, developmental relationships and adverse experiences. This month we are exploring coursework and training. While Monty Python may have asked, in the classic scene from the *Life of Brian* "What have the Romans ever done for us? " the core actuarial question I ask this month is "What has sitting / failing the actuarial exams ever taught us about leadership?"

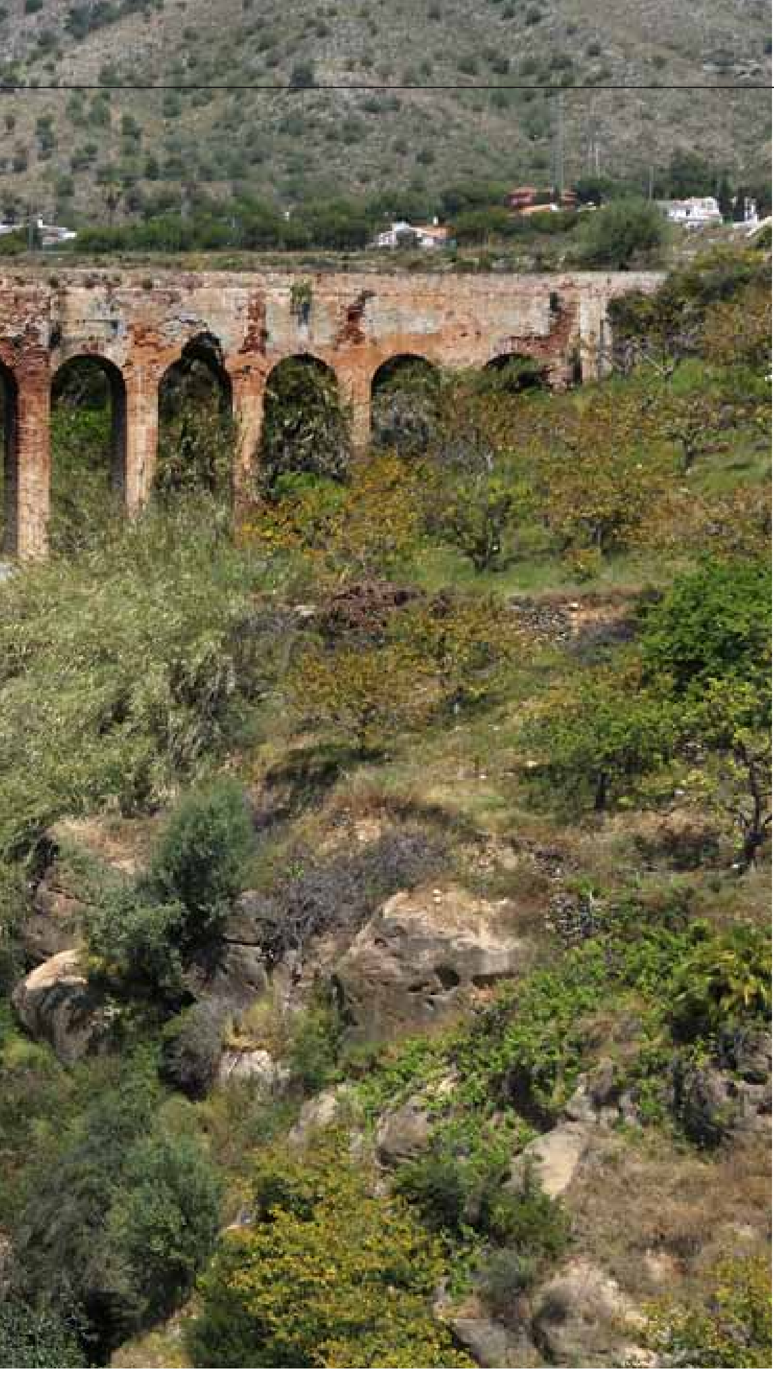
ACTUARIAL COURSEWORK AND TRAINING

One of the first lessons is humility. Accept the reality that even when we give something our very best shot we are not guaranteed of success. But we do have a much better chance than if we don't try at all. The actuarial exams taught me the truth of the serenity prayer – "have the serenity to accept the things outside of my control, the courage to act on the things I can change and the wisdom to know the difference." For the first time in my life, I found myself throwing everything I had at passing exams, and not knowing whether it was enough. At the same time, it forced me to focus on areas that I had traditionally been slack in, such as exam technique, and hone my skills in these areas.

Apart from humility, what have we ever learned from the actuarial exams? Determination! In the face of low pass rates we have built determination. Jim Collins in his seminal book "From Good to Great – Level Five Leaderships" found that a central trait of, a "level five" leader was determined humility. The kind of leaders who when they left their post, the business continued effectively, because their emphasis was on creating something beyond themselves. When you look around at your actuarial colleagues and admirable leaders in the profession, you might catch glimpses of these attributes. The actuarial emphasis on integrity, sustainability and professionalism are defining characteristics of the profession. I'd like to think that these are core strengths of the profession, forged out of the challenges we face through actuarial education.

Apart from humility and determination, what have the actuarial exams ever taught us about leadership? Optimism! In fact a healthy dose of realism (the serenity prayer) and optimism – "if I can get through the exam phase, regardless of whether I qualify or not, I can get through just about anything in life."

Well apart from humility, determination and optimism… there is discipline! We learn the discipline of writing really succinctly, of summing up spurious pieces of information into a semi-cohesive narrative, and of being able to logically and steadily solve some very complex questions. When I support my 17 year old son in his



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"What have the Romans ever done for us?"

– JOHN CLEESE, *LIFE OF BRIAN*

mathematical endeavours, I realise how much more effective, ordered and structured I am now as a result of sitting the actuarial exams.

There's also insight and perspective. I remember sitting Life Insurance and Margin on Services was being introduced into the course. At the same time Capital Standards were evolving from a neat mathematical formula with a few trusty parameters to this "risk-based" beast. These weird mystical names and methods were incomprehensible to me for months of studying. In desperation I started talking to senior actuaries to gain better comprehension. I am not ashamed to say I even went and read some journal articles and attended some industry discussion groups.

At some point, with furrowed brow, sweating under an old desk lamp, these concepts that seemed so disparate and disconnected suddenly became one system of intricate links and nuances. Right before my very eyes they condensed into a smallish ball at the front of my brow. From having for months been, as disparate disconnected concepts, they suddenly became one system of intricate links and nuances.

In Robert Kegan's language (see April's column) what I was subject to, became an object that I could grasp. A core developmental step in building judgment and a starting point for strategic leadership. I have found this experience a common theme with many other actuarial professionals I have shared this story with.

And then there is sensitivity to others. Can you recall waiting for the exam results, huddled around a computer with fellow students (I am harking back to the 90s here...) and as the list of names unveils itself someone yells out "I've passed, I've passed"... and three people who have failed stand there trying to hold a smile of congratulations while their insides are churning. Having been in the 'three camp' a few times really taught me to have a greater appreciation of what others may be going through, and to have that sensitivity for others, particularly when things are going really well for me.

GENERAL LEADERSHIP PROGRAMS

Frank Redington famously said that "an actuary who is only an actuary is not an actuary". Indeed, developing leadership capacity as an actuary is only just beginning at qualification. Qualification is not like a quiz program when the curtain comes up and you walk away with a million bucks, changed forever. Nor is it like instant enlightenment when suddenly the FIAA tagline makes you infinitely wiser, seven inches taller, debonair and eloquent. The cold, dark truth is that as you continue to develop your capacities, life responds by throwing you ever greater challenges. You have the choice of sitting on your hands (refusing the call), or responding by building capacities needed to deal with your new world. This is your choice.

If you wish to answer the call to continually evolve your own capacities, this means ongoing development, probably outside of your field of knowledge and outside of your comfort zones. And it also means incredibly rich opportunities to learn, grow and develop. Another one of my fantasies is that as human beings we are all hardwired to learn, grow and develop right through our lives – it's just whether we have the resilience and courage to continue on the journey. There are many leadership programs that provide these opportunities – the Institute's Step Up Program is but one example.

Humility, determination, optimism, discipline, insight and perspective, sensitivity... wow! Just writing this gives me a hankering to take on some more study, and to further explore and expand the farther regions of my emotional and cognitive capacities. I hope it has also shed some light on the possible great leadership lessons in coursework and training. What can you do regarding course work and training for yourself and if you are managing staff, your people?

Next month, we will explore how personal experiences may have shaped our leadership today, and how you can leverage personal experiences to continually develop your leadership capability.

Thank you to the people who have sent me notes and positive comments about the column. I would also love to hear more about the leadership that is happening in actuarial spaces and places across our world. If you feel brave enough, send me a note about your personal experiences and how they have shaped your leadership today! A

The Actuary in the Boardroom

Yes, that's "boardroom" not "bedroom", nevertheless, there was still a crowd of over 60 people who attended the lunchtime forum on this topic in Sydney on Tuesday 31 July. The forum was sponsored by the Leadership Committee and featured three great speakers who addressed the subject from their individual and important perspectives:

IAN POLLARD has made a career out of non-executive directorships and provided insights from the viewpoint of an experienced corporate board member, as well as chairing the Forum.

ANTHONY LOWE is the CEO of the Prostate Cancer Foundation of Australia and approached the subject from the perspective of the not-for-profit (NFP) sector, covering both director responsibilities and CEO responsibilities.

ELAINE COLLINS is an experienced consultant who is now embarking on a career as a Non-Executive Director (NED). She provided valuable advice about how to launch a NED career, as well as how to deal with Boards as a consultant.

Ian began by outlining the role of the Board. Without attempting to re-state his extensive list, his conclusion was that the activity of a director is more focused on "thinking" and less on "action". He also commented on the composition of Boards and highlighted the importance of diversity (skills, gender and style). He also reminded the audience of two key requirements: industry knowledge and governance principles.

It was then fascinating to hear Anthony explain the ways in which NFP boards differ from corporate boards. Significantly, their "mission" is fundamental, therefore economically rational arguments carry less weight. NFP boards are usually much larger, with a much greater mix in their composition, so they rely more on the use of sub-committees. Anthony believes that this

Anthony Lowe, Elaine Collins, Ian Pollard

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makes NFP boards more complex.

Elaine explained her interest in a NED career and the elements of her background that she thought were valuable, not least of which were communication and media experience. She also provided an indication of what comprised a manageable workload for a full-time director, suggesting a portfolio of no more than five boards, including at least one NFP board. Anthony remarked that this ratio also made sense from a remuneration perspective!

Elaine commented on the attributes that actuaries can bring to Boards. In the financial services industry, understanding risk and capital (and their interaction) is very useful, even more so if it is well translated into implications. She also thought that actuaries' "different way of thinking" added to the diversity. At the same time, Anthony cautioned that whilst it may look obvious that an actuary is well suited to contribute to the finance sub-committee of an NFP board, actuarial finance thinking may not fit well. Instead he recommended that actuaries begin with a "mission-oriented" sub-committee of an NFP board.

Ian returned to the question of what Boards seek when appointing new directors and he puts great weight on the ability to engage and work within a team. He also looks for people who apply good commercial judgment and communicate frankly. Interestingly, he described cutting a "short list" from 15 to three candidates on the basis of two even more simple criteria: candidates who have done their homework and those that really conveyed they want the role.

LAUNCHING A NED CAREER

When it came to discussing how to launch a NED career, the recurring theme was the value of building a personal network – and not just via LinkedIn. Even if one has an extensive network in financial services, this will not be sufficient because conflict of interest considerations will cap the number of board roles that can be taken up by an individual in one industry – even a broad one. Hence, all of the speakers implored the audience to "get out more". On a more specific note, Elaine spoke highly of the Directors Course conducted by the Australian Institute of Company Directors (AICD).

Ian expanded on the potential for directorships in a broader range of industries. I enjoyed hearing his enthusiasm and excitement as he cited involvement with companies in the music and retail fashion industries. It was clear that he gets a "buzz" from watching companies and people grow – even if they are only working with extruded metals.

Personally, the segment on how to perform well as a NED was most valuable. There were practical tips on how to read board papers (always ask "so what?") and when to read them (not the night before)! He suggested arriving early to meetings and staying later to obtain context. The importance of being involved and engaged with the company was highlighted, even if for Ian it meant spending time in dress shops. Anthony stressed the need to get to know the other Board members and the critical nature of the relationship between the CEO and the Chairman.

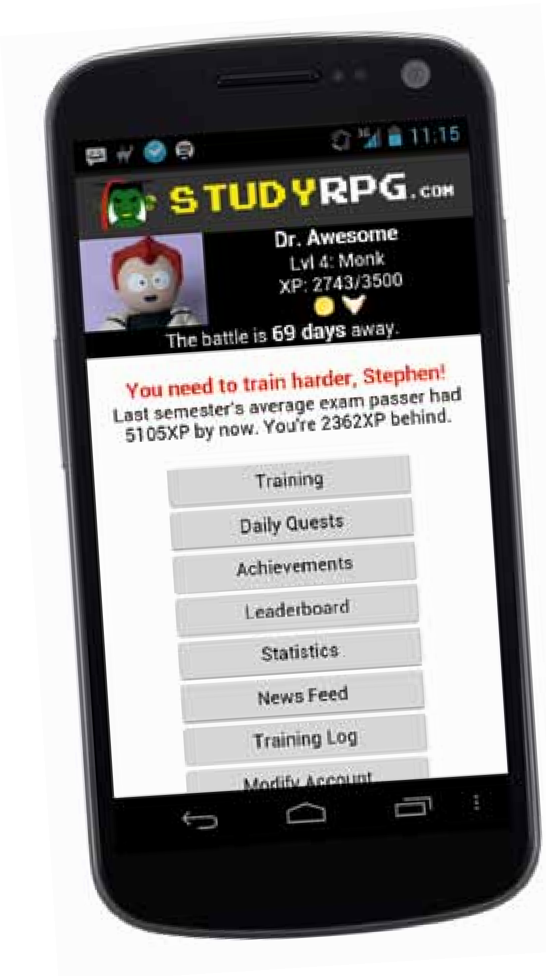
ADDRESSING THE BOARD

For many members of the audience, their experience of the boardroom was confined to reporting to the Board. Elaine's advice was to engage in a manner that was able to be absorbed by the Board and, hence, the actuary's message and the implications for the company needed to be very clear. Time should be taken prior to addressing the Board to pre-empt concerns and anticipate questions. Anthony echoed this aspect and insisted that views of individual directors should be tested before an important decision is made.

Obviously the three speakers covered a wide range of matters and this report has not done justice to them all. The recording is available on the Actuaries Institute website and is a "must listen" for anyone dealing with Boards, both corporate and NFP, or with plans to become a director, either now or in the future. A

StudyRPG.com

How I Learned to Stop Procrastinating and Get on with Study



It's 2am on a Saturday night. While it seems like everyone else my age is out enjoying their lives or sleeping, I'm cooped up in the smallest, coldest room of my house with a textbook and two piles of 'recommended reading' stacked up beside me.

Am I studying for my impending Part III actuarial exam? Of course not. I'm playing mindless, online, free-to-play, flash-based video games and experiencing a paralyzing mixture of guilt, fear and hopelessness about the fact I'm not studying for my exam – the exam that gives me the same sort of nightmares that *Ghostbusters*, the inescapable reality of death and the *Spice Girls* gave me as a child.

WHAT'S WRONG WITH THIS PICTURE?

Is it that I'm not out living the hedonistic, twenty-something lifestyle that American sitcoms had promised me for a decade? Is it that I'm lying to my lovely girlfriend (and future wife) in saying I had to stay up studying when I'm clearly not? Is it the fact that the thought of a *Spice Girls* reunion still requires me to use a night light at the age of twenty-four? Of course not. Those are all perfectly rational situations and fears that we all experience.

The problem here is that I can't stop myself from playing *Pandemic 2*. I'm trying to beat it on the hardest difficulty setting to get a pointless achievement trophy on *kongregate.com*. You know, instead of studying to beat the hardest exam I've ever faced and getting a totally real pay rise as a reward.

The other thing wrong with all this is the fact *Pandemic 2* is not a fun game. It's not even an interesting game. It's monotonous, tedious, and frankly, lacks the same originality and flair that *Pandemic 1* had (which I finished on the hardest difficulty setting and got a pointless achievement trophy for instead of studying for a Part I exam at 2am on a different Saturday morning years beforehand).

SO WHY AM I DOING THIS?

Why aren't I studying, when *Pandemic 2* is just as tedious and boring but without a financial reward? Why haven't I gone to bed, or at least moved to the slightly bigger and warmer room in my house that has a couch and an Xbox 360 with games I actually enjoy but have put off playing because "I'm too busy studying"?

To be honest, I have no idea. What I do know is that there's a pattern here: adding a high score and an arbitrary reward system immediately makes me obsessively do something, even when the fun and interest is long gone or never existed. And just like that, **www.StudyRPG.com** is registered for a measly eleven dollars and a legend is born.

StudyRPG.com is an online, community based "game" designed by an easily distracted actuarial student to help other easily distracted actuarial students get motivated and focused on study. Just like a traditional Role Playing Game (RPG), the game rewards players with 'experience points' (XP) when they complete study-related activities like reading course notes, doing practice exams and attending tutorials.

Players log in to the site with their mobile phone and log their study to get XP. Players 'level up' as they get more XP and everyone gets placed on a public scoreboard to encourage competition, good-natured bragging and shaming for not studying as much as their peers.

There are challenges to complete to get rewards like digital trophies and bonus points. Challenges can be as simple as reading 20 pages of course notes in a day or as

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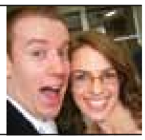
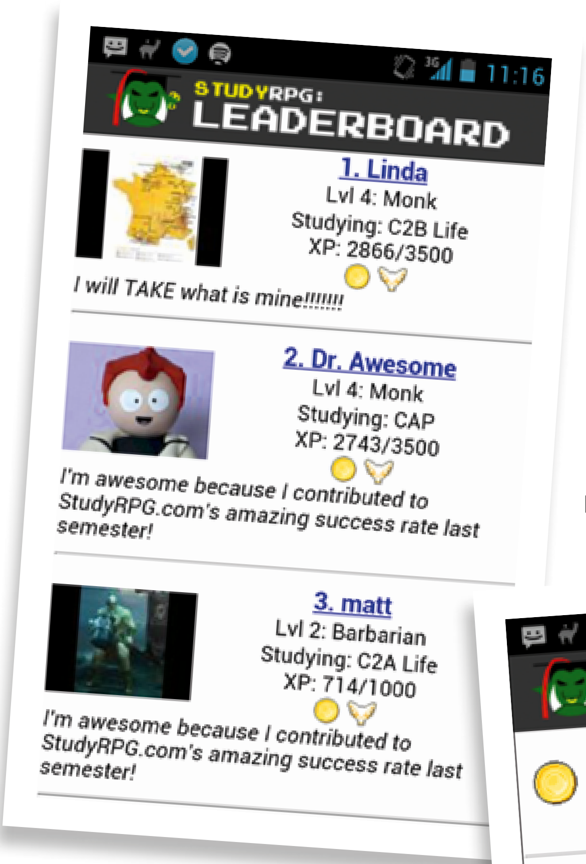




challenging as doing 10 practice exams over the semester. The XP allocation system and the challenges are designed in such a way as to encourage players to study daily and to focus on completing activities, rather than just studying for a certain amount of time.

DOES IT WORK?

StudyRPG.com is on its third semester now, and while only around seven people seriously participated last semester, **all of them passed** a Part III exam.

Yeah, that's right – seven out of seven. That's 100% for those of you playing at home, or around 333% actual to expected Part III exam passes. And it's totally because of StudyRPG.com alone; no other variables are at play, so stop trying to think what they might be and just shake your head in amazement.

Are there prizes or financial incentives to participate? Nope. Is there anything stopping people cheating? Not really. So why does anyone bother with it then?

As an episode of Extra Credit[1] and an illuminating Ted.com Talk[2] will explain, the psychology behind it is that human beings and actuarial students aren't best motivated by things like wage raises and monetary bonuses – the theory is they're more motivated by a desire to perfect a skillset and to have that acknowledged socially. This is why people dread going to work, yet happily pay Blizzard a monthly subscription fee to play *World of Warcraft*; even if the task is boring and pointless, the ability to master it and promote your mastery to your peers ignites a fire in you that makes you grind away until you achieve that goal.

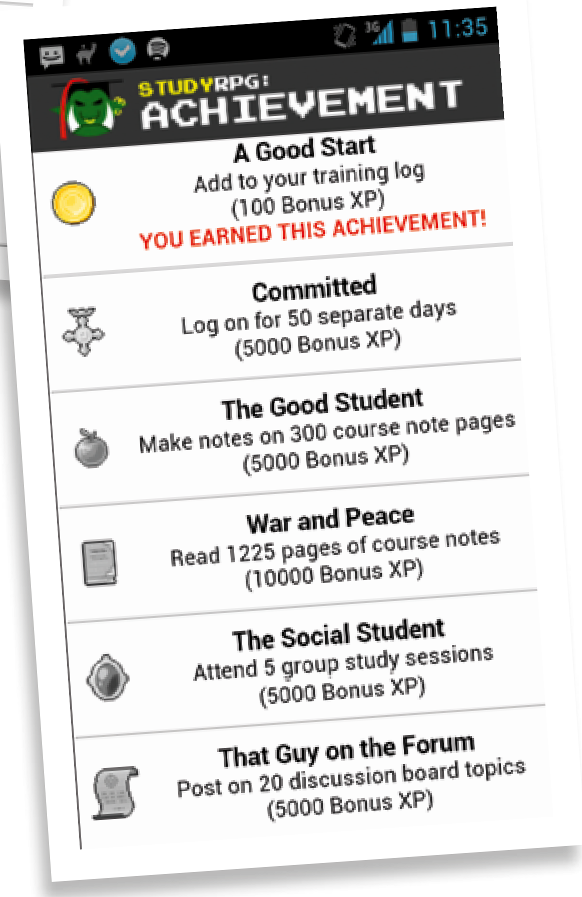
It all falls under the topic of 'gamerfication' – blending the real world with the same, addictive qualities that video games possess – and StudyRPG.com isn't the first thing to exploit it. Websites like the *Khan Academy* use it to make learning maths and physics more exciting. Brick and mortar schools have employed it to get kids to learn boring, pointless topics like history, English literature and physical education. Even companies are seriously exploring how to integrate it into mundane activities, like inventory stocktaking, to improve productivity or to encourage customers to spend more money.

If you're still reading this poorly written and long winded article, by now you've realised what an incredible breakthrough this all is and are wondering how you can invest in what is likely to be the next Facebook or Twitter or [insert trendy, billion dollar IPO website here]. Well, put away your wallets, folks – StudyRPG.com is free to play, and without ad revenue, it's a non-profit venture. It's not even tax deductible.

SO THE MOST PERTINENT QUESTION REMAINS: WHY AM I BOTHERING WITH IT?

Well, aside from the fact it has so far gotten me motivated enough to get through two Part III exams, there's also the fact I'm a massive geek – a massive geek who likes playing around with data. You know, data like the study habits of other students; what time of the day they study, what activities they focus on, what exam passing students tend to focus their efforts on – all data that StudyRPG.com provides after each semester.

Once I'm qualified, I might even sit down and do the analysis and work out **the perfect formula for exam success**. That sounds too much like a financially rewarding pursuit, though. Instead, I think I'll focus my attention on getting my XP up so Linda at work can't brag to me about her beating me on the leaderboard… A



1 http://www.penny-arcade.com/patv/episode/gamification
2 http://www.ted.com/talks/dan_pink_on_motivation.html

Charity begins at home...

NEW SURVEY QUESTIONS WILL BE AVAILABLE IN OCTOBER 2012. WHAT WOULD YOU LIKE TO KNOW? IF YOU HAVE A QUESTION YOU WOULD LIKE TO PUT TO THE MEMBERSHIP, EMAIL IT TO EDITOR@ACTUARIES.ASN.AU

RESULTS: REPORT GENERATED ON 15 AUGUST 2012. 281 RESPONSES.

This survey was about donations; but before we progress any further, a word of warning. We have attempted to avoid value-judgments and assumptions but may not have been successful…

There were several catalysts for this survey:

1. Last year Dick Smith claimed that wealthy Australians were selfish and did not contribute enough to philanthropic interests. This sparked some conversations with various colleagues.
2. The Australian Institute of Company Directors ran an argument, partly in response to Dick Smith and partly in response to the debate about executive remuneration, that many directors donated precious time, even if they did not donate precious money.
3. Our own involvement with community groups has led to recent speculation about what motivates people to donate or even whether people make conscious decisions at all.

A sample of experiences and opinions from the actuarial profession would provide some valuable insights and perhaps simulate further debate around this topic. The results that were submitted didn't disappoint – in fact, we found the results to be fascinating and hope readers share our curiosity about the aspects that are highlighted in this *Pulse*.

There were 281 respondents and their composition by age and gender are shown below. These results are similar to most other Pulse surveys and are used to analyse our results.

Age band	Female	Male	%
<25	1%	6%	7%
25 – 34	12%	27%	38%
35 – 44	7%	14%	21%
45 – 54	5%	18%	22%
55>	1%	11%	12%
Total	25%	75%	100%

QUESTION 1: DURING THE FINANCIAL YEAR TO 30 JUNE 2012 DID YOU DONATE ANY OF YOUR MONEY TO ONE OR MORE CHARITABLE ORGANISATIONS?

Response	%	Count
No	4%	11
Yes - Less than $100	19%	53
Yes - $100 to $1,000	36%	100
Yes - $1,001 to $5,000	23%	63
Yes - $5,001 to $10,000	6%	18
Yes - More than $10,000	12%	33

If you think that donating is a good thing, you may be surprised that, for a large sample from a relatively well paid occupation, the majority (59%) donated less than $1000 in the last financial year. We don't know what the median income for this sample is but we suspect that $1,000 would represent no more than 1% of average income. There is also a possibility that many people who have little interest in donating to charity may not have completed the survey.

Taking this potential bias into account, it is a disturbing thought for these people that the actual percentage of the membership not donating material sums is higher than 60%. Although, on the other hand, 12% of people donated in excess of $10,000. That can truly make a difference.

The Actuarial Pulse is an anonymous, web-based survey of Institute members, run on a monthly basis, giving members an opportunity to express their opinions on a mixture of serious and not-so-serious issues.

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QUESTION 2: HOW WILL THE AMOUNT OF DONATIONS YOU PLAN TO SPEND IN THE NEXT 12 MONTHS COMPARE WITH THE PREVIOUS?

Response	%	Count
I plan to donate less than last year	8%	22
I plan to donate about the same amount	70%	195
I plan to donate more than the past year	22%	61

QUESTION 3: HOW DO YOU THINK YOUR DONATIONS IN THE PAST YEAR COMPARE WITH THE NATIONAL AVERAGE FOR PEOPLE ON A SIMILAR INCOME TO YOU?

Response	%	Count
I believe I donate less than similar people	27%	75
I believe I donate about the same amount	36%	101
I believe I donate more than similar people	36%	101

On their own, the responses to these questions are not that interesting but the correlation with the earlier questions was insightful.

Let's begin with the 11 people who did not make any charitable donations last year. All but one was male and, of those, all but one was aged less than 35. Only one intended to donate more next year. These results may be news to the person in this subset who thought that he gave about the same as other people. And we checked the premise that they may be contributing time instead of money – only one person donated more than 10 hours to volunteering for a charity last year (albeit over 100 hours for that person).

We also have news for 24 of the 53 people who donated less than $100 last year. It is very unlikely that you donated either more or the same amount than the average for people on a similar income.

There were 33 people donating more than $10,000 last year (and 3 of them thought that was about the same as people on a similar income). Of the 18 people who donated between $5k and $10k, 11 thought they would donate more next year and 6 about the same. That's right, only one person in this group expected to reduce their donations in the coming year.

QUESTION 4: IF YOU HAVE DONATED MONEY, HAVE YOU CLAIMED OR WILL YOU CLAIM THE DONATION(S) AS A TAX DEDUCTION IN YOUR 2011/12 TAX RETURN?

Response	%	Count
Yes – All of them	53%	147
Yes – Some of them	28%	79
No	14%	39
Not applicable	5%	15

The comments included with this question were very interesting. One person asked "Why wouldn't you?", another was even more blunt, saying "You would be stupid not to claim" and another "I already donate enough to the government!"

The purpose of the question was to test this assumption. We were reminded by a number of people that their church donations, often in the above $5k category, were not tax deductible and we were also reminded of other tax systems by some overseas respondents. Many chose "Yes – Some of them" as some donations (including 'raffles') were not legally tax deductable.

Most people in the "No" category were in the <$100 segment and for them the lack of receipts was a problem or "it wasn't worth the effort". One person felt claiming a tax deduction "was not in the spirit of charitable giving". A number of people noted that their gross donation was increased to reflect the tax deduction.

QUESTION 5: DURING THE FINANCIAL YEAR TO 30 JUNE 2012 DID YOU DONATE ANY OF YOUR TIME TO ONE OR MORE CHARITABLE ORGANISATIONS?

Response	%	Count
Yes - Less than 10 hours	57%	112
Yes - 10 to 50 hours	23%	45
Yes - 51 to 100 hours	9%	18
Yes - 101 to 200 hours	7%	13
Yes - More than 200 hours	5%	10

The distribution of time donated to charitable organisations showed a predictable outcome, with most respondents providing less than 10 hours of assistance to charitable organisations. Many larger organisations allow 1 day (or 7.5 hours) of time off from work to contribute to the community. We would strongly encourage everyone to take up this opportunity where possible.

Unfortunately, the answer "No" was left off the survey responses and 85 didn't respond to this question. It is likely that most of these respondents would have chosen "No", which is around 30% of all respondents.

Checking some correlations, we found, as expected, that the over 55s were well represented in the upper categories (16 of 41 people donating more than 50 hours). However, there was no bias towards women with only 10 of those 41 being female, almost exactly aligned with the 25% composition of the sample.

QUESTION 6: FOCUSING ONLY ON FINANCIAL DONATIONS, DO YOU ADOPT CONSCIOUS OR DELIBERATE CRITERIA FOR DETERMINING THE CHARITIES THAT YOU WILL AND WON'T SUPPORT?

Yes (82%)	No (18%)

QUESTION 7: FOCUSING ONLY ON FINANCIAL DONATIONS, WHAT ARE THE SELECTION CRITERIA THAT YOU TAKE INTO ACCOUNT? *

Response	%	Count
Australian-based charities	39%	99
Overseas-based charities	19%	49
Charities that benefit people	76%	192
Charities that benefit animals	21%	52
Charities that benefit children	52%	131
Charities that benefit the poor	52%	130
Charities that benefit the sick	39%	98
Charities that support medical research	42%	105
Charities that support education	28%	71
Charities that support the environment	19%	47

** We note that respondents could choose multiple selection criteria when answering this question.*

QUESTION 8: FOCUSING ONLY ON FINANCIAL DONATIONS, WHAT OTHER SELECTION CRITERIA DO YOU TAKE INTO ACCOUNT? *

Response	%	Count
Charities with good governance	63%	141
Charities with admin expenses < a certain %	20%	68
Religious-based charities	20%	68
Non-religious charities	28%	64
Particular collection methods	28%	62
Other (please list)	11%	25

** We note that respondents could choose multiple selection criteria when answering this question.*

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We were surprised by how many people appeared to give deliberate thought to their choice of charities.

When it came to these various criteria, we were impressed with the clarity of thinking displayed in the comments and the range of responses to the questions.

On the whole, when selecting charities to donate to, respondents gave more thought to the type of charities, rather than their location. Respondents generally considered the immediate benefits to humans more than longer-term benefits through research when selecting.

The comments revealed an extraordinary range of views. If you would like to start a debate (probably an argument) at your next Institute function just ask someone for the basis for choosing their worthy charities! There were some regular themes:

- As one would expect, people sought alignment with their own interests and values.
- People wanted to make a difference and so governance, low administration and reputation were important if the donation was to be effective.
- Many people wanted to support family or friends, especially if significant effort was involved, and this was often more important than the actual cause. "Sponsorship" was often quoted.
- It was also evident that work-based foundations, nominated charities or matching programs were significant considerations, as the total amounts donated often exceeded the personal donations.
- Of the criteria mentioned but not listed, tax deductibility featured commonly.

Interestingly, some people quoted criteria starting with "not" and some adopted the positive selection approach. This led to some common direct conflicts:

- Positive adoption of church-oriented charities versus the firm rejection of church-oriented charities. Some respondents were particular about the brand of religion they were (un)willing to support.
- Preference for long term causes versus preference for dealing with short term emergencies, such as flood victims etc.
- Looking for charities with a well known brand versus avoiding "media savvy" groups.
- Avoiding any cause with political connections (although the type of connection varied greatly).

Universally, people did care "how" they were approached and cold calls and street appeals were most unpopular.

In fact, comments about "being baled up on the street" by the "chuggers in Martin Place" often ended up on the "do not donate for life" lists of our respondents.

People were also sceptical of the levels of commissions that these collectors were paid, with some first-hand experience indicating these rates were quite significant.

However, despite the obvious resentment of many respondents, these particular collection methods still work, based on the answers to the final question.

Before we move to that, one very interesting comment was provided regarding supporting medical charities which we have chosen to share. "I'm not interested in medical charities as their aim is ultimately to increase longevity, which is contra to my belief that the world's number one problem is overpopulation." Yet another example of a response likely to generate debate.

QUESTION 9: WHAT METHOD(S) DID YOU USE TO MAKE YOUR CHARITABLE DONATION(S) IN THE FINANCIAL YEAR TO 30 JUNE 2012? *

Response	%	Count
Telephone	15%	38
Internet	57%	147
Mail	18%	46
On the footpath	22%	58
Collection for a particular event	44%	113
Door knock appeals	18%	46
Regular direct debit	41%	107
At an event	20%	52
With school fees	10%	27
Other methods	6%	16

** We note that respondents could choose multiple selection criteria when answering this question.*

The popular use of the internet appears consistent with the idea of people consciously choosing to donate rather than reacting to invitations (or harassment). The strong commitment to certain causes, as expressed in the previous questions, seems to be reflected in the popularity of regular direct debit. On the other hand, it seems a little inconsistent with the high proportion of small donations indicated earlier in the survey.

Many people indicated they donated when approached (telephone, on the street, door knocks, work etc) which, on the surface, contradicts the more deliberate selection criteria many indicated in the previous questions. However, people may well have considered allocating part of their annual donations to supporting these requests.

Under "other methods", the most common response was "workplace giving", which people appeared to have separated from "regular direct debits."

We also add a question at the end of each Pulse inviting readers to suggest questions for future surveys. In this case, we had quite a few respondents posing further questions on this topic. We've listed a few below that we encourage you to think about.

- What is your motivation for giving? And where it come from?
- If you have a structured donation program, is it easier to say no to other calls for donations?
- What proportion of salary do actuaries think actuaries should donate?
- Are you aware of how much money donated to charity is absorbed in fund-raising costs?
- Do you think there are too many charities fighting for your donation?
- What is the probability of your donating some cash out of pocket when being asked by someone ridiculously good looking? How does this probability deviate from someone of average looks?

Thank you to all the respondents who were prepared to share their practices, opinions and beliefs. We hope that it helped to prompt some thought at the time, as well as when reading this summary.

Further thoughts, observations and opinions are most welcome. We would be happy to share the detailed results with anyone who would like to explore the subject further. A

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A big run of charity

While many of our members lay curled up in their warm beds on Sunday 12 August, a group of Actuaries Institute HQ staff braved the cold wet weather to run (and we use the term 'run' loosely) in this year's City2Surf.

Our group of dedicated "athletes", who competed under the Institute banner, all successfully completed the gruelling 14km fun run from Hyde Park to Bondi Beach – and they have the medals to prove it!

Top performer was Events Assistant Enas Hemmad (coincidentally also the Institute's youngest staff member) who finished the race in an impressive two hours and six seconds. Overall it was a memorable day and much fun was had by all.

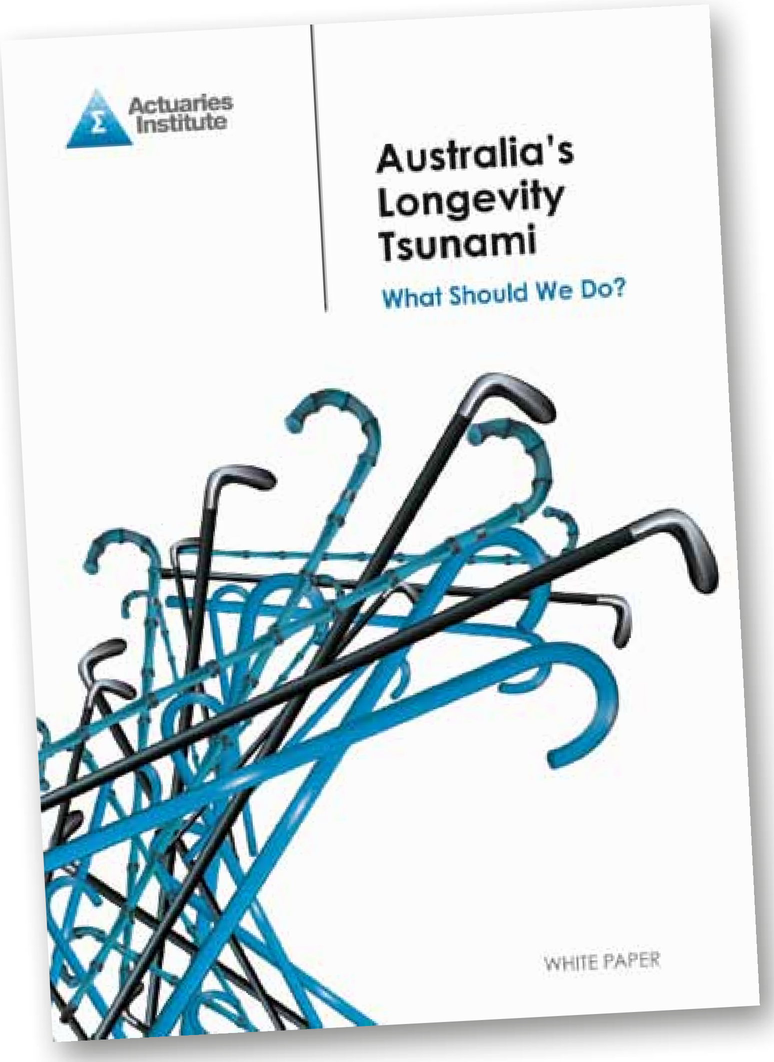
The Institute doesn't only promote healthy professional development, but also encourages and supports good health and well-being. If you're interested in competing under the Institute banner in future events please let us know.

Promoting the profession and testing your fitness while raising much needed money for worthy causes – three perfectly good reasons to get out of bed early on a winter Sunday morning! A

Left: Shreya Trasy making new friends
Below: Emma Simonson, Shreya Trasy, Enas Hemmad, Philip Robertson, Liz Harding, Richard Zock and James Harding await their start.

Longevity Tsunami

Actuaries Institute White Paper gives holistic picture of Australia's Longevity Tsunami



How exciting, a White Paper!
Members will have received a copy of the Institute's White Paper on post-retirement incomes. The paper is a call to arms to the Government to undertake some major policy initiatives. It paints a dramatic picture of the demographic, market and regulatory landscape around retirement incomes, emphasising the urgent need for retirement policy reform in the face of Australia's steep and continuous rise in life expectancies.

We formally released the paper on 5 September 2012 to a group of eminent journalists and have had some very positive media commentary. The media have focused on some of the good headline material about long longevity. People need to be aware of the fact that improvements in mortality rates have been accelerating and society should be financially prepared for very long lives.

The paper, 'Australia's Longevity Tsunami – What Should We Do?' provides holistic actuarial analysis of the Australian retirement incomes system and proposes a number of policy levers available to the government in addressing the problem, including overhauling the Age Pension, superannuation and tax systems to ensure a more financially secure future for retirees. The paper notes that:

> "by 2050, almost a quarter of the population will be aged over 65 compared to 14% now. Australians are already one of the longest-lived populations on the planet, and our longevity is steadily improving, with future improvements in longevity likely.
>
> "Underestimating life expectancy will have major implications for retirement incomes policy, which must take into account individual financial security as well as the economy-wide costs of providing for an ageing population."

There are two key areas where we think that the community is at risk of underestimating their longevity. Firstly, most people only take notice of the ABS reported life expectancies. As actuaries know, these are indicative primarily of the life expectancy of people born over 70 years ago. People retiring now should take more notice of the cohort life expectancies. For men, these show the average life expectancies are at around 50% higher than the reported life expectancies.

The paper outlines the following reforms for the government's urgent consideration.

1. Providing greater incentives to individuals to take the majority of their retirement benefits as an income stream.
2. Increasing the preservation age to three to five years less than the Age Pension age.
3. Extending the MySuper regime to include post-retirement

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solutions with "intelligent defaults" that provide retirees with secure income streams.

4. Removing the impediments that discourage older people from working, including age limits on superannuation contributions, the Means Test, introducing an increased Age Pension or a payment for people who continue to work past the Age Pension age.
5. Removing legislative barriers preventing innovation in developing post-retirement income stream products such as annuities.
6. Linking changes in the Age Pension eligibility age to improvements in life expectancy.

The White Paper highlights the urgency of the situation we are facing – we emphasise the fact that we do not have years to reform the system because the current generation of workers need these solutions now. We note that over the next 15 years around 60% of current superannuation assets could move from the accumulation phase into the retirement phase.

Somewhat controversially, we have highlighted that past projections of mortality improvements have underestimated actual longevity. It is more likely than not that current long-term projections, including those in the intergenerational report, will underestimate actual life expectancy.

Our policy proposals have been presented to the Superannuation Roundtable facilitated by Bill Shorten, and Melinda Howes has also promoted the White Paper with politicians from all sides and the relevant Treasury officials. It is pleasing that our proposals have been well received and also have broad support of the FSC and ASFA.

The White Paper is a first for the Institute. It has taken around nine months to prepare and has been driven by some of our senior superannuation practitioners. We have had significant and valuable input from many members and the Australian Government Actuary.

The White Paper is a public document and we encourage you to distribute to people who you think may be interested.

Feedback on the White Paper is very welcome, the policy debate is far from over and we aim to retain our leadership position. A

We could realistically be living longer in retirement, 30% longer for women and 44% longer for men, than currently … Historically, we have underestimated improvements in longevity, if this holds true, there is a tsunami coming – are we prepared?

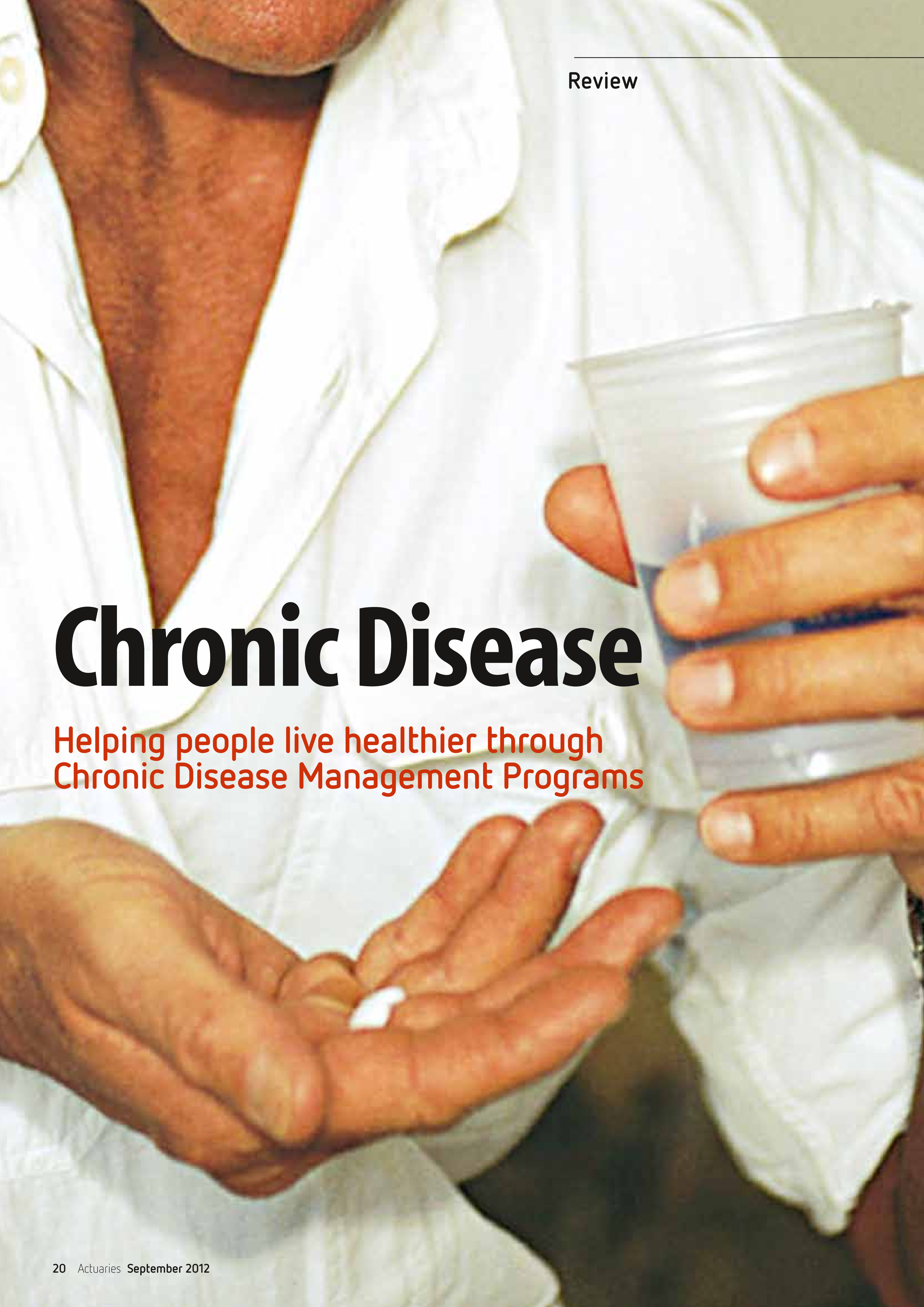
Class Action – demonstrating Actuaries aren't boring!

Adam Spencer, morning breakfast host on ABC, recently made on-air comments about actuaries being dry/boring. You will recall that Adam successfully facilitated the Institute's 2005 Biennial Convention at Coolum.

Last Friday 24 August 2012, Barry Rafe, Gae Robinson along with others held an actuarial 'protest' at Circular Quay during his morning broadcast.

They got his attention – with Adam talking flatteringly about actuaries for about 30 seconds during his sign-off at 7.45am (prime time!). Way to represent Barry and Gae! A

Gae Robinson and Barry Rafe protesting for a cause



Chronic Disease

Helping people live healthier through Chronic Disease Management Programs

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Chronic disease is defined by the Australian Institute of Health and Welfare as "a diverse group of diseases, such as heart disease, diabetes and arthritis, that tends to be long lasting and persistent in their symptoms or development". In 2007-08, 35% of the Australian population (approximately seven million people) had at least one of the largely preventable chronic conditions[1]. An estimated 2% of the population report four or more concurrent conditions[2]. Persons who suffer from chronic disease have a higher probability of hospitalisation if their conditions are not detected and health risk factors remain uncontrolled. Chronic Disease Management Programs (CDMP) are designed to help patients manage their risk factors through active coaching and education.

Although CDMP has been practised by health funds for over ten years, it was only formally recognised as a benefit payable by funds in the legislation in 2007. Under the health insurance legislation, a CDMP:

- is intended to reduce complications in a person with a diagnosed chronic disease or prevent/delay the onset of chronic disease for a person with identified multiple risk factors for chronic disease;
- requires the development of a written plan that specifies the allied health service or services and any other goods and services to be provided; and
- is coordinated by a person who has accepted responsibility for ensuring the services are provided according to the plan and monitoring the patient's compliance.[3]

From a fund's perspective, the main aim of CDMP is to reduce the cost of future hospitalisation of chronic disease patients. This can be achieved through prevention of an admission or reduction in the severity of admissions that cannot be prevented.

Current spend on CDMP by private health insurers is small in contrast to acute care benefits. For example, in the 2011-12 financial year, the total spend on hospital and medical services was $10.6 billion. Spend on CDMP for the same period was only $49 million. However, recent growth in CDMP spend has been large, especially in the 2009-10 financial year, as can be seen from the following graph (next column).

There are two models of running CDMP within private health insurance. Some funds, like Medibank and BUPA, run CDMP through their own health management arm. Other funds tend to outsource this function to specialist providers. Based on the latest industry data, most funds in Australia currently have some form of CDMP in place.

HOW DOES IT WORK?

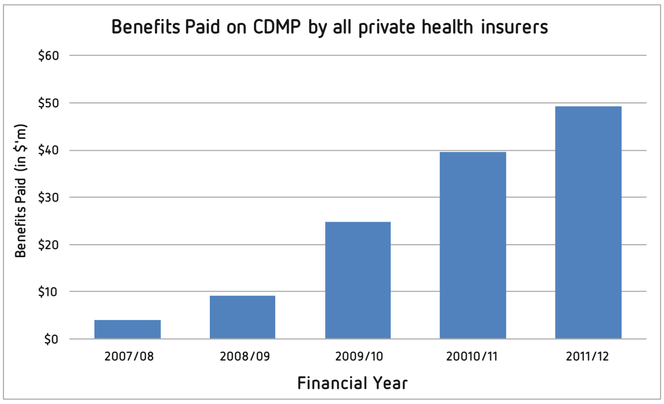
The basic framework of a CDMP is as follows:

- Identification;
- Recruitment;
- Coaching; and
- Evaluation.

Identification

There are two main ways to identify privately insured persons who may benefit from CDMP:

1. Through the fund's online health portal, if one is made available – members are encouraged to complete health risk assessments online. If the results of the assessment warrant further intervention, the member will be invited to enrol in CDMP.
2. Through analysis of the fund's claims and demographic data – the procedural and clinical information collected as part of hospitalisation is used to identify potential enrollees. Modeling is sometimes required, depending on the sophistication of the fund and program provider, and completeness of data available.



Recruitment

The recruitment process varies between programs but generally involves initial contact from a health professional (the coach) to assess the member's suitability to the program, usually by phone. Members who are suitable for CDMP will be enrolled into the appropriate program. Members have the right to refuse or withdraw at any time with no impact on benefit entitlements.

At the point of enrolment, members may be asked to obtain certain biomedical measurements and answer questions regarding their health and lifestyle. This forms the baseline measurements of various health risk factors for future program evaluation.

Coaching

The coaching philosophy between programs can differ. Broadly speaking, the two most common approaches are "whole of person" and "disease/risk factor specific".

A "whole of person" approach does not target specific disease. This philosophy recognises that most chronic disease patients exhibit co-morbidities and coaching members to live a healthier lifestyle will reduce multiple risk factors and therefore improve overall health status. The intervention required varies depending on the health and willingness of the member to accept change. Intervention ranges from face to face visits by a health professional, regular telephone coaching and passive online support. As the program concentrates on the general health of the member, there is no program end date. The member is always enrolled but subject to different level of intervention, depending on their assessed level of need.

A "disease/risk factor specific" approach aims to coach the member so they can achieve certain health targets at the end of the program. These targets are set by recognised health organisations who offer high-level evidenced guidelines, like the National Heart Foundation. Targets are usually a combination of biomedical measures (e.g. cholesterol level and blood pressure), lifestyle related improvements (e.g. hours of exercise performed each week) and medication adherence. The theory behind this approach is that if members can reach certain

All CDMPs, regardless of the underlying philosophy, empower members to take control of their illness ... The success of any CDMP is highly dependent on the identification of high risk members. The introduction of personalised electronic health records may provide potential breakthroughs in identification.

health targets, they will have a lower likelihood of hospitalisation or re-admission due to a specific chronic disease. The main channel of coaching is over the phone at regular intervals. The program runs over a set period of time and members graduate at the end of the program, when deemed to have achieved most risk factor targets, or appear to no longer require the support of a coach.

All CDMPs, regardless of the underlying philosophy, empower members to take control of their illness (e.g. asking the right questions at GP visits and increased knowledge of self management), and where necessary, provide advice on how to get support in their community.

Evaluation

Evaluation is an important part of the health management process. Funds and program providers can refine their approach to improve the quality and results of the program. Evaluation is usually done in three phases:

1. Depending on the coaching philosophy and program length, members are asked to undertake biomedical measurements and complete a health questionnaire at certain milestones. The data is compared to previous measurements, which would indicate any change in health risk factors and provide early indications of potential cost savings.
2. Patient satisfaction surveys are also conducted to check members are satisfied with the service and getting value from the program.
3. A true evaluation of cost-saving using funds' claims data can only be done 12 to 36 months after the members complete the program. An ethically-approved (randomised) control group is sometimes set up so that the cost difference between treatment and control groups can be measured. Evaluation techniques include future cost extrapolation and formal economic evaluation.

While the success of any CDMP depends on many factors, some of the key aspects are:

- accurate identification of potential high risk members through analytics and screening;
- ability to enrol the right member at the right time;
- quality of the program structure, its setup, and information supplied to members;
- quality of the health coach; and
- ability of members to sustain the behavioural changes made when intensive coaching ceases.

LIMITATIONS WITHIN THE CURRENT PRIVATE HEALTH INSURANCE ENVIRONMENT

The success of any CDMP is highly dependent on the identification of high risk members. While claims data can be used, hospitalisation would have already occurred for the member to appear in the data. If high risk members can be identified before their first hospitalisation, return on investment of the program will increase. Unfortunately, health funds can only identify these members through voluntary online health risk assessment. Overseas evidence suggests primary care and pharmaceutical usage data are very useful in the identification process, but heath funds in Australia do not have access to such information. Even if access to this data from the public health sector is granted, it requires extensive data matching with the fund's internal data to make the information useful. The introduction of personalised electronic health records may provide potential breakthroughs in identification.

The current Risk Equalisation Scheme provides another impediment. Risk equalisation is an arrangement within the health insurance industry to support community rating. Benefit payments for high cost patients (defined as those aged 55 and above and those who incur claims cost above a certain threshold) are shared amongst funds through this scheme. Patients with chronic disease are usually in the older age brackets and therefore subject to risk equalisation. Any cost reduction generated by CDMP will be shared with other insurers. The fund itself does not retain all the savings achieved, which directly affects the return on investment made. The risk equalisation arrangement, as currently designed, creates a disincentive for funds to invest more in CDMPs.

At the moment there is limited publicly available evidence of the likely return on investment of any CDMP in the Australian private health setting. Funds recognise that CDMP will reduce hospitalisation costs, through overseas evidence and results from the local public health sector, but may refrain from exploiting its full potential unless proven return on investment can be observed. However, as the industry becomes more mature, more results on CDMPs in the private sector are gradually being made publicly available.

BUT WHY BOTHER?

Last but not least, you may ask why do actuaries need to know about CDMP.

Current actuarial involvement in health insurance mainly focuses on the financial aspects of the fund. In the case of CDMP, the actuarial skill set fits nicely with the identification and evaluation process. Exposure to CDMP also increases one's knowledge of clinical data, health coaching and health economics. This is a growing area as the emphasis of health policy changes from acute care to health management and prevention. Most importantly, it is rewarding to know that the involvement not only reduces the funds' future claims expenditure, but also helps members live healthier lives. A

1 Preventable chronic diseases include asthma, Type 2 diabetes, coronary heart disease, cerebrovascular disease (mainly stroke), arthritis, osteoporosis, COPD, depression and high blood pressure.

2 Australian Institute of Health and Welfare 2012. Australia's health 2012.

3 Part 3, Private Health Insurance (Health Insurance Business) Rules 2007.

Phil Stott
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The Emperor's Wardrobe Manager – making fun of the latest fads in financial services…

"Solvency 2b – or not to be (solvent), that is the question …"

SHAKESPEARE, 'HAMLET, INSURANCE REGULATOR OF DENMARK'

The new chain of clothing stores owned by our Emperor (the Financial Services industry) in Europe is costing literally billions of Euros, but will it ensure solvency when the next financial crisis occurs? Is the emperor dressed in a gown of true distinction, or is it (like its predecessors) totally invisible?

THE 1 IN 200 TRIGGER

Central to Solvency II (and to a lot of similar capital regimes, including Australia's own LAGIC magic) is the requirement to calculate capital requirements at the 1 in 200 level. The idea is that you work out all your risks that require capital over the next 12 months, then work out the combined loss distribution, then make a detailed analysis of the tail of this distribution, and then come up with your number.

This all sounds plausible until you think how much you need to know about any statistical distribution – let alone a multi-variable compound one – in order to be able to analyse its tail. Every actuary knows that if you are out by only a small amount in (say) the correlations of the risks, you could easily underestimate your capital by a huge margin.

So where is everybody getting their information from about all these risks and how they are correlated? The simple answer: experts!

ON BEING AN EXPERT

It's a great gig (if you can get it) to be a financial services expert. My father always taught me that an "ex" is any has-been, and a "spurt" is a drip under pressure. Since there is no actual evidence about how (say) your lapse rate for term insurance is correlated to the risk of another tsunami hitting Japan, you have to rely on that old faithful, "professional judgment". And, if your judgment proves to be faulty – well, as one lemming said to another, it's easy to be wise with hindsight, isn't it?

Once when I was with one of my clients, a manager was explaining glibly all the sensitivity scenarios they are running in order to assess their capital. I said to him, "Are you running a sensitivity that examines if your experts are wrong and your correlations are all rubbish?" He looked at me as if I were a religious heretic!

WHAT IS 0.5%?

And another thing – who chose the magic number of 1 in 200 (0.5%)?

Just suppose (on the odd chance) that the experts get it right, and every insurer in Europe has exactly enough capital at this level. Does this make us "safe"? It means that, if they're all dependent risks, the whole system will collapse every 200 years, sending us back to the stone age; or, if they're all independent risks, 0.5% will fail every year. That means a "risk appetite" each year of about 25 companies employing 10,000 people, with over €5 billion of premiums and assets of about €40 billion. I don't recall the regulators highlighting *that* statistic in their press releases.

Either way, it doesn't sound to me like this is a recipe for restoring confidence in financial services!

ON A SERIOUS NOTE

It's easy to poke fun with statistics, and it is clearly a "good thing" that insurers are being required to consider a wide range of risks. But don't you think there is a danger that our Emperor will believe his own hubris and think he is "safe" just because some experts have come up with a magic number which in itself is totally meaningless? Isn't that the sort of ostrich thinking that has caused every financial crisis from the South Sea Bubble to the GFC? A

general insurance seminar

Tides of Change

12-13 November 2012 • Sofitel Sydney Wentworth

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INSURANCE COUNCIL OF AUSTRALIA

The Institute AUSTRALIAN AND NEW ZEALAND INSTITUTE OF INSURANCE AND FINANCE

Topic Snapshot

Actuaries and Value

- The Australian Actuarial Profession in 2020
- Emerging Technological Trends in General Insurance
- Optimising Insurance Strategies
- The Limitations of Being Human: An Empirical Study of Actuarial Decision-Making
- How Material is Material?
- Reinsurance Optimisation for Non-Executive Directors

Claims and Reserving

- Seeing the Bigger Picture in Claims Reserving
- Risk Margins – Have We Come Full Circle?
- ICRC – Modelling the Natural Perils, what to look out for
- ICRC – Modelling the 'Other Accumulations' Component

Pricing

- Class Actions and Litigation Funding – Insurance Market Impacts
- Gauging the Tort Temperature in Australia
- Practical Guide to Commercial Insurance Pricing
- An Optimisation Perspective on Dynamic Models
- The Market Price of Insurance Risk
- Inside the Minds of Insurance Customers
- Variance of Technical Cost Incorporating Parameter
- International Developments in Usage Based Insurance
- An Integrated, Segment-Based Approach to Pricing Decision-Making
- Profit Margins in Regulated Insurance Markets

Risk Management

- Risk Management and FCRs in General Insurance
- Achieving Business Engagement with Risk Appetite
- Alternative Risk Transfer
- ICAAP – A Case Study
- Government Risk Management of Physical Assets in Respect of Natural Disaster Risk
- Model Evaluation and Non-Modelled Elements in Catastrophe Models
- Practical Stress Testing using Realistic Disaster Scenarios for Australia and New Zealand

The Natural Environment

- Gaining the Upper Hand on the Weather
- Weather Cycles – What's in it for Insurers?
- Are You Climate-Proof?
- How Seismic Activity Changes the Actuarial Landscape

The State of the Market

- To Privatise Accident Compensation Schemes or Not?
- Asia - Arrive, Survive, Thrive
- Keeping it Real – Another Look at Real Interest Rates
- Profit or Bust? What Are the Latest Trends in Public Liability and Professional Indemnity?
- Premium Regulation in Privatised Accident Compensation Schemes – Considerations and an International Perspective

There is a range of registration packages available, including shared tickets. For more information: visit **www.actuaries.asn.au/GIS2012.**

Be sure to register by **19 October** to take advantage of the earlybird discount.

Register online for this event – www.actuaries.asn.au/GIS2012

Notice

erm

enterprise risk management seminar

ERM Means Business

Wednesday 14 November 2012 • Sofitel Sydney Wentworth

Actuaries Institute

In an ever changing business world, developing and embedding ERM to the operation and culture of an organisation is something that every corporate should be striving to do!

Register online
www.actuaries.asn.au/ERM2012

This Seminar will have an extensive program and will examine:

- Inside Looking Out; Outside Looking In – David Murray
- Managing Asset Risk
- Risk Appetite
- Stress Testing
- Bringing it all together – how to integrate the risk pieces into one holistic picture
- Risk Culture
- Where to From Here – Making It Real

Delegate Comments from 2011…

- High quality, diverse group of speakers
- Fantastic Seminar, Well Done
- Excellent
- Very Good discussion, raising interesting questions and concepts

Speakers for the seminar include:

David Murray *Senior Advisor, Credit Suisse, Member of the Senior Advisory Board, Oliver Wyman*
Peter Taylor *Chief Risk Officer, Wealth Management, Commonwealth Bank of Australia*
Jarrod Martin *Director, Banking and Finance Equity Research, Credit Suisse*
Josh Corrigan *Principal and Consultant, Milliman*
Kerrie Noonan *General Manager of Enterprise Risk, National Australia Bank*
Paul Nuttall *GM Capital Forecasting & Stress Testing, Commonwealth Bank of Australia*
Martin Paino *Partner, KPMG*
Laura Hunt *Consultant, Oliver Wyman*
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Lesley Brown *Regional Practice Leader of Employee Surveys, Towers Watson Asia-Pacific*
Philip Twyman *Company Director, Medibank Private*
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Members from the Actuaries Institute **Risk Appetite Working Party**

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CFA Societies Australia

Register online for this event – www.actuaries.asn.au/ERM2012
Register by 19 October to take advantage of the earlybird discount

Greater responsibility for actuaries under NZ's insurance regulations

New Zealand's insurance industry has been on the international radar recently as it responds to the devastating Canterbury earthquakes of 2010 and 2011.

On top of dealing with the worst insurance losses in New Zealand history, significant legislative changes have been adding to companies' – and actuaries' – workloads. The Financial Advisors Act (2008) and the Insurance (Prudential Supervision) Act (2010) are driving the change in how insurers carry out their business. The new prudential supervision regulations mean greater responsibilities and a formal role for actuaries in New Zealand, and a greater focus on the actuarial profession generally.

PRUDENTIAL SUPERVISION

The Insurance (Prudential Supervision) Act (2010), or IPSA, was passed into law on 7 September 2010, just three days after the first devastating earthquake in Canterbury. It brought with it a new regulatory landscape for the New Zealand insurance industry.

The Act gives the Reserve Bank of New Zealand (RBNZ) regulatory oversight to license, supervise, and if necessary, wind up companies conducting insurance business in New Zealand. It includes the requirement for insurers to appoint an actuary and for regular actuarial reviews to be conducted. The actuarial reviews include, amongst other things, an annual report of each licenced insurer's financial condition.

In many ways, the Act brings New Zealand into line with international regulatory requirements, and in particular, with Australia and the APRA regime. There are, however, some differences that actuaries outside of New Zealand need to be aware of before accepting an Appointed Actuary role in New Zealand.

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KEY FACTS AT A GLANCE

- **The Financial Advisors Act (2008) and Insurance (Prudential Supervision) Act (2010) mean significant changes for NZ's insurance industry.**
- **Reserve Bank of New Zealand (RBNZ) now has regulatory oversight under the Insurance (Prudential Supervision) Act (2010).**
- **The Insurance (Prudential Supervision) Act requires insurers to appoint an actuary and for regular actuarial reviews to be conducted and reported to the RBNZ.**
- **Solvency standards set out specific requirements for Appointed Actuaries.**
- **Most insurers are in the transitional phase of being licenced under the Act.**
- **There is a heightened level of focus in New Zealand on the actuarial role, fit and proper requirements, risk management, Board composition and governance.**
- **There has been on-going dialogue between the NZ Society of Actuaries and the Reserve Bank.**
- **There will be updates and discussion on IPSA at the forthcoming NZSA conference in November 2012.**

For example, New Zealand Appointed Actuaries must prepare a Section 78 report that signs off on all actuarial information relied upon in the preparation of the company's financial statements. The report must also provide an actuarial opinion on whether or not an insurer is maintaining an appropriate solvency margin as required under the Act.

The RBNZ's policy department has published quite a number of regulations and solvency standards since the Act was passed. The standards contain specific requirements for Appointed Actuaries. For general insurance companies these include review and specific commentary on the basis for determining a Catastrophe Risk Capital Charge. This charge is roughly equivalent to APRA's Insurance Concentration Risk Charge but calculated with specific reference to earthquake events (notably Wellington earthquake events) and determined based on a 1 in 1000 year return period.

Actuaries must also review and comment on a forward looking assessment of solvency. The assessment must extend a minimum of three years into the future and take into account all known aspects of an insurer's business plan.

While the RBNZ's policy department has been busy publishing solvency standards and other regulations, its small team of supervisors has been processing insurers' licence applications.

Most insurers are in the transitional phase of being licenced under the Act. 97 insurers held a provisional licence as at 20 June 2012 and still have to complete the full licence application process. A further five insurers have runoff licences that require them to have transferred or settled all insurance liabilities by 7 September 2013. Five insurers had been granted full licences at the time of writing.

Insurers are responsible for the preparation of all material needed by the licencing regime. Company directors, the CEO and the Appointed Actuary are required to sign-off various aspects of the licence applications. Ultimate responsibility sits with Directors and officers of the company, including the Appointed Actuary.

Overall, the regulations have placed a heightened level of focus in New Zealand on the actuarial role, fit and proper requirements, Boards of Directors' composition and governance frameworks.

THE ACTUARIAL PROFESSION'S RESPONSE

The New Zealand Society of Actuaries (NZSA) is working to help prepare actuaries for their new responsibilities.

In late February 2012, a workshop for Appointed Actuaries was held in Auckland. It brought together around 40 actuaries from New Zealand and Australia to discuss IPSA and the new Appointed Actuary role. Workshop participants discussed the extent of their professional obligations, how to work effectively with their Boards and executive teams, the relationship between the regulator and actuaries and what could be learned from other professionals acting in similar roles.

Of particular interest to the workshop participants were a number of complex issues relating to the solvency calculations that

Appointed Actuaries would be required to sign off in future. Differences between the RBNZ and APRA solvency standards were highlighted as potentially making it difficult to benchmark company solvency. Agreeing what is meant, in a general insurance context, by a 1 in 1000 year catastrophic event was seen as presenting a complex issue for Appointed Actuaries and others signing off statutory solvency returns.

Feedback from the workshop has been positive. Moreover, key questions have been presented to, and discussed with, the RBNZ. Ongoing dialogue between the NZSA and the RBNZ has remained quite open around issues, like these, that will potentially affect actuaries.

As well as the Appointed Actuary workshop, the NZSA's Life Insurance and General Insurance Practice Committees have been preparing revised professional standards to address the new requirements for insurance liability valuations and financial condition reports under IPSA. This work has inevitably led to a strengthening of ties between the Australian and New Zealand professional bodies, since many of the challenges dealt with by actuaries in Australia through APRA's prudential regulations were forerunners of what is being faced in New Zealand.

WHAT'S TO COME?

Appointed Actuaries in New Zealand are, at present, preparing the first round of their financial condition reports, insurance liability valuations and Section 78 reports that must be submitted to the RBNZ. As with any new piece of legislation there are aspects that remain difficult to interpret. It is very likely that the solvency standards and other aspects of the prudential regulations will continue to evolve.

In late November 2012, the New Zealand Society of Actuaries will be holding its 18th biennial actuarial conference in the beautiful Bay of Islands near to where New Zealand's founding document, the Treaty of Waitangi, was signed. As well as topics around the earthquakes and the development of actuarial knowledge in the region, there will be updates and discussions on IPSA by actuaries who are working under the new regime.

Actuaries who are, or intend to be, working on insurance matters in New Zealand should attend the NZSA conference in 2012 and deepen their knowledge of the New Zealand regulatory regime. The conference will also be an opportunity to strengthen the strong relationship that exists between Australian and New Zealand actuaries. A

Emma Simonson Events Manager
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Night at the museum . . . and aquarium

A toast to our Volunteers

This year the Institute's annual Volunteers Cocktail Parties were held at two unique venues.

The Melbourne Cocktail party was held on 25 July at the Melbourne Aquarium. The Melbourne party took the actuaries for a walk at the bottom of the ocean, introducing them to many colourful and exquisite fish.

The Sydney Cocktail party was held on 22 August – this event took a step back in time to the Mesozoic Era and was held at the Dinosaur Gallery at the Australian Museum. The Dinosaur skeletons provided a fascinating backdrop and talking point for the evening.

Both these venues enabled the Institute to gratefully acknowledge the support of its many volunteers. The volunteer force contributes their knowledge, time, experience and passion across most areas of the Institute, including education, events, communications, governance and professional development with over 100 committees, sub-committees, taskforces and working groups. There are almost 500 volunteers worldwide.

We genuinely appreciate the contribution and support from all our volunteers. Getting involved can be very rewarding and you get to attend some great parties! If you're interested, please contact Rebecca Moore our Volunteers Manager at rebecca.moore@actuaries.asn.au.

Melbourne

Melinda Howes… head of school

Ting Hua, Andrew Brown, Silvia He

Li Mei, Sophia Sophos, Liana Renden, Slesha Devi

Daniel Smith, Elisabeth and David Goodsall, Melinda Howes, Jules Gribble, Andrew Boal

Sydney

Jenny Lyon, Elayne Grace, Adrian Korbel, Lesley Traverso, Melinda Howes

Peter Erlandsen, Paul Swinhoe

Warren King, David Minty, John Evans

Josh Corrigan, Sen Nagarajan

Solai Valliappan, Angela Tong

Actuaries Summit

get involved, get ahead

20 – 21 May 2013
Hilton Sydney

Actuaries Institute

The Actuaries Institute invites you to register your interest now to present at the 2013 Actuaries Summit being held at the Hilton Sydney Hotel, on 20 -21 May 2013. The theme for the Summit is **Get Involved, Get Ahead.**

Actuaries play a vital role in the management of organisations in the insurance and finance industry as well as contributing to the public policy debate in areas related to forecasts of the future. Many actuaries now work in areas well outside the traditional insurance and superannuation fields and there is scope for actuaries to apply their skills more broadly. To ensure that actuaries continue to build on their roles as technical specialists, trusted advisors and thought leaders, the Actuaries Institute is encouraging all members to get involved and, in doing so, get ahead!

The Summit aims to provide insights into new developments in traditional actuarial areas as well as a forum for sharing the experiences of those practising in emerging areas. This is the marquee event on the actuarial calendar and a great opportunity for you to share knowledge and network with your peers.

The program is now being prepared and we are seeking individuals and working groups to present papers, presentations and posters on the following topics.

GENERAL INSURANCE

- APRA's capital changes (LAGIC)
- APRA's request for more from actuaries in relation to risk management in Financial Condition Reports
- The impact of natural disasters (pricing, policy terms, insurability/ market failure, government policy and funding)
- The impact of the NIIS (and the NDIS)
- Scheme reviews in accident compensation – e.g. NSW WorkCover, SA CTP, QLD Workers' Compensation

HEALTH

- Health funding: who pays?
- Is the current private health insurance system sustainable?
- Means testing of the PHI rebate and income based incentives/ penalties
- National Disability Insurance Scheme
- Aged care
- The history and the future of private health insurance industry consolidation
- The annual premium round
- Broader health cover
- Will a risk based capitation model improve the current risk equalisation system?
- What opportunities exist for fraud and data analytics in Australia's health system?

LIFE INSURANCE

- Mortality improvement – are the benefits of medical advancements and improved screenings being offset by deteriorating health from growing obesity levels and a drop-off in health improvement benefits, from a decline in the rate of the population giving up smoking?
- Selective lapsation – is there evidence to suggest deteriorating claims experience with policy duration due to the anti-selective lapse effects of healthy lives being more likely to lapse than unhealthy lives.
- IBNR methodology – industry practice for determining IBNRs through claims development patterns, run-off triangles is highly varied. Is there an optimum methodology that would take account of the many factors that impact IBNR reserving?
- ERM – multiple potential considerations
    - Risk appetite
    - Risk limits and tolerances
    - Embedding a Risk Culture
- Capital Management
    - Approaches to capital management
    - Economic capital modelling
    - LAGIC/ICAAP
- The future of life insurance – who will be the winners and losers out of FOFA, MySuper, anti-churning proposals etc?

- Direct Marketing – impact of anti-selection from guaranteed acceptance (non-underwritten) business
- Is there a future for life insurance in Australia?

WEALTH MANAGEMENT

- Performance fees
- Alternative asset classes
- Development of local corporate bond market
- Technology, platforms and alternative solutions for accessing investments
- Selection of appropriate benchmarks
- Measuring investment performance
- Insurance and wealth management
- Passive and active investment management strategies
- Internal vs external investment management
- Intelligent defaults for post retirement funds
- Asset allocation paradigm change - e.g. risk allocation vs asset class allocation
- Measuring long term risk vs short-term volatility
- Investment products for retirement (including the transition to retirement)
- Investment tail risk protection – does it make sense, and if so when and how?
- Role of devil's advocacy in investment decision-making and governance
- What peculiar investment risks does the typical Australian investor face (e.g. over-reliance on Chinese demand for Australian dirt?)
- Dynamic asset allocation – can institutional investors develop a true capability and how? Insights? Superior analysis? Manage client expectations? Patience?

INVESTMENTS

- Role of performance fees in investment management
- Fixed interest investments and development of local corporate bond market
- Regulatory capital and implication for investment strategy
- Measuring investment performance, relevant benchmarks for long term investments
- Investing in low yield environment
- Lifecycle investment allocation
- Developing investment risk appetite framework for boards

SUPERANNUATION

- APRA Prudential Standards – DB and insurance matters
- Risk management in Super – reserving, liquidity, modelling and scenario testing, a role for actuaries
- Post-retirement product design and the opportunity for pooling (e.g. annuities)
- DC super funds – how can actuaries add value?
- Longevity

RISK MANAGEMENT

- ICAAP – Target State and/or Implementation Challenges
- The application of risk-based capital for Australian insurers
- Operational risk – developments, approaches and emerging best practice for operational risk capital modelling for insurance companies and super funds
- Satisfying the "Use Test"
- The integration of risk appetite, risk limits, risk monitoring and scenario testing into a holistic ERM framework
- Reflections on Solvency II
- CERA
- Emerging risk assessment – latest practice and innovations
- Risk management applications for institutional and retail asset management
- Actuaries and ERM – a global perspective, with focus on the roles that actuaries play (regulators, Institute, practice committees etc.)

LEADERSHIP AND OTHER TOPICS

- Thought leadership – employing creativity and inspiration aligned with business vision and purpose to champion ideas and make quality decisions
  - this could be a new area of work where actuaries are demonstrating thought leadership
  - it could be about how to promote thought leadership
- People – lead and influence people using interpersonal and peer relationship building within both internal and external groups
  - could be communication, listening, people management, motivating others, influencing skills
- Self leadership – the personal drive and discipline to learn, communicate, prioritise and solve problems in a dynamic business environment
  - personal development type issues e.g. career focused, skill development – communication, broader business skills, working in new fields and how to adapt
- Strategic leadership – apply strategic and business leadership, demonstrating business acumen, perspective, strategic agility and customer focus while managing innovation
  - could be examples of a situation requiring strategic leadership – e.g. a change of approach to meeting customer needs
  - strategic approaches to problems
  - reporting to the Board or Senior Management

SUBMISSIONS

If you are interested in preparing a paper, presentation or poster on any of the listed topics (or a different topic), please send your synopsis in the template provided together with a completed Submission Form to the Institute. Deadline for Submission is Friday 28 September 2012. It is important to lodge your synopsis by the deadline to ensure it is considered for the Summit program.

Submission Form and Synopsis Template: http://www.actuaries.asn.au/Library/Events/Conventions/2013/SUM2013SubmissionTemplate.doc

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I AM AN ACTUARY

Following from last month, six participants from the recent Professionalism Course in Sydney talk about their current roles and future aspirations.

TECLA NGOMA

Since completing my Actuarial Studies at Curtin University, I have been working in general insurance. I went from working at HBF General Insurance to Wesfarmers Insurance and my current role as a Portfolio Analyst is with Capricorn Mutual. Most of my work has been around product pricing and associated duties. I have largely worked in teams where I am the only one or one of only three with any actuarial background and this has presented its own challenges. I have had to do a lot of research into different techniques and a lot of trial and error until I found something that works. I have always had consulting actuaries to bounce ideas off but I imagine that would be very different to having a team of actuaries that you work closely with on a day to day basis to guide you.

On the other hand, my working environment has encouraged me to be more creative, to question processes and to keep trying to find better ways of doing things. In my current role with Capricorn Mutual my work varies from designing new system user interfaces and creating new rating algorithms to presenting price changes to a conference room full of sales staff. I can certainly say no two days are the same and I am always on my toes. I am finding myself applying my actuarial skills creatively and obtaining a better understanding of all aspects of our business.

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DANIELLE DI SANO

I gained my actuarial qualifications by following a less traditional path. I completed a combined degree in Actuarial Studies and Law at Macquarie University, and spent much of my degree thinking about becoming a lawyer. However, after spending two years gaining legal experience at the Attorney-General's Department, I realised that I wanted a career that would allow me to combine my actuarial and legal skills. Since graduating, I've been working at Macquarie Group in the Risk Management Group. I specialise in Credit Risk, where my responsibilities involve the development and validation of Macquarie's credit risk capital models for Macquarie's retail and commercial businesses.

Many actuaries feel that law is a completely foreign discipline to them. However, I've found there to be some overlaps. Both disciplines are analytical by nature – one using numerical data to forecast uncertain future events; and the other using qualitative information and case law to forecast uncertain future legal outcomes. I'm often asked how my legal background relates to my current quantitative work. I've found that the greatest benefit that I've gained from studying law is learning how to communicate abstract technical concepts to a range of stakeholders. In my current role, I regularly interact with clients, senior management and APRA to discuss analysis and make recommendations about the Group's risk models. While I enjoy the technical aspects of my job, being able to communicate my findings to a wide audience and to get them on board with my proposals is what I enjoy most about the role.

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BRONWYN LUSBY

As an overseas student, the Professionalism Course is seen as both the final rite of passage to becoming an Actuary, and a holiday at the end of your study with a two-day workshop tacked on the side. When asked whether I came over early to enjoy Sydney I had to admit I hadn't due to a somewhat unconventional engagement on Sunday - I was playing the cello with the Auckland Symphony Orchestra. I have been playing music most of my life and found it a valuable way to counter the intensity of study over the past five years. Commitments outside work and study have, however, filled my time up to the brim, to the extent that I was scurrying offstage at 4pm the day before the Course to catch the last plane to Sydney. Thank goodness they now allow online check-in!

In New Zealand there is no university degree in Actuarial studies. Prospective Actuaries generally complete a Bachelor of Science and/or Commerce before joining an actuarial team and commencing the Part I & II exams by correspondence. Although it takes longer to qualify, students have the advantage of work experience and a comprehensive knowledge of how an insurer works by the time they begin the Part III exams which, for me at least, proved invaluable.

I work for the largest life insurer in New Zealand but by Australian standards we are still small. This has the advantage of letting you touch on all areas of actuarial work, even as a new recruit. It gives the best of both worlds, with a wide variety of opportunities, and the chance to use those professional skills to full advantage.

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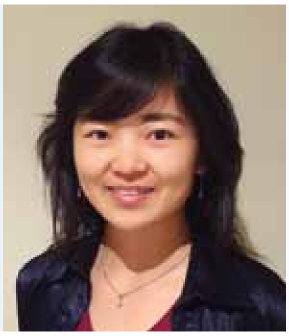

SHRUTI HEGDE

I've been working in Risk Analytics at Bankwest for the past four years and I am currently heading up a Modelling Solutions team for our retail book over in beautiful, sunny Perth. The models we build cover a range of retail portfolios spanning cards, mortgages, personal loans and equity lines; they serve numerous business purposes (customer risk profile assessment, debt collections, customer profitability, attrition, etc.) and also form critical inputs into regulatory capital and economic capital functions.

What I find particularly challenging, in my role, is the need to deliver complex solutions to a diverse audience, be it senior risk managers in the bank, or business teams that develop strategies based on our model outputs, or even process developers who implement our models into the bank's systems. This challenge, however, presents unique opportunities to liaise with numerous, diverse stakeholders – a privilege typically enjoyed by small to middle-sized corporations.

Bankwest is one of the leading employers of people with actuarial degrees in Western Australia and I've had the pleasure of working with some very bright individuals in functions ranging from model development & business strategy to provisioning & forecasting. Whilst a lot of the work is not mainstream "actuarial" I find that I continually draw on skills I've developed through my core technical and Control Cycle studies over the past few years. In my opinion, this presents us with the distinctive prospect of further positioning ourselves as key contributors within risk management frameworks across the Australian banking industry. I can proudly say I'm one of those people that'll wake up most Monday mornings, ready to embrace another week of challenges the world of credit risk modelling offers!

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JOHN WALTERS

My current role is as a Product Actuary for Hannover Life Re in Sydney. However, it is a far cry from where I started out my actuarial journey…

I hail from Ireland where I joined a superannuation consultancy in Dublin following completion of my actuarial degree. Superannuation in Ireland (as in the UK) is still primarily defined benefit based and there is still a large amount of work for actuaries. Thus, it was an obvious choice for an actuarial graduate. However I noticed after a couple of years that most of the consulting work we were doing was managing the closure of defined benefit plans and the transition to defined contribution arrangements. It seemed to me that within about 10 years there would be a lot of superannuation actuaries fighting for a significantly diminished amount of actuarial work. Actuaries with a lot more experience than I.

I then realised that I needed to look elsewhere within the actuarial discipline to further my career. And it is to the great credit of the actuarial qualification that I was very quickly able to identify a variety of areas where I would be well equipped to apply my craft. It was also around this time that the Global Financial Crisis really began to bite. Far from affecting my job security however, I found that actuaries were even more in demand during these uncertain times. I was working longer hours and on some really interesting projects. However watching the news each night became an exercise in despair and so my partner and I decided to emigrate.

This is where the actuarial qualification again showed its worth. Within a matter of weeks following arrival in an entirely new country, I had managed to obtain a position that allowed me to make the transition from Superannuation to Life Insurance. Six months later I am loving every minute of it.

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JENNIFER HU

When people see my name tag at actuarial functions, they are often a little surprised and ask "What do you do at Telstra? Is it actuarial?" My smiling reply is that I price consumer bundles: phone line + broadband with other optional extras. And no, although not actuarial, I still apply my actuarial skills on a daily basis.

My previous actuarial roles were in Financial Services Consulting and Life Insurance Pricing. When I decided to move outside the traditional area, it took quite a few months of self exploring, research, 'seek'ing, and talking to recruiters and friends, before I found my Telstra role.

The framework of what I do now versus when I priced life insurance is quite similar. Pricing of telecommunication products can also apply to the same concepts from Control Cycle and what I learnt in Part III. On a day to day basis, both involve doing data analytics of customer profiles, competitor analysis, modelling, summarising into PowerPoint presentations and presenting to Product and senior management. The challenge of clearly articulating complex financial analysis into a simple and value adding message, remains one of the most important and rewarding aspects.

There are many factors I love about my job. There are many more interactions with different stakeholders, including Product, Finance, Legal, Wholesale, Regulatory, IT, Marketing, etc. For a company as large as Telstra with millions of customers, communication is vital to manage the ripple effects of change. The industry is very dynamic and ever changing. I'm constantly working on different campaigns, sales initiatives and assessing competitor changes and potential responses. At the end of the day, it feels really good to know that the recommendations I put forward can be seen on TV and other media, that it affects me personally, and potentially everyone in Australia.

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Networking in Perth

Monday 6 August, PricewaterhouseCoopers (PwC) Offices, Perth. It's raining and its the first time the Actuaries Institute has instigated a joint event between the actuarial students of Curtin University and industry professionals across Western Australia (the event followed the Curtin University Open Day and University Subscriber talk given earlier in the day). Everything is riding on people showing up – on a Monday night – in the rain.

Despite the weather, more than 50 industry professionals and students turned up for this opportunity to network, meet potential employers and employees and generally hone their communication skills. Peter Lurie and Leila McClintock ran the PwC side of things beautifully. With a backdrop of the Swan River and the lights of Perth illuminating the 19th floor, people began arriving early and started mingling almost immediately.

Peter introduced himself as the new CPD Coordinator in Western Australia and welcomed attending guests to the Networking Event. He went on to introduce Kathryn Cannon of PwC, one of Perth's newer Fellows, who spoke of her experience studying at Curtin before the University was fully accredited no less (she qualified as a Fellow in 2010) and went into some detail about her average day working as an actuary in Perth.

Representatives from RAC Insurance, APRA, QBE, WorkCover WA, HBF, Deloitte and of course PwC attended this inaugural event and came away from the evening with a greater awareness of students' needs as well as a list of potential names to contact in the near future. Students opened up and spoke to actuaries about their day-to-day roles, hiring policies and the growing number of actuaries qualifying in Western Australia.

It was positive to see in attendance students representing different levels of study, from first-year University to almost-qualified Part III students. While the majority of students attending this function were current full-time students at Curtin University, there were also a number of part-time students who have already embraced the full-time working week and are qualifying in their spare time.

The goal of this initiative was to assist University students in meeting prospective employers and breaking down the wall between students and industry professionals. One of the issues that keeps

William Weng, Ahsan Waraich, Josh Batchelor, Mutale Katongo, Alfred Msemo – Curtin University

Peter Lurie (centre) in discussion

Jennifer Burns
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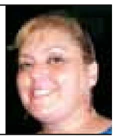


Katie Roach, Kathryn Cannon

reappearing is the need for university students to have an opportunity to meet potential employers and give them a chance to sell themselves as interns, cadets, work experience students and ultimately future employees.

SUPPORTING ACTUARIAL STUDENTS IN YOUR WORKPLACE

As the Universities Relationship Manager one of my goals is to help students who are attending one of the six accredited universities in Australia, to meet you, the working actuaries and potential employers; and give you the opportunity to meet them, put faces to names and ideally, remember them when it comes time to offering job placements or work experience opportunities in the future.

Over the past 12 months I have been speaking with employers, potential employers and recruitment agencies regarding work experience for students and it's apparent that University students studying to become Actuaries are more likely to be offered a permanent position on completion of Part II, if they have gained previous work experience within the industry.

This experience comes in the form of internships, cadetships, vacation work and work experience. While these opportunities are offered in a highly structured format for most of the larger firms and agencies, there is still a strong need for all employers to offer the chance of work experience for qualifying students on a more regular basis. This may come in the form of holiday work, taking on students for short-term work during the busier times of year or offering the chance for a student to work a few hours a week at a mutually convenient time.

Peter Lurie and PwC have been invaluable in giving students in Western Australia the chance to meet potential employers. This event was such a success that we will be hosting similar networking opportunities in other states soon. The Actuaries Institute plans to make this an annual event and will work with all six accredited universities to not only hold similar events across the country but to start using the pool of potential young actuaries available as assets in the workplace.

If you are interested in supporting, guiding and mentoring students in your workplace, or to have information emailed to University Subscribers in your state regarding work experience opportunities, please contact me via jennifer.burns@actuaries.asn.au or (02) 9233 3466. A

Shreya Trasy
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Winners of our *Update Your Details and Win* competition

From July to August the Member Services Team ran an exciting Update Your Details and Win competition. All Members were sent an email invite to participate by logging on to the Institute's website and updating their details before 6 August 2012. This was to ensure that the mailing address, primary practice area and membership category were correct, and that the relevant fee appears on the renewal invoice issued in the first week of September.

Members who updated their details before the deadline were eligible to go into the draw to win one of three mystery prizes on offer – a delicious gourmet food and wine basket. The three winners selected by a random draw were – Michele Wong, Jason Aront and Jim Repanis. Congratulations Michele, Jason and Jim!

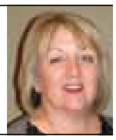
We would like to thank all the members who took the time out to participate in the competition. We had a great response rate from 470 members who participated this year and look forward to more members participating next year and winning more fantastic prizes! A


Michele Wong


Jason Aront


Jim Repanis

Katrina MdFadyen
katrina.mcfadyen@actuaries.asn.au



Congratulations to...

David Knox receiving his award

At the 2012 Financial Services Council conference **Dr David Knox, Senior Partner at Mercer** was awarded an ***Industry Excellence Award.*** The award recognises David's significant and sustained contribution to the financial services industry over many years.

David Gifford, Acting Head, Strategic Intelligence and Planning, Transport Accident Commission Victoria was presented with an ***Outstanding Contribution by an Individual Award*** at the 2012 Excellence in Personal Injury Management Awards as acknowledgement for his significant contribution to the accident compensation industry. David has been involved in a number of accident compensation schemes in Australia and New Zealand, in an actuarial consulting capacity and in leading the Business Intelligence function within the TAC.


David Gifford

Finity – at the 9th Annual Insurance Industry Awards on Thursday 16 August **Finity was inducted into the Australian Insurance Industry Awards Hall of Fame**. Finity is the first organisation to be awarded this prestigious honour. The Australian Insurance Industry Awards Hall of Fame was introduced to recognise outstanding long-term achievement by an organisation in their field of the insurance industry. To be inducted into the Australian Insurance Industry Hall of Fame an organisation or individual must have won a given category of the Australian Insurance Industry Awards five times. Finity has won the "Service Provider to the Insurance Industry" Award five times in the past six years.


Melville Prize Presentation: Prof Mike Sherris, David Goodsall, Dr Katja Henewald, Maathumai Nirmalendran

RGA Australia – for the third consecutive time – has been named the ***Reinsurance Company of the Year*** at the 2012 Australia Insurance Industry Awards. RGA Australia has received this award in recognition of its commitment to helping the life insurance industry in Australia innovate and grow.

Professor Michael Sherris, Dr Katja Hanewald from UNSW together with **Maathumai Nirmalendran, a recent UNSW Honours graduate now with Finity**, were awarded the ***Melville Financial Services Prize*** for their paper *A Comparison and Economic Analysis of International Solvency Regimes for Annuity Markets*. Their research looks at how regulators and regulatory requirements impact prices for longevity insurance products in the form of life annuities. Sherris, Hanewald and Nirmalendran received the award for their presentation and paper at the Actuaries Institute Financial Services Forum in August 2011.

Sue Wetherbee CPD Consultant
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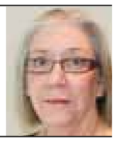

Building capability to rise to the challenges

I don't closely follow sports in the USA anymore, but you had to be living on another planet not to hear about the recent feat of New York Nicks Point Guard, Jeremy Lin. He went from a bench-warming, third-string Point Guard to household name and international star in a matter of weeks. You may be asking, what has this to do with CPD? Well, read on!

Ask yourself, ***"Are you a third-string benchwarmer or are you able to make a difference to your organisation?"***

Jeremy's story is one of specific lessons that Members can take away to ensure that they can rise to challenges and not sit on the bench. Let's look at these underlying lessons:

HAVE CLEAR PERSONAL AND PROFESSIONAL GOALS

Jeremy Lin is more than an overnight story. His professional goal was to become a pro basketball player and he knew what he needed to do to get to the NBA and survive. His personal goal, in case the NBA didn't work out, was to seek a quality education (he's a Harvard grad) so that he could support himself.

Ask yourself: ***"Do you have personal and professional goals?"***

FOCUS ON WHAT YOU DO WELL, THEN DO IT BETTER

Lin practised his basketball skills continuously and focused on the areas he needed to improve. In business, people recognise tangible ability as demonstrated by what you can do and not on what you say you can do. Be ready to prove it. Lin grabbed his opportunity to prove it when he went on to score 25 points in his first game.

Ask yourself: ***"Have you familiarised yourself with the Actuarial Capability Framework? Have you completed a Capability Assessment? Do you know that the Capability Assessment Report will help you to identify developmental needs that can inform your CPD planning?"***

BE PERSISTENT

Like Lin, you may never know when the opportunity to prove yourself will arise. From high school through college and into the NBA, Jeremy's full talents were not noticed. Jeremy learned through failure. His determination, patience, consistency and focus provided the fuel for him to shine when the opportunity presented itself.

Ask yourself: ***"Do you maintain focus on your development goals and consistently apply yourself in your CPD activities?"***

STAY FRESH, ADD VALUE

Lin practiced every aspect of the game. As an aspiring professional athlete, he studied how others played and how the game is played. His philosophy to continually improve was not only for his present role, but for anything that was presented to him. Lin realized that he had to demonstrate his value before any team would reward him. A Member must 'stay fresh' and not rest on what they know, but discover what they don't know. After further development, take what you have gained and find out how it can be used to add value.

Ask yourself: ***"Have you looked at your Capability Assessment Report to see not only where you need to develop, but also where your capabilities are above current requirements? Have you considered whether and how you can use these skills to add value to your role or business?"***

UNDERLYING LESSONS FROM JEREMY LIN'S STORY

Ready...

Being on the bench is a reality not only in basketball but in business. There is significant upside to offering the right opportunity to the right person at the right time. The Knicks believed that Lin had skills they required and could possibly develop further over time. Employees must develop their work capability to be ready for opportunities.

Steady...

As with all employees, some are ready when called upon, while others may need more time. The time dimension is important and appropriate if the employee is to Stay Ahead. CPD is the vehicle to ensure that employees are 'bench ready' for the 'coach' to put them into the 'game'.

Keep Going...

Employees, like Lin, that impress quickly, must demonstrate they can sustain the momentum. The Knicks coaching team must now support Lin's efforts and growth if both are to succeed. Likewise, the employer and the Institute are supports for the ongoing development of Members.

POST SCRIPT:

The *New York Times* called Lin "(the Knicks') most popular player in a decade". Shortly after that, Jeremy was signed to the Houston Rockets for the 2012-13 playing season. His new goal is to become a leader in the team.

The recently launched Capability Framework, Assessment Tool, Report and Planner are key documents, tools and templates to enable Members to plan and participate in CPD activities to **Stay Ahead**. Have you launched them yet? Visit http://www.actuaries.asn.au/MemberArea/CapabilityFramework/IntroVideo.aspx to support your ongoing development.

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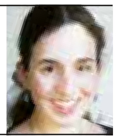
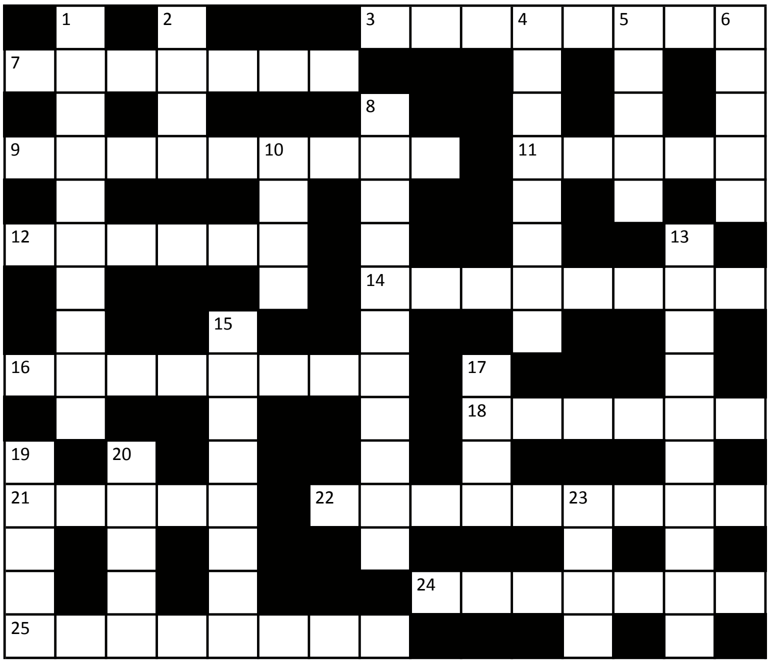


"I have discovered a truly marvellous proof of this, which this margin is too narrow to contain" – Fermat.

Across and Down to London

There is no puzzle more quintessentially British than the cryptic crossword. Although the world's first crossword puzzle was published in a New York newspaper (in 1913), it was created by Arthur Wynne, a Liverpudlian by birth, and it was in British newspapers that the world's first cryptic crosswords were published, in the mid-1920's. To this day, cryptic crosswords enjoy the greatest popularity in the UK, Ireland and Commonwealth countries (including Australia and New Zealand), where they are a staple of newspaper puzzle pages, and are sometimes referred to as "British-style" crosswords in the US.

Below is a cryptic crossword for you to attempt. For your chance to win a $50 book voucher, email your solution to: inthemargin@actuaries.asn.au .



ACROSS

3. Stony crim moved to Greek island. (8)
7. Forcibly wound chemical cell. (7)
9. Speared by a vegetable. (9)
11. It sounds like it's easy to get lost in searching for this grain. (5)
12. Piglet's Danish cousin. (6)
14. Reily and C.C. had tea with third wheel. (8)
16. When I was told of my condition, I literally went white as a ghost. (8)
18. Jump in French river and come out mad. (6)
21. A pear for nothing? That's something to sing about. (5)
22. I had a taste of Elli's cooking and it sent me into orbit. (9)
24. I audibly bid the Mexican down from 1000 to 50 and got a dictionary too! (7)
25. They scrambled from close and far to be in the open air. (8)

DOWN

1. Rickety sheep restraint. (10)
2. In terms of volcanoes, I'd give it a ten. (4)
4. Coerce odd Mimi into going into business. (8)
5. Pique my curiosity and provide for my journey – a great combination. (5)
6. Weasely supporter of art. (5)
8. Before tea, mutant erected plaque to acknowledge dramatic change in thought. (11)
10. I wrote to little Albert to determine his singing range. (4)
13. Isolation in a country infested with foreigners. (10)
15. I am not firmly fixed on letting the horses out to pasture. (8)
17. My own, personal explosive. (4)
19. I believe this is the pet of the Pope's mother. (5)
20. The fires changed direction leaving a portion of the letters. (5)
23. Travel by rail to resting place. (4)

BOB (AA171 SOLUTION)

Starting with any of the outer I's and moving between adjacent letters either horizontally or vertically, in how many different ways can you read the words IF I HAD A HI FI in the diagram given in AA171?

Solution:

By symmetry, it can be seen that there are 4 x $(2^5 – 1)$ = 124 ways of moving from the outside of the puzzle to the inner D and 124 ways of moving from D to one of the outer I's. However, there are 12 I's in the middle of the puzzle that may be used as finishing points (but not starting points), increasing the number of ways of spelling the second half of the phrase by 28 to 152. Therefore, there are 124 x 152 = 18,848 different ways of spelling IF I HAD A HI FI.

For the first time in the 3 1/2 years of *In the Margin*, no correct answers were submitted. Consequently, no prize was awarded. Hopefully, readers will have better luck this month.

Gae Robinson
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Gae answers serious and not-so-serious questions about life in the office, career, study and coping as an actuary in the real world

New Fellow/ Old Fellow

END OF THE BEGINNING

I've just qualified. What will be different at work now that I am a Fellow? What should I do if I'm asked to sign a report as an FIAA next week?

Obviously the first thing you'll be doing is waiting in dread for the letter from the Institute that says they're sorry but they made an awful mistake and you didn't pass that last exam after all. Expect a few nightmares on this theme too. These will probably ease after 6-12 months.

And sadly, you'll have to show up at work on every working day now – no more study days! Your bathroom will be dirtier – since it won't be getting that thorough scrub that is the traditional start to every study day. If you've scored a salary rise on qualifying, you can pay someone else to clean it now.

At work, don't expect things to be different straight away. Completing the exams won't have changed your capabilities or your experience. You may see a change in people's respect for you – and their expectations. You'll have more time and energy, and you might be asked to take a step up in responsibility. You'll have time for more R&D, or to get more involved in management. My advice: find an area that really interests you and throw yourself into it.

Lastly, should you sign that report? That depends on the role you've played in the project. If you've been integrally involved in the work and are in a position to take professional responsibility for it, I don't see why not (subject to the Code of Conduct!).

BEGINNING OF THE END

I'm thinking of retiring soon, but am worried I'm going to find myself at a loose end. Any suggestions for what I do with myself when I finish working?

If you're worried about 'the vacuum' that awaits, wean yourself off work gradually. If you have a spouse/domestic partner, give them lots of notice so they can plan their strategies to be out of the house, avoiding you, if necessary.

Once retired, if you have any time to spare after your medical appointments, crosswords to fend off Alzheimers, weight-bearing exercise to fend off muscle wastage and osteoporosis, minding the grandchildren and tending the garden…there are plenty of options.

Let's start with the obvious – travel. If money's no issue, go deluxe: world tours, luxury hotels, Michelin-starred restaurants. At the other end, go grey nomad and see Australia in a beat-up caravan (do they make an 'Actuary on Board' sticker?). As you travel, spread the word about actuaries. When you get sick of that, tell people you were a brain surgeon. Make up some medical words. Avoid real brain surgeons.

How about doing some learning? Study astrophysics, Eastern philosophy. Learn hieroglyphics. Read Ulysses and decide what camp you're in (lovers/haters).

There are so many worthy places that could use volunteers like you – charities, clubs, hospitals. Become an Ethics teacher or reading helper at the local primary school. Champion a deserving cause!

Try being the opposite of an actuary – abstract artist, flower arranger, pizza chef. Write a song or a short story.

You could use your maths and do some tutoring. Or if you have grandchildren, buy them their first calculator and teach them how to use it. Make it an HP12C – how confused will they be later on when they discover the rest of the world is not using reverse Polish? While you're at it, work out what all the other buttons on that thing do.

What about some pointless challenges? A few ideas:

- Reappear at your old workplace occasionally, and hang around talking and asking questions. See how long it takes before someone asks you to leave.
- Count cars from your front porch – by colour, make, number of passengers. Make pie graphs of the results and present them to visitors.
- Get a seniors card and compete with a friend to see who can save the most money in a week.
- How slowly can you drive? Time yourself to and from the shops. Wear a hat. How many cars can you get lined up behind you at a time? Improve your PB.

Got a bucket list? If not, borrow someone else's.

But here's a heads-up for you. If the Mayans were right you'd better retire very soon – you've only got till 21 December to enjoy it. A

Jenny Lyon
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Microfinance Masterclass

Jenny Lyon, Rebecca Parkinson, Sarah Marino

To set the scene, I have been working as a volunteer at Opportunity International Australia (Opportunity) since the end of 2011. I approached them with an interest in microfinance, a desire to understand more deeply how a not-for-profit organisation in the development sector operates, and looking for a way to make a contribution. It's proving an interesting and worthwhile experience. While Opportunity had no real need for actuarial skills, I have been involved in a variety of projects including compliance, managing a database project, training, and am now looking at policies and developing reports to the board having regard to their risk appetite. I've also enjoyed working with a very different group of people who are highly professional, dedicated to their work and get real satisfaction from feeling they are making a difference, helping people to help themselves.

POVERTY

790 million	→	Chronically undernourished
2.6 billion	→	No access to basic sanitation
1.1 billion	→	No access to clean drinking water
Every 3.6 seconds	→	Someone dies from Starvation

I asked Sarah Marino and Rebecca Parkinson from Opportunity to come and present their 'Microfinance Masterclass' at an Insights session. I thought it might be of interest to some members of the Institute which seemed to be the case as around 80 people registered.

Sarah is the Donor Relations Manager. She has 10 years' experience in fundraising and corporate philanthropy and an MBA specialising in Corporate Social Responsibility. Rebecca is Investment Services Director and with a background in finance and accounting she supports the delivery and monitoring of new and existing microfinance programs.

Their presentation provided us with some background on global poverty including some challenging basic facts. The World Bank describes 'extreme poverty' as living on less than US$1.25 a day. That's enough for some rice and vegetables, clean water, and enough cooking fuel to make two basic meals. This leaves no room for when things go wrong for example the terrible choice – between the doctor, and feeding your family.

Rebecca and Sarah then stepped us through how microfinance works: investments in equity or debt, by investors such as Opportunity, are made into microfinance institutions (MFIs), which then make small loans to individuals, their clients. The loans are typically about $150 or $200 and are usually repaid weekly over a period of six months to two years. While micro credit is the most common form of microfinance other products include pensions, savings and insurance. Complementary Services programs such as financial education, a project to provide the development of a well or health training may be provided by the MFI. In addition the investors may support the MFIs by helping them build their internal capacity through, for example research, training and system development.

Microfinance is different from other forms of aid or development in two ways:

- Leverage – Before an investor will invest in an MFI they conduct detailed due diligence to ensure the quality and ongoing viability

CASE STUDY: TLM FOOD SECURITY PROGRAM

It was noted that different types of products may need to be developed and creative solutions found. As an example a food security program in Indonesia was described: a non-cash loan and savings program using grain. Just as a standard microfinance loan can enable a family to smooth out their income levels, a loan in the form of food can feed a family during lean periods. In rural areas, there is often a surplus of food during and after the harvest. Yet at other times of the year there may be near-famine conditions. This is doubly damaging as famine often coincides with the planting season, when farmers require the most energy. In West Timor, Opportunity's partner TLM is collaborating with the World Bank to bridge the gap between the two seasons, offering an innovative Food Security Program in the form of a 'cashless loans & savings' accounts''. Taking advantage of the surplus of food during harvest time, the program lends food to people during low season. Clients then repay loans with yields from the harvest and are provided with a safe storage drum to securely protect any surplus from loss due to insects, moisture or thieves. TLM's role is managing the program and providing secure storage options. It's a simple way of smoothing consumption. This helps the poor survive the food shortage and it also helps avoid the waste that can arise from inadequate storage facilities.

of the institution. The support and investment by a reputable and credible investor provides the MFI with the opportunity to raise additional funds in the market – they become a better credit risk.

- Recycling of loans – Loans are typically made for 6 to 12 months initially and on repayment can be re-loaned on an ongoing basis. Where clients successfully repay their loans they may then seek another loan to expand their business further. Some clients will go through three or four loan cycles.

Therefore the microfinance model has the objective of helping both the MFIs and their clients to become self-sufficient.

CHARGING AN INTEREST RATE

It was very interesting to hear Sarah talking about how while the poor may not be well educated in terms of financial products as we know them, they do understand well the concepts of borrowing and paying an interest rate – the alternatives currently available to them may be money lenders who can charge extremely high daily rates of interest. They also understand how to manage with very little money and are creative in their management. Their motivation - typically to provide a better life for their children – is high and this is one reason a very high proportion of loans are made to women.

There was general agreement in the room that clients should be expected to pay interest on their loans although I gathered that this expectation is not true of all the audiences that Opportunity present to.

In India, the maximum rate of interest which may be charged has recently been defined by national legislation to be 26% and most loans are set at around this rate. There are various reasons why it is important that an interest rate be charged. One of the objectives of financial inclusion is to empower individuals – "A hand up not a hand out". As a result of successfully repaying interest on a loan, clients become able to get a credit rating and in time will be able to borrow through the traditional financial system. The interest also provides the MFI with an income which contributes to their operations and will ultimately enable them to operate sustainably. Perhaps most importantly the clients are treated with dignity and respect in an arrangement in which an interest rate is paid.

Problems have occurred in some parts of India in relation to the credibility of the microfinance model, in particular raising the question of whether the benefits were flowing to the poor. This raises one of the most challenging questions about any form of work designed to help the poor. Is it really reaching the right people and is it providing the best value? Dedicated to helping people out of poverty above all else, Opportunity (and others) is implementing ways of measuring the social performance of the MFIs and have recently completed a pilot project to understand how to value the Social return on Investment (SROI). Such research is still in its early stages, and even coming up with basic assumptions is complex and challenging. One way of seeking to treat clients properly is through the seven client protection principles which social MFI's sign up to and integrate through their programs:

- **avoidance of over-indebtedness;**
- **transparent and responsible pricing;**
- **appropriate collections practices;**
- **ethical staff behaviour;**
- **mechanisms for redress of grievances;**
- **privacy of client data; and**
- **mechanism for complaint resolution.**

The presentation provided us with some insight into how the microfinance model works. If anyone is interested in finding out more please contact me on lyon.family@bigpond.com

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How to create an Actuary – More Than Maths

In early 2009, the Talent Finders Committee within the Actuaries Institute had an idea – a brilliant idea – to find the actuaries of tomorrow, not today but yesterday. It was a huge plan that could not be undertaken without careful planning, and of course, help from within the Industry itself! It would also mean going back further than the university students currently studying to become actuaries - back to the days of high school. Think about it. How many of you knew what an actuary was when you were in Year 10? Chances are that unless you knew one, or had an extremely well informed maths teacher, you didn't really have a clue what an actuary was, let alone what one did. It's no surprise that this problem still exists today.

One of the most admirable qualities within the actuarial profession is the enthusiasm of members to take new actuaries and students under their wings – to mentor, support and guide young actuaries, students, and other motivated people. It is among the most supportive professions in Australia and the world. To create an actuary - a great actuary - requires time, patience, knowledge and support. It should begin with talking to students in high school who are looking for guidance with their futures, and ends with you, the working professional.

PHILOSOPHY OF THOUGHT

High school students who excel in mathematics have traditionally been guided into more recognisable and mainstream careers, such as medicine and accounting, with nary a thought for life as an actuary. This is where we come in - the More than Maths initiative was started to give students in Years 10, 11 and 12 another option, another pathway, a new direction to something more elite – the world of actuaries!

A survey taken in the US earlier this year by Careercast.com and reported in the *Wall Street Journal* in April ranked 200 jobs from best to worst based on five criteria: physical demands, work environment, income, stress and hiring outlook. The only thing that should come as a surprise is that actuaries came in at number two instead of taking the top place (an honour that was taken by software engineers). In 2011 actuaries came third, behind the software technicians and mathematicians, who slipped down to, a still respectable, number 10 this year. For the curious among you, accountants were ranked at number 47.

POINTING THE ACTUARIAL COMPASS

Our goal is to arrange visits to high schools nationwide by newly qualified Fellows and students currently studying at university; target schools with some of the brightest graduates; and give them another option. We want to tell them about the quality and excellence of a constantly evolving profession and introduce them to the concept of what it means to be an actuary. Our goal is for 16-18 year olds to know more about this profession than 'it has something to do with numbers' and give them guidance in choosing an education that will lead them to the satisfying conclusion of the Actuary designation or Fellow of the Institute of Actuaries of Australia.

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A SIMPLE PLAN

So, how easy is it to reach the actuaries of the future? It is really quite simple. Talk to them.

A large selection of nominated schools are contacted and invited to host a short event for targeted students. A time and date is agreed on (usually around an hour during lunch) and our actuaries on white stallions charge in, like calculating knights, and dazzle young minds with a background of the profession, guidance on the education pathways, and a short but powerful account of their personal experiences in this highly regarded profession. Sounds like fun, doesn't it? It is! The volunteers who have given their time to this initiative have all returned with positive feedback, and more often than not, the willingness to do it again!

We provide the content, a list of questions and answers you are likely to encounter, and some incentives for the students in the form of an actuary branded show bag. All you have to do is show up on the day.

CALL TO ACTION

Of course, it's not all fun and games (although there is some of that). We need enthusiastic young volunteers wiling to point the actuaries of tomorrow in the right direction. The more successful presentations have involved actuaries returning to their alma maters and walking the great halls of their youth.

We are looking for newly qualified Fellows who are willing to give up a couple of hours of their time to educate maths-oriented high school students on the benefits and joys of choosing the actuarial profession. You would be accompanied by a university student studying to become an actuary at one of our six accredited universities, which not only gives the high school students a different perspective on the education side of things, but gives the student some valuable experience in honing their 'soft skills'.

Right now, we are targeting schools in NSW, but we will shortly be branching out to Victoria, the ACT, Queensland, South Australia and WA. It's a plan, not to take over the world, but more to let people know that there is this marvellous profession called the actuarial profession, and if you're a smart kid with a logical mind and a thirst for knowledge, then this might be the career choice for you. Unfortunately, the only problem standing in the way of these brilliant young minds carrying the torch is a lack of information.

If you are interested and available to volunteer and speak with the actuaries of tomorrow, please contact me at: jennifer.burns@actuaries.asn.au, and I will be happy to try and match you with the school/s of your choice! A

A survey taken in the US earlier this year ranked 200 jobs from best to worst based on five key criteria. The only thing that should come as a surprise is that actuaries came in at number two instead of taking the top place.

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Financial compatibility – bonded to equities?

Starting out on the actuarial education path I never dreamed that I'd become a strident advocate for fixed interest! When I joined the ranks of high school graduates four years ago, I was quite certain that I'd be studying actuarial science. Less certain was my choice for a second major or indeed two minors, which would form a suitable complement to my commerce degree. I was faced with a plethora of courses and complex prerequisite interrelationships. In the end, I went for the default choice of finance, as did many in my cohort at the time – a choice that has surprisingly been the optimal combination.

Now that I'm reaching the end of my formal undergraduate studies, I can easily see the logic of choosing finance to complement actuarial studies. With core actuarial technical abilities focussed on liability valuations, be it ex-post or ex-ante, finance served as an insightful counterpoint to understand what happens on the asset side of the balance sheet. Notwithstanding the finance elements already incorporated into the CT course, being taught finance by an actuary is a vastly different experience to being taught by a finance professional. There is less emphasis on the mathematical rigour of financial concepts, a change that was both welcome and necessary to maintain one's sanity.

It sounds as though I'm championing finance as the most suitable complement to actuarial studies, but that is far from the truth. Many of my actuarial-finance cohort from first year later transitioned to financial economics or economics. A popular reason was the grade-boosting effects of studying economics when you have an actuarial background.

As economics is the fundamental umbrella under which most of commerce lies, it would make sense that any of its sub-branches would be equally relevant in the real world. Indeed, there are some professionals to whom I have spoken who strongly believe in the superiority of financial economics over just finance (or economics for that matter).

The staple diet of a finance student revolves around the analysis of equity market assets and trends, ostensibly as there is retail investor information freely available. However, the emphasis on equity growth assets and techniques used to pick undervalued stocks may misrepresent the importance of equity and the range of investment activities typically undertaken. In my experience at least, finance courses that deal with fundamental concepts – CAPM, portfolio theory, options pricing – are all taught in the context of equity markets. And so it obviously came as a surprise to me to learn of this area known as "fixed interest and credit" where billions of dollars are invested into government and corporate debt.

Now this market obviously existed the whole time, otherwise the world wouldn't be in the mess it is right now caused by the sovereign debt crisis. But where stocks are glamorously paraded as the high return but high risk poster child of financial investment, bonds are presented as its plain-Jane boring cousin: low risk and low return. Nothing but a straight application of present value, maybe with a bit of term risk and credit risk premium thrown in.

However having witnessed the nuances of fixed interest funds management first hand, real life (as distinct from the make-believe world of assumptions and theories that can often cloud a university education) is obviously a bit more complex. When the assumptions that prop up the academic learning framework are demolished, then all of the "theoretically poor" choices become possibilities and alternatives. Barbell strategies have been successfully used to manage changes in interest rates in spite of the theoretically higher risk. Duration matching without rigorously considering convexity also seems to work well enough in most circumstances.

I have found fixed interest to be a surprisingly interesting and quantitative area of finance and given insurance companies' propensity to prefer debt instruments to equity, I strongly believe its management and investment issues should play a more significant role in the education of actuarial students. A

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Gender differences in leadership (...or power to the sisterhood!)

HEALTH WARNING: This article could be detrimental to the self-confidence and mental well-being of the male species. Men: only read on if you are in touch with your inner SNAG[1].

Over the years much has been written about the glass ceiling and in financial services there is a recognised need to get more women into senior leadership positions, and on boards. The ASX Corporate Governance Council's new "if not, why not" disclosure requirement for proportion of women in senior leadership and on the boards of listed entities has shone the spotlight on the paucity of women on the boards of our largest businesses.

Whilst there have been improvements since this disclosure requirement was introduced[2], the statistics are still sobering. The following table shows the percentage of women on boards in different Financial Services industries:

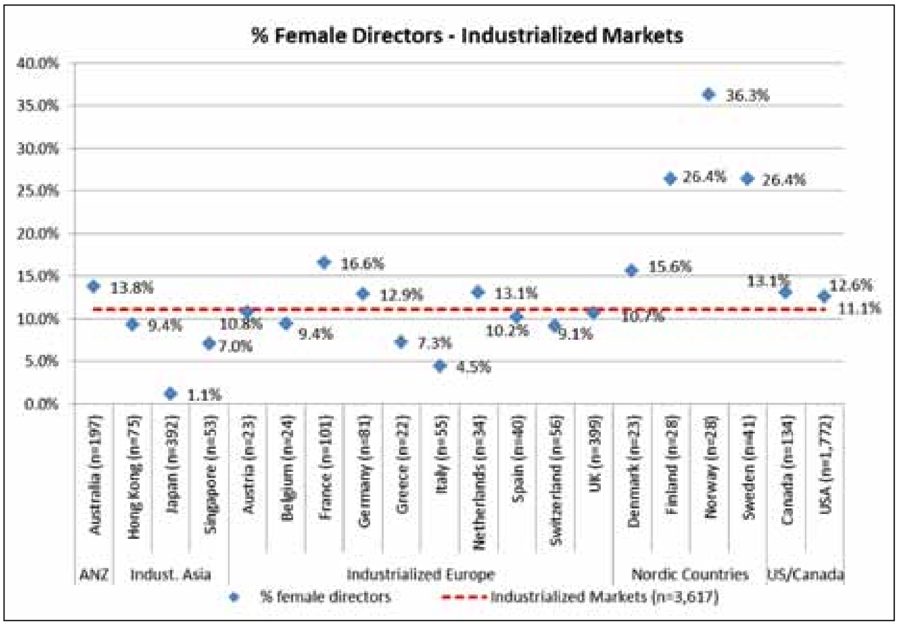
Sector	2010	2011	2012
ASX01-200	8.7	10.9	**13.9**
ASX201-300	NA	NA	**7.6**
Superannuation Trustees	19.4	20.4	**21.8**
Corporate	21.2	19.4	24.9
Industry	18.9	21.9	20.4
Public Sector	22.0	23.6	21.5
Retail	17.1	18.0	21.5
Credit Unions & Building Societies	21.0	18.4	**21.2**
Private Health Insurance Funds	NA	NA	**24.1**

Source: Women on Boards Diversity Index http://www.womenonboards.org.au/pubs/bdi/2012/index.htm

There has been rapid improvement since 2010. And we have some heroes to look up to. Caroline Hewson was recently judged to be Australia's most powerful director[3]. Our profession has some stellar examples of female business leaders. Two businesses led by female actuaries[4] won major awards at the recent ANZIIF awards night for the insurance industry.

In the past the Australian corporate sector has had one of the worst levels of women on boards in the world. However the rapid improvements over the last two years now place us amongst the leaders in the industrialised world. With a percentage of less than 14%. Scary.

Source: GMI Rating's 2012 Women on Boards study http://info.gmiratings.com/Portals/30022/docs/gmiratings_wob_032012.pdf



Whilst women are well represented in the junior and even middle management ranks, we are still under-represented in the senior echelons of Australian financial services corporations.

I have a few theories about possible reasons for this. Some are internal, and some external forces.

SELF SELECTION OUT

I think that some women, when they reach senior middle management positions, take a good look at people on the level above them (in senior management) and do not like what they see.

That was certainly a consideration for me when I bailed out of working for major corporate in my mid 30s. The demands of a senior management role in financial services can be overwhelming. The people above me (reporting to the CEO) all worked 80 hour weeks, looked 10 years older than they were, and many had dysfunctional marriages. Nearly all were men with a good support network (usually a stay-at-home wife) so that they could pour all their energies into their job. Frankly I didn't want to go there.

For many women it's simply not an option to take on a role like that in their 30s when they have a young family at home. No matter how supportive one's husband is, work and kids is still a major juggle when both partners are working. And women do the lion's share of housework and child caring duties. ABS data[5] shows that while women have taken on more paid work, they still do about two thirds of the housework.

There are theories that women self-select out of major corporations to start or work in small businesses. Certainly in Australia women are well represented in the small business sector.

Interestingly, when compared with corporates there is a much higher proportion of senior women in the public service (36% of the board members of the top 84 Australian Government organisations are women). A female director who's an ex-CEO of a Commonwealth government organisation told me that this is due to affirmative action initiatives in the 1980s.

UNDER-RATING OURSELVES

My theory (based on nothing but my observation of myself and other women) is that we tend to under-rate our own abilities and as a result do not promote ourselves as well as men, who tend to over-rate their abilities. If a woman and a man with the same qualifications were going for a job which was a stretch for both, the man would confidently state in the interview that of course he meets all the requirements for the role. The woman on the other hand would say that she understands that she doesn't have all the abilities and she would have to learn on the job to be able to meet the requirements of the role. Who am I kidding? She probably wouldn't even apply for the job in the first place.

I would class myself as a very confident woman. However I have also suffered from a lack of confidence in applying for roles that, in retrospect, I was very ready for. I have been lucky to have some great mentors or role models (interestingly, mostly men) who have given me a nudge when I've needed it and told me to "go for it!" Perhaps not every woman is so fortunate.

UNCONSCIOUS BIAS

It is a well-established fact that we have a bias where we naturally like people who are most like us. In a world where most boards and C-suites are stocked with the "pale, male and stale" (as I affectionately call them), this results in middle-aged men being more likely to hire other middle-aged men to senior management positions. Many of these men don't even recognise their bias, and I am sure some are vocal supporters of women in leadership. They are just hiring "the best person for the job". Unconscious bias is a tough one to combat. It is hard to know how to break this cycle. Quota systems have been tried in other countries and have usually been considered a failure. Perhaps the increasing focus on, and disclosure of, proportions of women in leadership will continue to tip this balance.

DIFFERENT LEADERSHIP STYLES

There has been some interesting work done recently on gender differences in leadership, and I want to focus a little on this in the rest of this article.

	Male	Female	t	Sig. (2-tailed)
Takes Initiative	48	56	-11.58	0.00
Practices Self-Development	48	55	-9.45	0.00
Displays High Integrity and Honesty	48	55	-9.28	0.00
Drives for Results	48	54	-8.84	0.00
Develops Others	48	54	-7.94	0.00
Inspires and Motivates Others	49	54	-7.53	0.00
Builds Relationships	49	54	-7.15	0.00
Collaboration and Teamwork	49	53	-6.14	0.00
Establishes Stretch Goals	49	53	-5.41	0.00
Champions Change	49	53	-4.48	0.00
Solves Problems and Analyzes Issues	50	52	-2.53	0.01
Communicates Powerfully and Prolifically	50	52	-2.47	0.01
Connects the Group to the Outside World	50	51	-0.78	0.43
Innovates	50	51	-0.76	0.45
Technical or Professional Expertise	50	51	-0.11	0.91
Develops Strategic Perspective	51	49	2.79	0.01

• *Males were rated more significantly positively on one competency (Develops Strategic Perspective).*

Source: A Study in Leadership Women do it Better than Men, Zenger Folkman, 2012

DO WOMEN LEAD DIFFERENTLY? YES.

Evidence is that yes, women lead in a different way to men. Joe Folkman and Jack Zenger state in their *Harvard Business Review*[6] article regarding their recent leadership study, that:

> **"At every level, more women were rated by their peers, their bosses, their direct reports, and their other associates as better overall leaders than their male counterparts — and the higher the level, the wider that gap grows."**
>
> **"Specifically, at all levels, women are rated higher in fully 12 of the 16 competencies that go into outstanding leadership."**

In my role I have been given counsel to be "less emotional" in key meetings. My view on this is that what I bring to the table is different to a male leader. I am passionate about our profession and about the Actuaries Institute, and I do wear that passion on my sleeve. You will never die wondering what I think on an issue. But I certainly don't have a dispassionate and stoic demeanour at all times in business meetings. This can be viewed as a negative by the (predominantly male) established hierarchy.

The difference in women's and men's leadership styles may be one factor in women hitting the glass ceiling. Clinical Psychologist Leslie Pratch in a recent *Harvard Business Review* blog[7] postulates that women's different leadership style creates barriers for women. It concludes:

> **"…these findings indicate that women have to have high self esteem and high self confidence while leading in a communal style in order to be perceived as effective leaders. In short, they must be stronger copers in order to transcend the constraints placed on their leadership style."**

As more women reach senior positions, I hope that a range of leadership styles will be recognised and valued.

So the blokes reading this are probably by now feeling a little bit neglected. Perhaps it is inappropriate to get on my hobby horse in this column – especially when the actuarial profession isn't doing too badly in terms of women in senior positions.

Why am I such a feminist? I'm not sure. But as a cryptic crossword and anagram fan, I was thrilled when I discovered that one of the anagrams of my name is WOMEN A SHIELD[8].

1 Sensitive New Age Guy
2 "From a low base of 8.3 per cent in 2008 the percentage of ASX200 board positions held by women has grown by 5.6 per cent to 13.9 per cent in March 2012. The gender statistics improve as you move up the ASX, with boards of ASX50 companies having 18 per cent of their directorships held by women." http://www.womenonboards.org.au/pubs/bdi/2012/asx.htm
3 http://afr.com/p/national/surprises_in_most_powerful_directors_hfjcz8I9CsI81ozwAvF5YL
4 Finity (headed by actuary Estelle Pearson) won the inaugural Hall of Fame Award, having previously been Service Provider of the Year no less than five times, and RGA (headed by actuary Pauline Blight-Johnstone) won Reinsurance Company of the Year.
5 ABS, Australian Social Trends, March 2009 http://www.abs.gov.au/AUSSTATS/abs@.nsf/Lookup/4102.0Main+Features40March%202009
6 http://blogs.hbr.org/cs/2012/03/a_study_in_leadership_women_do.html
7 http://blogs.hbr.org/cs/2011/11/women_leaders_need_self-confidence.html
8 Try it on your name on this excellent website http://wordsmith.org/anagram/advanced.html

WELCOME TO OUR NEW FELLOWS AND ACTUARIES

NEW FELLOWS

Mr Keith Almeida
Mr Jason Aront
Mr Joel Atputharaj
Mr Weihao Choo
Mr Scott Duncan
Mr Kok Goh
Miss Melanie Jasmine Haymet
Mr Jonathon Hua
Ms Ying Kang
Miss HyeSun Kwon
Mr Chung Wai Law
Dr Stephen Long
Mrs Bronwyn Lusby
Miss Jane Miao
Mr Andrew Ngai
Mr Anthony Saliba
Miss Ai Nee Seow
Miss Hui Yen Tai
Mr Steven Thai
Mr David Wilheim
Mr Dickson Wong
Miss Stephanie Wong
Mr Chee Chang Woo
Mr Haoyu Wu
Mr Martin Wu

NEW ACTUARIES

Mr Atif Chaudhry
Mrs Danielle Candice Chaumeil
Mr Joseph Chidwala
Mr Aniket Das
Miss Danielle Di Sano
Ms Luyan Fan
Ms Jennifer Hu
Mr Thach Huynh
Mr Ian Hyland
Mr Ivan Lebedev
Miss Zarni Lee
Mr Jiang Li
Mrs Tecla Tendai Ngoma
Mr Peter John Promnitz
Mr Somar Rouel
Mr Richard Truong
Miss Catherine Weston
Mr Kieran Wu

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