THE MAGAZINE OF THE ACTUARIES INSTITUTE • MAY 2014 ISSUE 189

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2014 *Actuaries* Magazine Photo Competition

Part of the magic of photography is the ability to share what we see.

'See What We See' is the theme for the Institute's current advertising campaign focused on emphasising the insight an actuary can bring to business decisions.

It is also the theme for the 2014 *Actuaries* Magazine Photo Competition.

From new perspectives on the everyday to unique views in far off lands, **'See What We See'** is about sharing what you see. The Judging Panel will choose the winning photo based on their opinion of which entry best captures a unique, new or interesting perspective on the everyday.

So go ahead and start shooting. The winning photo will be reproduced on the cover of a future edition of *Actuaries* Magazine. As well as the admiration of their peers, the winner will receive a gourmet gift basket valued at $250.

Submit your entry by **Monday 30 June 2014**.
Find out more at actuaries.asn.au/knowledge-bank/actuaries-magazine/photo-competition

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Actuaries

IMPORTANT INFORMATION FOR CONTRIBUTORS
Actuaries Magazine welcomes both solicited and unsolicited submissions. The Editorial Committee reserves the right to accept, reject or request changes to all submissions as well as edit articles for length, basic syntax, grammar, spelling and punctuation via ActuariesMag@actuaries.asn.au

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

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Visit www.actuaries.asn.au/knowledge-bank/actuaries-magazine for full details of our disclaimer notice.

Coming Up

May

Young Actuaries Program – Analytics, Actuaries and Asia
Monday 26 May, Hong Kong

Business Luncheon
Tuesday 27 May, Melbourne

Leadership Forum – Mind Fitness for Leadership
Friday 30 May, Melbourne

Jun

Insights – Australian Update – Leadership and Career Development
Monday 2 June, Singapore

Major Event – Catastrophe Risk Seminar
Tuesday 3 June, Sydney

Young Actuaries Program – Managing Your Career
Tuesday 3 June, Kuala Lumpur

Retired Group of Actuaries Sydney
Thursday 5 June, Sydney

Insights – Australian Update – Leadership and Career Development
Thursday 5 June, Hong Kong

Insights – Agricultural Insurance in China
Friday 6 June, Beijing

Insights – ERM
Thursday 12 June, Sydney

Insights
Thursday 12 June, Brisbane

Insights
Thursday 19 June, Sydney

Member Networking – The Beatles in Australia
Monday 23 June, Melbourne

Group of Retired Actuaries Melbourne
Tuesday 24 June, Melbourne

Young Actuaries Program
Wednesday 25 June, Melbourne

Insights – Life Insurance
Wednesday 25 June, Sydney

Nov

Major Event – General Insurance Seminar
Monday 17 – Tuesday 18 November, Sydney

Major Event – Enterprise Risk Management Seminar
Wednesday 19 November, Sydney

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We are not the Experts, We Have Never Been the Experts

Despite its fall to grace following the GFC, I've always liked the term Financial Engineer to describe actuaries. Like engineering, the heart of actuarial practice is the practical and commercial application of science. Both engineering and actuarial work have been the inspiration for technical developments in science. There is also craft in what we both do; we both have techniques and experience at filling in the gaps where the science is not clear – affectionately known as 'margins for error'.

Like engineers, we don't have to be the experts in the relevant science. Actuaries developed life insurance without being experts in medicine and health. Actuaries price and reserve for all forms of liability insurance without being legal experts. Actuaries forecast return to work rates for accident compensation schemes without being experts in psychology. Actuaries value the long term consequences for retirement savings without being economic experts. Actuaries design property reinsurance programs without being experts in the physics of earthquakes or masters of building design. In my own field of general insurance, some of the greatest advances in actuarial practice have come not from developing the science, but understanding the science and applying it to existing problems – the use of generalised linear models in pricing, or stochastic control theory in funding policies, or more complex statistical methods for data analytics.

However, we do have to be experts in understanding, applying and explaining the science – especially to those who may not understand the science, but make all the decisions.

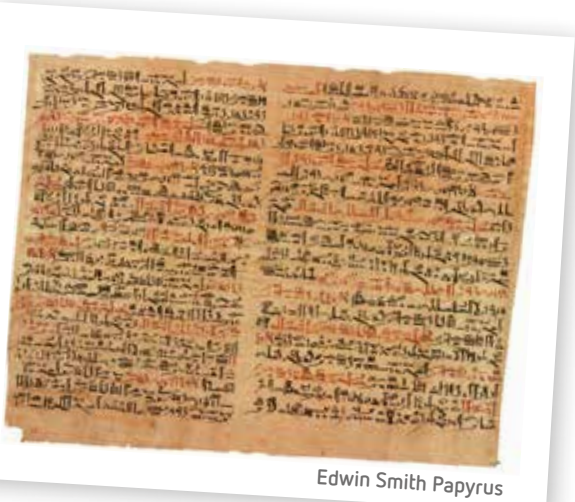
The scientific method has been with us for over 3,500 years, from the Edwin Smith Papyrus through to the philosophical work of Aristotle, Descartes, Galileo, Newton, and Popper and Khun. Even today the frequentists and the Bayesians are waging their academic war and in the process refining our knowledge and understanding. To say the general population hasn't kept up would be a massive understatement. As recently noted in *The Lancet* (http://www.thelancet.com/journals/lancet/article/PIIS0140-6736(14)60504-3/fulltext), the scientific examination of thousands of vaccinated and unvaccinated children from all over the world has found no hint of any difference in the incidence of autism in both groups, but this is trumped by a celebrity asserting that her child was vaccinated and later got autism. The consequence? A decline in vaccination rates and the unnecessary deaths of children from measles and whooping cough.

Have we as a profession kept up with science? Consider our lack of engagement with climate science and natural disaster mitigation. There is no doubt that there is demand for the practical application of science in solving financial problems: the Productivity Commission is investigating national disaster funding and mitigation efforts; the Australian Business Roundtable for Disaster Resilience and Safer Committees, which includes major financial institutions such as IAG, Investa, Munich Re and Westpac, has called for research on the allocation of resources and developing policy on mitigation. Actuaries who price property insurance would have a good idea of priority areas for mitigation, and the resulting improvements in affordability of insurance.

To date, cynics have argued that actuaries aren't experts in climate science or natural disasters and should stay out of this. On the contrary, I think we are exactly the right people to be involved. We don't need to be experts, we have never been the experts, but we do know how to understand, explain and apply the work of the experts for the benefit of the public, and we should do so. A

Sharanjit Paddam

However, we do have to be the experts in understanding, applying and explaining the science – especially to those who may not understand the science, but make all the decisions.



Edwin Smith Papyrus

The Edwin Smith Papyrus, the world's oldest surviving surgical document. Written in hieratic script in ancient Egypt around 1600 B.C., the text describes anatomical observations and the examination, diagnosis, treatment, and prognosis of 48 types of medical problems in exquisite detail. Plate 6 and 7 of the Papyrus, pictured here, discuss facial trauma. – Wikimedia Commons

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Wanted – New Members for *Actuaries* Magazine Editorial Committee

Expressions of interest are invited from members to join the *Actuaries* magazine Editorial Committee. It's an exciting time to join the Committee as we make the transition from print to digital.

If you feel like contributing to the Actuaries Institute in a professionally rewarding and practical way, this role presents a great opportunity to have your say, find a creative outlet and potentially step outside your comfort zone.

WHAT DO YOU NEED TO DO?

- Have a strong interest in writing and be willing to contribute some articles.
- Review articles for suitability for publishing in the magazine.
- Work with the Editorial Committee to source content and authors for the magazine.

Great support is available from:

- the members of the Editorial Committee;
- the Institute's Communications and Marketing Team who are responsible for all aspects of production;
- our graphic designers; and
- our volunteer proofreaders.

- The role involves Editorial Committee meetings at the Actuaries Institute once a month (free lunch included if based in Sydney); and a few hours per month of magazine coordination involvement. There's also the added incentive of a fabulous Christmas Lunch in December!

INTERESTED?

Email our editor, Sharanjit Paddam at editor@actuaries.asn.au, including a brief description of your actuarial experience as well as any experience you have in writing and reviewing articles. Sharanjit would love to hear from you.

Want to Write for *Actuaries* Magazine?

Writing for *Actuaries* magazine is a great way to increase your profile in the industry, practice your writing skills and to contribute to the profession.

The Editorial Committee is seeking contributors for future editions of *Actuaries* magazine. We welcome articles on any topic that is of interest to members of the Actuaries Institute. At the moment we are particularly interested in articles centred on the following:

- Data analytics case studies.
- Catastrophe modelling.
- Innovation in actuarial practice.
- A regular column on technology, including gadgets and software of interest to actuaries.
- Pulse survey topics.
- Current superannuation, health, banking and insurance industry issues.
- Recent results of companies and superannuation funds.
- The actuarial field in Asia, and other overseas locations.
- Privacy policy issues.
- Pro-bono work being done by actuaries.
- Leadership, coaching and mentoring.
- Actuaries and social media.
- Personal experiences of senior actuaries in challenging professional situations.
- Working with other professionals.

If you'd like to submit an article, or to find out more about writing for the magazine, please contact our Editor (editor@actuaries.an.au) or the Team at the Actuaries Institute (actuariesmag@actuaries.asn.au).

We Have Moved...

Building front entrance

The new Institute office foyer (with fit-out still in the process of finalisation)

The Actuaries Institute is now located at:
Level 2
50 Carrington Street
Sydney 2000

The decision to relocate was made by Council after receiving an analysis and recommendation from management.

Initially management had assumed the Institute would remain at Challis House following the negotiation of a new lease to replace the one which expired on 1 May. The viewing of other properties was approached as a means to gather sufficient market knowledge in order to facilitate informed discussion and negotiations with the landlord.

In undertaking the viewings it soon became apparent that there was the opportunity to provide improved facilities for members at a cost substantially equivalent to the new lease terms proposed at Challis House.

WHAT DOES THE NEW PREMISES OFFER?

- A great CBD location in close proximity to Wynyard train station and bus interchange.
- Larger event space to accommodate members and visitors.
- Additional meeting rooms to service members.
- Improved AV facilities resulting in increased webinar capability.

WHAT CAN MEMBERS EXPECT?

- Access to five meeting/event spaces with capacities from eight to 150.
- Improved conference phone capabilities in all four meeting rooms.
- Video conference facilities in both the Boardroom and 150 seat conference space.
- Contemporary and innovative layout.
- A reduction in the use of external spaces for events, resulting in cost savings.

WHAT ABOUT MEMBERS OUTSIDE OF SYDNEY?

- The facilities listed above have all been designed with a focus to improve our ability to include non-Sydney based members in meetings and events.
- The improved conference phones will facilitate easier participation in committee and other meetings.
- There will be the ability to run two video conferences simultaneously with up to five included locations for each.
- Events both large and small can be live-streamed to members whilst being recorded for later access via the Institute website.

We hope to see you at your new HQ soon!

Multi-purpose function room

Administration workspaces

Building foyer

Katherine Sainty
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Privacy and the Actuary

KATHERINE SAINTY, SAINTY LAW[1]

On 12 March this year new privacy laws took effect.

There has been much reference to the APPs or Australian Privacy Principles in the press. Maybe internal legal and compliance colleagues have introduced new privacy practices and procedures or it may all be news to you.

But why should you care? Why is it relevant to you or your organisation – after all actuaries don't generally deal with individuals? Isn't it just more red tape that the compliance team will deal with?

In this article we give you a snapshot of some of the most important changes and go on to consider privacy issues in the context of the actuarial profession and the trends and developments in the use of actuarial services.

BACKGROUND

Data privacy laws protecting the personal information of individuals have been in place in Australia since 2001.

Up to now, privacy compliance often consisted of ensuring that there was a privacy policy – usually one that looked the same as all the others, tucked away on websites or included in disclosure material. The popular mantra to withhold access to personal information has been "we can't provide that because of privacy."

The new regime changes much of that. There are greater obligations placed on organisations about:

- how they collect, use and disclose personal information;
- how individuals can obtain access to their information and require it to be corrected and updated;
- the security measures organisations need to take to protect personal information; and
- what constitutes a valid privacy policy and approach and what organisations must tell people about their activities.

Australia is following overseas trends. Approximately 80 countries have introduced similar laws reflecting evolving attitudes towards data privacy. Where more and more business is done online, national boundaries are not as significant as with a paper based environment. With the proliferation of cloud solutions and data centres located overseas, personal information is freely – often unknowingly – transferred into other jurisdictions – but this transfer is regulated by Australian laws and the laws of other countries.

At the same time, sophisticated data tracking, mining and analytics is becoming a valuable business tool including to identify and pursue sales of products and services based on an individual's preferences gleaned from their online browsing habits.

But we know from a range of surveys – including from The Office of the Australian Information Commissioner (OAIC) in its Survey of October 2013[2] – that individuals are becoming more aware of their digital footprint, the value of their privacy and their rights (see the break out box on page 9).

Echoing this, the new Australian privacy regime has tougher requirements on collection, handling and disclosure of

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personal information and the OAIC has enhanced powers to compel compliance and to punish breaches.

PRIVACY AND THE ACTUARY

Actuarial work, by its very nature involves the analysis and interpretation of large volumes of data. Much of the time, the data that actuaries use will be personal information about an individual. For example, actuaries may handle such information as an individual's name, date of birth, employment details and home address[3]. Where an actuary is working with this kind of information, the Australian Privacy Principles (APPs) will clearly apply, and the actuary will be under certain obligations in how they deal with that information. It is critical that actuaries are aware of their privacy obligations under the APPs when dealing with personal information, and take those obligations seriously – particularly when breaches may now be met with a fine of up to $1.7 million[4].

Often the data that actuaries use will not be personally identifiable, and it is not necessary for the data to be personally identifiable in order for the actuary to produce meaningful results for their clients. This, however, does not mean that privacy law is any less of a concern. Even where the data is not personally identifiable, it may still be protected by privacy laws. This is because 'personal information' is defined in the Privacy Act to include information about an individual who is *reasonably identifiable*[5]. If the bits of data can be put together in such a way that an individual can be identified from it, the data will constitute personal information, and the APPs will apply to it.

De-identification of data has long been proclaimed as an effective means of safeguarding privacy, and side-stepping the obligations imposed by privacy laws – de-identified data is not 'personal information' to which the laws apply. Today, however, with unprecedented volumes of data being available, it is uncertain as to how effective de-identification is, and will continue to be in keeping data anonymous. With more and more data in the hands of data processors, it is more and more likely that de-identified data will be capable of being 're-identified.'[6]

So, when does data become personal data? The answer to this is not entirely clear, and is only likely to get more complicated. This is particularly so with the proliferation of Big Data and data analytics, which is an area in which the actuarial profession is becoming increasingly involved.

BIG DATA AND PRIVACY

Data is everywhere. **Every day, we produce over 2.5 quintillion bytes of data**[7], which streams from just about everything we do in our daily lives. Big Data, as a means of making use of this enormous wealth of information, is here to stay.

Big Data is characterised by the staggering volume, velocity and variety of data which is being analysed and interpreted using highly sophisticated processes. A useful and succinct definition is provided by Microsoft, who describe Big Data as 'the term increasingly used to describe the process of applying serious computer power… to seriously massive and often highly complex sets of information.'[8]

Big Data and data analytics represents an area of enormous potential growth for actuaries, who are well equipped to use advanced mathematical and computer processes to give structure to vast amounts of data, and to draw a meaningful analysis of risk and opportunity from it.[9] It also, however, creates some important

CHANGING COMMUNITY ATTITUDES TO PRIVACY

The Office of the Australian Information Commissioner (OAIC) has been monitoring the public attitude towards and awareness of privacy for over 20 years. In October 2013 the OAIC released a research report, the Community Attitudes to Privacy Survey.

The Survey tracks important changes in community attitudes towards privacy and personal information. Australians are much more aware of their rights and have a much clearer expectation that organisations will tell them how they protect and handle their personal information and tell them if it is lost.

The Survey found that Australians had varying levels of trust of those who handled their personal information. Health services received a 90% trust rating but social media organisations only received 9%. This reflects the view of Australians that the biggest privacy threats are online services and one of the biggest concerns is having their personal information sent offshore – 90% have concerns about this practice.

The 2013 Survey also tracked changes in behaviour since the previous survey in 2007. As well as having an increased awareness of their rights, individuals were changing behaviours to protect themselves. 63% of the survey participants refused to deal with organisations because of concerns about handling personal information. This increased from 40% in 2007.

The clear message from the 2013 Community Attitudes to Privacy Survey is that organisations need to change their behaviours to meet community expectations. The new privacy law now reflects those expectations.

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concerns for privacy, and challenges some of the fundamental concepts on which our privacy laws are based.

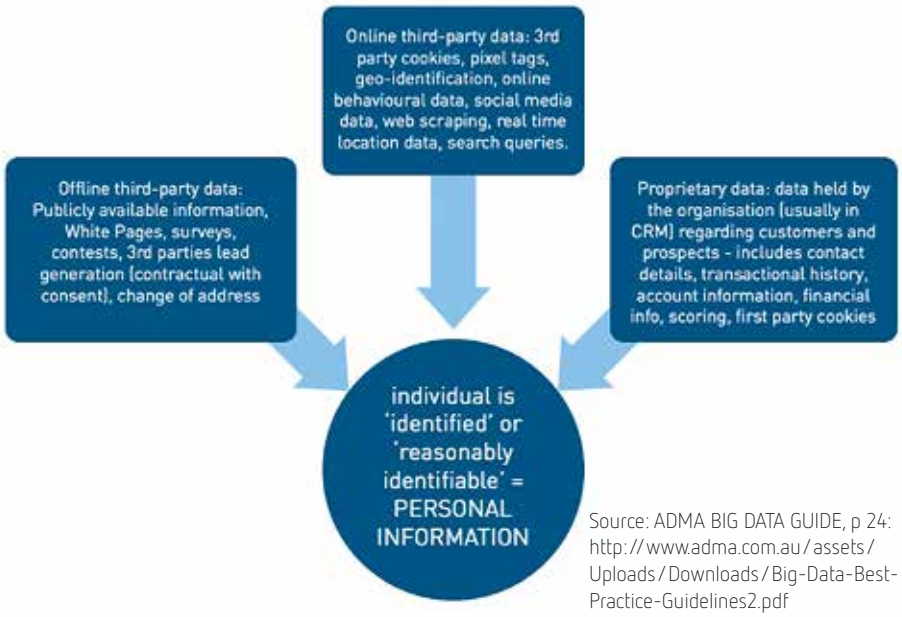
(a) De-identification and Re-identification of data

As mentioned previously, only personal information is protected by our privacy laws. Thus, information that is de-identified will not be the subject of obligations imposed by the APPs. Big Data, however, poses a real threat to the idea of de-identification, because of the sheer amounts of data involved. The accumulative effect of all this data is that it is much more likely that de-identified data sets can be matched with personal information, thereby allowing the data to be re-identified[10]. Whether the de-identification of data can remain an effective protection of personal information in the age of Big Data is yet to be seen.

In the UK, the Information Commissioner's Office has issued a Code of Practice for the anonymisation of personal information, which provides organisations with good practice guidelines for the de-identification of data, as well as a framework for assessing and mitigating the risk of re-identification[11]. This code acknowledges that 'the risk of re-identification through data linkage is essentially unpredictable because it can never be assessed with certainty what data is already available or what data may be released in the future.'[12] While it provides practical guidance on the issue, it nonetheless emphasises that the question of whether de-identified information still constitutes personal information is a difficult one, and will depend largely on the particular circumstances.[13] As a practical measure, the Code suggests that an organisation should apply the 'motivated intruder' test to assist in measuring the risk of re-identification – would a person, who has access to resources and by making enquiries and using investigative techniques, be able to identify an individual from the de-identified data?[14]

In April of 2013, the Office of the Australian Information Commissioner released a draft paper on the de-identification of data and information for consultation. This paper considers steps that can be taken to effectively de-identify data, and proposes applying a similar 'motivated intruder' test in determining whether it is reasonably likely that data can or will be re-identified.

When is an individual 'identified' or 'reasonably identifiable'?



Source: ADMA BIG DATA GUIDE, p 24: http://www.adma.com.au/assets/Uploads/Downloads/Big-Data-Best-Practice-Guidelines2.pdf

It is clear from this guidance that merely stripping data of its personal identifiers is no longer enough to ensure that de-identification is effective.

In Australian privacy law, it is the reasonableness of the likelihood that the information can be re-identified that matters. While it may be technically possible for data to be re-identified, it may be such a complicated and time consuming exercise that it is not a practical possibility.[15] In assessing the likelihood of de-identified data reasonably identifying an individual, factors such as cost, difficulty, practicality and likelihood of re-identification may be taken into account.[16]

(b) Notice and Consent?

The APPs are built on fundamental concepts of notice and consent, but how do these concepts reconcile with how Big Data and data analytics works?

In particular, APP 5 requires that an entity collecting personal information must take reasonable steps to notify the individual of the circumstances in which the information is collected. This includes notifying the individual of the purposes for which the information is collected, and whether it is likely to be disclosed to another entity. Furthermore, APP 6 requires that if personal information is to be used or disclosed for a purpose other than that which it was collected for, the individual must give their consent.

In the context of Big Data and data analytics, however, this kind of transparency is necessarily lacking. Individuals are often unaware that their data is being collected, and are much less aware of the uses to which their data is being put. In fact, much of the value of personal data is in its future secondary uses, which are uncertain and unpredictable at the time of collection when notice is given, and consent is sought. Thus, the principles of notice and consent are difficult to apply. Having a robust privacy policy is a good start, but the burden still rests on the individual to understand the increasingly complicated ways in which their data is being collected and used. In short, as stated by Microsoft in their Global Privacy Summit Report, **ensuring individual control over personal data is 'an increasingly unattainable objective.'** [17]

With concepts of notice and consent falling short in the age of Big Data, there is much to be said for shifting the burden of privacy protection away from the individual, and on to those organisations collecting and using the data. If anyone knows with any degree of certainty how personal data is used, and is likely to be used in the future, it is those organisations handling the data. So, it makes sense to hold those organisations accountable for protecting privacy, rather than expecting individuals to protect themselves through empty vessels of notice and consent.[18]

This lack of transparency inherent to Big Data breeds a lack of trust, and public sentiments that the way organisations are dealing with their data is 'creepy.'[19] As individuals become more aware that their personal data is valuable, a rigorous approach to protecting privacy may well become a competitive advantage.[20] By featuring privacy protection, rather than doing the bare minimum to comply with the law, the organisation is likely to engender trust, and thereby enjoy better business relationships.

THE FTC AND 'RECLAIM YOUR NAME'

In 2012, the US Federal Trade Commission (FTC) launched a comprehensive investigation into privacy practices in the 'data broker' industry, issuing notices to nine separate firms ordering them to provide detailed information as to how they collect and use personal data. The investigation was sparked by growing public unease, following the media storm surrounding a now infamous campaign run by Target, in which Big Data analytics was used to predict whether customers were pregnant – right down to their due date![21]

So far, the FTC has issued 10 notices to data broker firms, officially warning them that they may be violating their obligations in the way they deal with personal information. On top of these notices, the FTC has suggested to all firms involved in similar kinds of Big Data work, that now is a good time to run a compliance check-up.[22] The focus for the FTC is squarely on transparency, and how this can be practicably achieved in a world of Big Data .

Interestingly, Commissioner of the FTC, Julie Brill, has proposed a 'Reclaim Your Name' initiative, which envisages a centralised mechanism which would inform individuals of how their data is being collected and used, allow them to access the data that exists about them, and provide them with an opportunity to 'opt-out' if they disagree with the way their data is being used.[23] The FTC views this as a viable, and crucially important tool which will empower individuals, giving them meaningful control over their personal information. Brill argues that the transparency which such an initiative seeks to achieve 'would go a long way toward restoring consumer trust in the online and mobile ecosystems, allowing us to continue to enjoy all the convenience, entertainment and wonder that cyberspace has to offer.' [24]

The idea is beginning to catch on. Acxiom, one of the world's largest data brokers with information on about 700 million individuals worldwide,[25] recently launched a similarly conceptualised portal, the first of its kind, which allows individuals to see the data about them held by the company, make changes if that data is inaccurate, or 'opt out' altogether.[26] This has been applauded by the FTC as an important first step in improving transparency in a Big Data world, and other firms are urged to follow suit.

Is 'Reclaim Your Name' the answer to Big Data privacy concerns? Not everyone is convinced. The major pitfall of an initiative such as this is that it places the burden on the consumer to take proactive steps to assert control over their personal data. Considering that people rarely take the time to read privacy policies that are put in front of them, is it reasonable to expect that they will utilise a mechanism such as that proposed by the FTC?

In the meantime, 'Reclaim Your Name' is still only a proposal, and the practicalities of such a scheme are yet to be ironed out. While it may not be a complete answer to the problem of protecting privacy in the age of Big Data, it is certainly a step in the right direction in enhancing the accountability of those performing Big Data functions. Where Big Data is involved, organisations need to be aware that accountability and transparency will be key to privacy protection into the future. A

1 The author acknowledges the contribution of Annalisse Morrow of Sainty Law in the preparation of this article.
2 http://www.oaic.gov.au/images/documents/privacy/privacy-resources/privacy-reports/Final_report_for_WEB.pdf
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7 Microsoft News Centre, The Big Bang: How the Data Explosion is changing the world <http://www.microsoft.com/en-us/news/features/2013/feb13/02-11bigdata.aspx>
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The National Efficient Price for Public Hospital Services

– what is it, and what is its impact on the delivery of health services?

INTRODUCTION

On 28 February 2014, the Independent Hospital Pricing Authority released the third round of the National Efficient Price (NEP) and associated pricing relativities. The NEP, as part of an overall national Activity Based Funding (ABF) model, determines the allocation of Commonwealth funds to States and their Local Hospital Networks for public hospital services that will be delivered in the financial year 2014/15. The NEP for 2014-15 is $5,007, which compares to $4,993 for 2013-14, and $4,808 for 2012-13. The NEP represents the price per National Weighted Activity Unit (NWAU).

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WHAT IS ACTIVITY BASED FUNDING?

ABF is a method of funding healthcare based on the volume and mix of services delivered. Each service is allocated a complexity weighting which reflects the relative cost of delivering that service. The complexity weighting is multiplied by the price per weighted unit to calculate the total price of a hospital service. For example, using the 2014-15 NEP parameters:

- A tonsillectomy has a weight of 0.7058 NWAU which equates to $3,534 per admission.
- A hip replacement has a weight of 4.1855 NWAU which equates to $20,957 per admission.

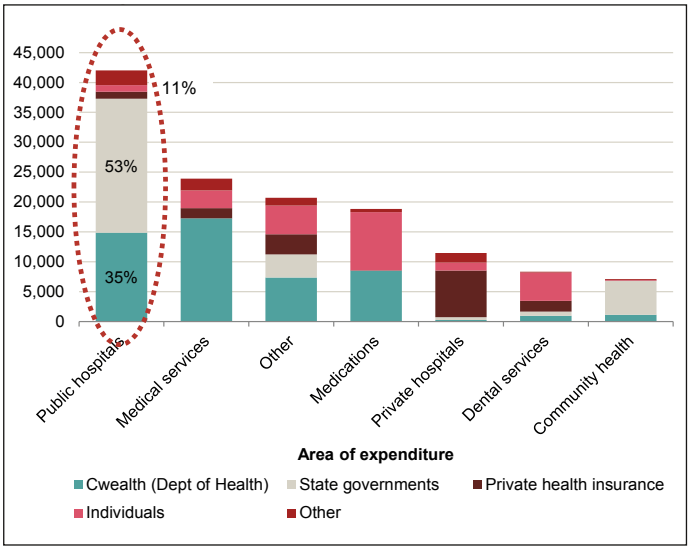
Total funding over a defined period is calculated as the sum of the weighted units of the services delivered in that year, multiplied by the NEP. ABF will direct more funds to services that have higher complexity and/or higher volumes, and lower funds to services that have lower complexity and/or lower volumes.

WHY WAS A NATIONAL ABF MODEL INTRODUCED?

In 2009 the National Health and Hospitals Reform Commission (NHHRC) recommended that activity based funding should be the principal mode of funding for public and private hospitals. This was adopted as part of the 2011 National Health Reform Agreement, and implemented on 1 July 2012.

The two largest funders of health services are the Commonwealth and State and Territory governments. In 2011/12 State governments were the largest funders of public hospital services (53%), with the Commonwealth funding approximately 35% of public hospital services. The relationship between the funder and the type of services is illustrated in the following chart.

Figure 1: Australian Health Expenditure in 2011/12 by area of expenditure and source of funds



Source: Australian Institute of Health and Welfare 2013. Health expenditure Australia 2011–12. Health and welfare expenditure series no. 50. Cat. no. HWE 59. Canberra: AIHW. Table A3.
Note: Other consists of patient transport services ($3b), Other health practitioners ($4.5b), Public health ($2.2b), Aids & appliances ($3.7b), Admin ($2.4b), Research ($5.0b).

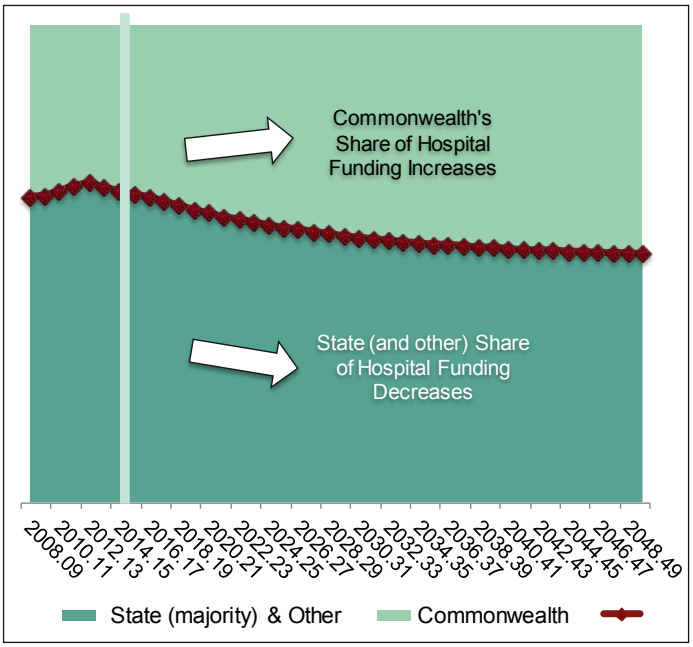
The national ABF model provides a mechanism by which the growth of hospital funding is proportionately shared between the Commonwealth and the States.

As the population ages, demand for services will grow more quickly than the currently available financial and workforce resources. Various studies have shown that hospitals will be one of the fastest growing areas of health spending over the next few decades[1] placing considerable pressure on State and Territory budgets.

Prior to the implementation of the Agreement on 1 July 2012, Commonwealth funding to States for public hospital services comprised block grants based on historic funding levels, adjusted for inflation, population growth, and ageing. This historical funding approach carries forward funding inequities from year to year. The risks of increased demand and utilisation for hospital services are carried by the States and Territories, who have limited revenue-raising capacity compared to the Commonwealth. As a result, over time the Commonwealth proportion of funding for public hospitals has reduced. The implementation of ABF means that, for the first time, Commonwealth funding will be linked directly to the utilisation of hospital services. This reduces the pressure on States to raise revenue through their less efficient sources of taxes.

The funding formula specified in the Agreement leads to cost sharing between the States and the Commonwealth, such that Commonwealth funding will increase from current levels of 35% of actual expenditure to 50% of 'efficient' costs in the longer term. For services that are funded on an activity basis, efficient costs are derived from the ABF model as the NEP times the number of national weighted activity units. For services that are funded on an activity basis, differences in volume and complexity between States and Local Hospital Networks (LHNs) are directly recognised in the funding model. An illustration of the potential change in the relative share of Commonwealth/State funding of hospital expenditure is below.

Figure 2: Commonwealth / State contribution to hospital expenditure for a given State, assuming cost of service grows at the same rate as NEP growth



The national ABF model provides a mechanism by which the allocation of hospital funding to Local Hospital Networks is equitable and transparent

Prior to the implementation of the Agreement on 1 July 2012, there was little transparency on the distribution of Commonwealth and State funds to Local Hospital Networks. With an ABF formula now published by the Pricing Authority each year, there is complete transparency on how Commonwealth funds are allocated to States and Local Hospital Networks. The transparency principle is supported by compulsory monthly reporting of the amount of Commonwealth funds paid to each Local Hospital Network. For services that are funded through ABF, the allocation of funds to all Local Hospital Networks around the country is based on the national ABF model, thereby being significantly more equitable than funding models based on historic budgets.

The national ABF model encourages greater uniformity between State funding models

It is important to remember that State funding models will still be the key determinant of total funding paid to a Local Hospital Network. The national ABF model is used to determine the allocation of Commonwealth funds to States and Local Hospital Networks, however there is no requirement for States to adopt the national model. The State funding model will determine what contribution the State must make over and above the Commonwealth amount, as illustrated below:

State contribution to each Local Hospital Network
= (State funding model) less (Commonwealth funding),

where Commonwealth funding = Commonwealth %share of
National ABF model based on the NEP

A number of the States have chosen to base their funding models on the price weights published through the national model: the national price weights are based on the national data sets, which are more robust than weights derived from local state datasets. Furthermore, there is administrative efficiency to be gained from using a pricing structure that compliments the national model.

WHAT DATA ARE USED TO SET THE NEP AND THE PRICE WEIGHTS?

As with most actuarial pricing exercises, a base price must be set (this is represented by the NEP) for the costs that are covered by the Commonwealth, and pricing relativities must be set. The NEP and the pricing relativities are developed from 'activity' data and from 'cost' data. The cost data comes from the National Hospital Cost Data Collection (NHCDC), which is collected annually by the Pricing Authority from jurisdictions. In the NHCDC, each hospital allocates all patient-related costs from its general ledger accounts down to an individual patient episode, or to groups of patient episodes. The NHCDC is a sample, with over 90% coverage of hospital activity. The NHCDC is the primary data source that is used to set the pricing relativities. Because the NHCDC is a sample, a weighting process is used to weight up the cost data to the population of activity that is in-scope for the ABF model before the base price can be determined. The activity data is either at patient episode level, or at summarised level, and represents the volume and mix of services that are delivered within a given year.

WHAT ARE THE RISKS OF AN ABF MODEL?

For the first time, Commonwealth funding of public hospital services will be 'uncapped'. This presents risks of public hospital expenditure growth that the Commonwealth has not previously been exposed to. However, with the States still needing to fund approximately half of public hospital expenditure growth, there are strong incentives for the States to manage the growth in total public hospital expenditure. A further risk that has been identified by various stakeholders is that ABF for public hospitals could incentivise the shift of services that could otherwise be delivered outside the hospital, back into the hospital. While this could be so in some instances, workforce, financial, and bed capacity constraints mean that Local Hospital Networks and Hospitals must make decisions regarding the optimal use of their limited resources. These resource constraints incentivise decisions around which services are best delivered in a hospital setting compared to an out of hospital setting.

An ABF model, as with any funding model, comes with the risks of gaming and up-coding. Gaming risks exist when two different prices exist for a similar service, providing an incentive to code and service the activity in the setting that provides the highest price. Perfect pricing harmony can be difficult to achieve if the systems that are used to classify and fund health services are different. The Pricing Authority is aware of this risk and seeks to minimise these differences where possible. A number of health providers will now place greater focus on coding accuracy and it is likely that the average complexity of patients will increase, relative to that recorded in prior periods, in order to maximise revenue. Over time, these coding changes should eventually be reflected in the price weights. The Pricing Authority is also aware of the up-coding / gaming risk and has stated that monitoring is being performed to identify this.

Another risk that has been identified is the impact of shortcuts that could be taken to cut costs, leading to adverse patient outcomes. However, additional new Commonwealth agencies have been established as part of the implementation of National Health Reform: the National Health Performance Authority (NHPA), and the Australian Commission on Safety and Quality in Healthcare (ACSQHC). NHPA must report on the

performance of every Local Hospital Network and other health organisations, and it maintains the MyHospitals and MyHealthyCommunities websites. The ACSQHC must formulate and monitor safety and quality standards and work with clinicians.

SO WHAT ARE THE IMPACTS AND CHALLENGES FOR STATES, LOCAL HOSPITAL NETWORKS, HOSPITALS AND CLINICIANS?

The impact of the introduction of a national ABF system has been significant. There has been a significant level of activity relating to data collection, budget setting and accountability, governance processes, reporting, and the establishment of national and state working groups:

- **Data collection and reporting:** first, new national data collections have been specified by the Pricing Authority. These new data collections have been developed from those that have already been in existence for many years, however refinements and additions to the existing datasets have been necessary. A simple example is the reporting of the number of hours spent by a patient in an Intensive Care Unit – this has not been reported to the national data collections previously, but is now necessary because it is a direct input to the calculation of the National Weighted Activity Unit.
- **Coding of activity:** there will be increased focus on more accurate coding of activity to ensure that funding is maximised for the services delivered. This will affect clinicians, where some clinicians have been requested to record information more accurately and frequently than they have been used to in the past. ABF has also led to an increase in demand for skilled coders.
- **Working groups:** in order to arrive at a national approach, a large number of working groups have been established. These groups meet at regular intervals to bring together the views of all jurisdictions and the Commonwealth.

The National Health Reform Agreement provides incentives for public hospitals to deliver quality health care for the lowest cost, thereby providing a relative 'surplus' if they can outperform the NEP.

- **Local Hospital Network Governance:** LHNs are separate legal entities under State legislation who will have a Governing Council and Chief Executive Officer. Their clinical, financial and operational responsibilities are specified in the Agreement and include service and budget management.

The National Health Reform Agreement provides incentives for public hospitals to deliver quality health care for the lowest cost, thereby providing a relative 'surplus' if they can outperform the NEP. The extent to which ABF will influence decision making at the hospital and clinician levels will depend on the extent to which budgets are devolved, and accountability and KPIs are established around budget setting and management. ABF provides a tremendous resource in that a benchmark is available against which actual costs can be compared. To make the most of this benchmark, reporting and analysis systems must be made available to Local Hospital Networks, hospital managers, and clinicians, so that they can better understand their costs, how they compare to the ABF prices, how they compare to each other, and what they can do to improve efficiency while maintaining or improving patient outcomes. A

[1] Health Policy Solutions (in association with Casemix Consulting and Aspex Consulting) 2011. Activity based funding for Australian public hospitals: Towards a Pricing Framework, Page 12

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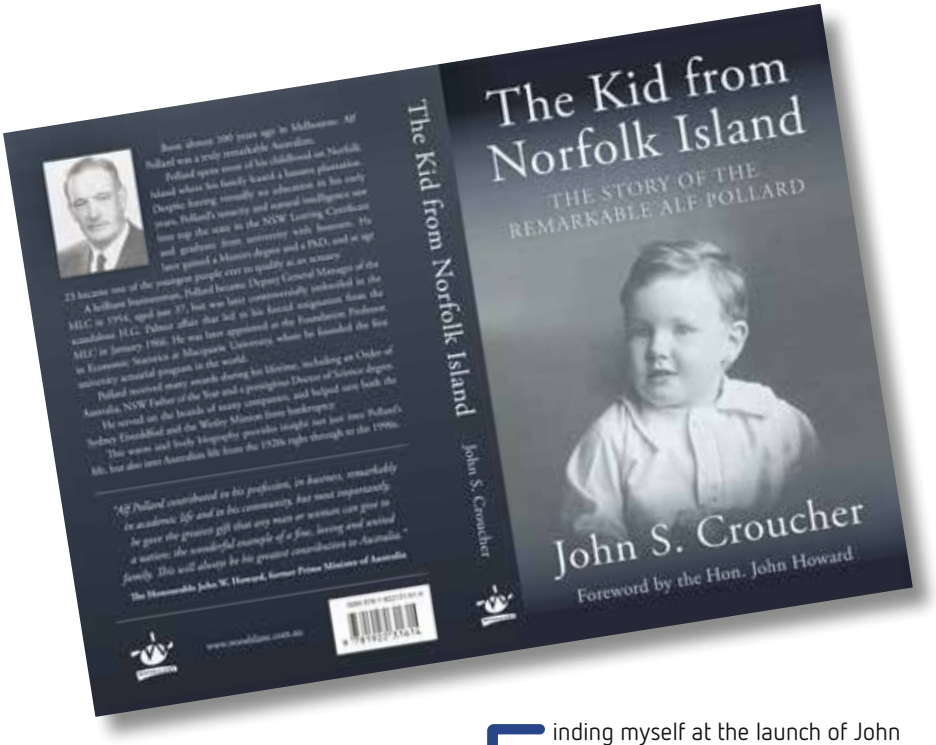
The Kid from Norfolk Island



Finding myself at the launch of John Croucher's biography of Alf Pollard I listened to John Howard speak with real affection and respect about Alf. Having visited Lord Howe Island last year, the knowledge that he had spent part of his young life on Norfolk Island also helped prompt me to buy the book. A week later I found myself in bed for two days with a bug, I started the book and barely stopped reading until I'd finished it.

While I had some understanding of Alf's position in the profession and his work in setting up the actuarial program at Macquarie I had not known him personally, having arrived in Australia in the early '80s after finishing a maths degree in the UK and starting my exams 'from scratch'. This positioned me well to see the advantages my Macquarie graduate friends had – fewer exams to pass while working, a much greater knowledge of what being an actuary really meant, the ability to progress at work much more quickly and of course they had received valuable scholarships while at university.

The book as you would expect is about very much more than establishing actuarial degrees, although it recognises this as one clear example of Alf's leadership. It provides a historical context of Australia from the very early part of the 20th century including the significant impact of the depression on Alf's family as he was growing up. There are also some interesting insights into the developing financial services industry and computer technology. Overall it is the story of a remarkable man (the book is subtitled The story of the Remarkable Alf Pollard).

A biography potentially offers the reader a number of things:

- an understanding of the subject's life 'as a whole' and not just within the narrow confines in which you knew (or knew of) the late Professor Alfred Hurlstone Pollard;
- a personal story within the historical context of the times and with possibilities for reflection with the benefits of hindsight; and
- the opportunity to reflect on one's own life.

This book is very much about the person as well as Alf's work and professional life. In fact it was his commitment to pursuing all aspects of his life with energy and enthusiasm which struck me. The breadth of his interests and involvement, including dedication to sport, church and community as well as his academic interests were all on top of his day job. There is so much talk about 'work-life balance' now that it made me reflect on how/if things were different then – certainly the standard hours worked (in the office) were shorter than many would work now and once you had left

Alf (left) with Alan Geddes strolling down Martin Place, Sydney, as actuarial students in 1948

work then there was no mobile phone or email checking. However it is clear Alf often worked the equivalent of a second day at home pursuing academic studies, family and other interests and commitments.

When his parents fell on hard times the decision was made to take advantage of an offer by the NSW government to lease land on Norfolk Island and grow bananas. John Croucher comments, "The best that could be said about the idea was that it was 'courageous'." With enthusiasm and the knowledge they could work hard, they set out in 1925 to build a better life for the family. While Alf attended school on the island the opportunities for academic learning seemed to have been almost non-existent. However lessons for life: survival; contributing to and taking responsibility for family, as well as an ability to work hard must have influenced some of Alf's decisions and behaviour in the future.

One of the truly remarkable aspects of Alf's story is around his schooling and academic achievements. Returning to Sydney in 1930, Alf's mother was persistent in her efforts to have him accepted into Canterbury High School despite the school's opposition on the basis that Alf's lack of schooling would pull down their academic performance. Alf's mother sounds a formidable character and while he started a long way behind his peers, his will and determination to repay his mother's faith in him, ultimately saw him at 16 become dux of the school, overall first in the state in the Leaving Certificate and inundated with awards and scholarships. (This simple statement here does not do justice to the time, effort and probably blood, sweat and tears required.) It's clear from the book that Alf had a significant intellect and that he developed and made the most of it through sheer determination.

In my mind Alf Pollard was an actuary. I was surprised to discover that he really wanted to follow an academic life and was well positioned to do this with scholarships to study overseas following his success at university (another understatement). He reluctantly decided to take a role at MLC and became an actuary, his main motivations being to support his family who were unwell and had sacrificed so much for him.

Much of the work he initially did as an actuarial student was not at all challenging – described as "mind-numbingly boring and repetitive" but he stuck with it and by learning and continuing to challenge himself he was not only successful but made for himself an interesting career. For those of us who found the actuarial exams somewhat testing it may be disconcerting to hear that Alf qualified in four years and that while he was studying for the actuarial exams also completed the first part of a Bachelor of Divinity and started a degree in economics! With many other academic achievements ahead of him including a PhD, Alf did ultimately follow the academic life he desired.

In June 1958 under Alf's leadership Australia's first commercial computer was installed in the MLC buildings in North Sydney. It weighed five tonnes, had a room of its own, cost £160,000 and took 20 million times longer to do an arithmetic calculation than a personal computer would take today!

> Alf's mother's efforts to have him accepted into Canterbury High School met with opposition on the basis that Alf's lack of schooling would pull down their academic performance... Ultimately, at 16 he became dux of the school and overall first in the state in the Leaving Certificate.

John and Geoff Pollard with Alf – Macquarie University c. 1969

Alf in May 1982 after being awarded a Doctor of Science by Macquarie University

> This book offers insights into a leader of global standing, who had a key impact on where the Australian profession sits today.

Alf's commercial career was cut short through unfortunate circumstances which saw him lose his job suddenly and unexpectedly. While he was ultimately exonerated of blame, he suffered from bad press which would have affected him personally and professionally. This section is well worth reading to think about how we might react as an actuary in similar circumstances and what we can learn from the situation. It focuses the mind on the professional responsibilities you assume as an actuary or in a senior management role, and how you can develop the skills and fortitude to manage difficult situations.

An ultimate outcome was his appointment at the newly established Macquarie University, the academic life he went on to and the ongoing contribution he made in a range of different fields.

The key messages I took about Alf from the book were:

- he was prepared to take a risk;
- he backed himself and his own abilities;
- he suffered disappointments and setbacks which could have destroyed some people;
- he was passionate about achieving the goals he had set himself and as a result was able to get things done; and
- he demonstrated great self-leadership.

I recommend this book as being an engaging read in which the author's own relationship with and admiration for Alf is reflected in the way it is written. It offers insights into a leader who had a key impact on where the Australian profession sits today. The awarding of a silver medal by the UK Institute of Actuaries (the first to an overseas member) illustrates that he was a leader on the global stage as well as in Australia. It also provides a window through which to consider the changes in Australia from the 1920s to the 1990s.

One aspect of the book which I've left until now to cover is his focus and dedication to his family. This is a very strong thread which runs throughout the book, from his support by and to his parents and then to his wife and children. My impression is that the author feels that of all his legacies, his strong and successful family is the most important and the one of which he was most proud. A

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Wellbeing:

A Holistic and Employee-Centric Approach to Staff Engagement and Productivity

Heraclitus concisely surmised "Nothing endures but change" and indeed our world is changing! Experts predict large scale demographic changes, fundamental shifts in the nature of our daily lives, including the way in which we work, and new demands from customers and employees.

Before flexible work arrangements were supported and actively encouraged by mainstream employers, we might have been satisfied when our boss provided support, coaching, development and an outline of a career path. It used to be the case that it was up to us to manage our own health, emotional wellbeing and personal dilemmas. Our managers would cringe at the thought of brokering a conversation focused on our wellbeing unless we had come to them with a specific issue that we wanted to share. Now, however increasing work demands and employers making inroads into our private lives mean that the line between work and home is being redrawn, if not erased all together. So, we have come to expect more!

Within the Australian market, it appears our managers are happy to oblige. The corporate focus on cost is here to stay and organisations continue to struggle with the shift from a world of cyclical cost reduction or containment in response to market pressures, to an environment that demands a sustained focus on driving productivity and efficiency. In this new environment, business leaders are increasingly asking "Why is our employee engagement so low?" However, in our modern work environment, employee engagement is just the tip of the iceberg. Broader issues are working quietly in the background to undermine productivity and creating the perfect storm of employee isolation, disassociation, and ultimately, separation from the workforce.

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> Increasing work demands and employers making inroads into our private lives mean that the line between work and home is being redrawn, if not erased all together ... Within Australia, one in three employees retire early from the workforce due to a wellbeing related issue.

Leveraging a scientific model of employees' ability to work now and into the future that is supported by 30 years of longitudinal research within Europe and a further 10 years in the Australian environment, we've taken a holistic view of the factors that influence employee productivity to provide a comprehensive wellbeing measurement framework to assist executives in diagnosing productivity issues, targeting strategic intervention initiatives, and measuring and evaluating the performance of those initiatives over time.

Within Australia, one in three employees retire early from the workforce due to a wellbeing related issue and in EY's recent Productivity Pulse™, it was estimated that Australian employees with a low or moderate well-being score (considered in the at-risk groups) are costing employers $12 billion annually in lost productivity.

Why are employees with lower wellbeing scores reducing productivity? Our research highlights those employees who receive lower wellbeing scores:

- have a 70% likelihood of leaving the workforce due to poor wellbeing within the next decade;
- spend an average of 2.2 more days in hospital each year;
- are three times more likely to use rehabilitation services;
- visit a physician on average six more times a year;
- are up to 12.2 times more likely to take more than six weeks sick leave in the following year;
- waste approximately 27% of their available time at work; and
- correlate with lower levels of engagement and lower performance ratings.

We know wellbeing is important and it seems intuitive that there would be links between employee wellbeing, productivity, and performance, but is it really possible to measure and manage it? And does it really impact the bottom line?

Over the past five years, we have developed our own suite of validated predictive psychometric scales and indices that focus on what we consider the five key pillars of wellbeing: health, work environment, financial wellbeing, values alignment, and family and community connectedness. The research has shown that, through targeted intervention, it is possible to improve an employee's wellbeing score over a two year period. Consequently, we generally recommend to our clients an organisation-wide wellbeing assessment every two years with ad-hoc assessments to on-board any new starters in between assessments.

Health factors have long been associated with wellbeing and wellness initiatives, although corporate focus on health should be about more than just gym memberships

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and free health check-ups. We focus on the more common standard measures, such as body mass index, diet quality, smoking status, and alcohol consumption, but also look to incorporate clinically-used scales to diagnose instances of depression and/or anxiety and benchmark the results of organisations and their business units against comparable national averages.

The majority of our time is spent at work, so it seems natural that our work environment would impact on our wellbeing, and that our workplace can play an important role in promoting and supporting our wellbeing. We consider the physical and mental demands of the workplace, workplace stress, opportunities for development, the availability and efficacy of people managers, as well as the perceived level of support provided.

Through our analysis, we have also found that an individual's financial health is indicative of their overall wellbeing. Australians owe a massive $41 billion on their credit cards, a third of all Australians are believed to be unable to retire from work comfortably, and less than 5% of Australians have an investment plan or have consulted a financial planner. Financially stressed employees often change jobs just to earn more short-term income, 40% of employee turnover is due to stress and it costs an employer between $3,000 and $13,000 to replace the average employee. In response, we take a granular look at saving and spending, financial management practices, preparation for life after work, investments, and insurance coverage.

One of the key drivers of employee engagement is the extent to which their values align with those of their organisation. We also test the extent to which employees perceive that the different tranches of leadership within the organisation live and exhibit their stated values.

Finally, resilience is an important aspect of whether we are coping or not coping with the stresses that impact us on a day to day basis. A large part of our resilience boils down to the extent to which we have support networks both within and outside of work available and also the extent to which we feel we can use those networks in times of need.

We can certainly measure wellbeing and diagnose where problems within one of the core pillars may be impacting an individual's wellbeing. When we run the assessment, we provide each participant with a detailed report that offers guidance on how they can improve or maintain their rating within each of the pillars. This cuts through the extensive information and advice that we are bombarded with daily about what we should be doing to look after our wellbeing by clearly identifying the wellbeing priorities for each individual and providing simple guidance on the things they should take action on.

Our wellbeing assessment provides a robust and scientific evidence base that delivers lead not lag measures and a granular view of retention and productivity risks, the core people issues that organisations face. It also incorporates one of the leading international employee engagement scales. Given this, it can replace the standard staff engagement survey.

The final question – does it impact the bottom line? Ross Miller, General Manager Human Resources of Westpac's Australian Financial Services, says that over the past year the bank has already been able to discern a relationship between those with the highest level of wellbeing and those with the highest performance ratings. Westpac have included wellbeing as a core component of their people sustainability strategy and they have set targets for their employees' wellbeing and financial wellbeing in their annual sustainability report. Other banks are modifying their strategy to focus on wellbeing or financial wellbeing, as are life insurers, health insurers, and accident compensation schemes.

We have recently used the wellbeing assessment as well as implementing the program for a range of our clients and have already realised early benefits such as improvements in staff engagement surveys and reductions in sick leave. If a concentrated focus on wellbeing is driving real results for our clients and our own employees, perhaps it's worth considering your own wellbeing and the wellbeing of people you manage too? A

> **Does it impact the bottom line? – The evidence would suggest there are significant cost benefits to be achieved by focusing on employee wellbeing within the workplace.**

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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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Collaborative Workspaces

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

REPORT GENERATED ON 9 APRIL, 249 RESPONSES.

My first workspace was in a corner of a four-person 'pod'. 'God', the signing actuary, sat in an office, buffered by a secretary, who filled the space between the pod and his office. 'Bertie' my manager sat adjacent to me while the other two spots were occupied by my friend, and peer, 'Joey' and by another senior.

The pod was modestly set up but I had my own space and it was in close enough proximity to my colleagues for me to feel sufficiently comfortable and supported. We shared a roller-coaster experience but I remember each fondly.

Step forward a few years (and then some)... I still work in an actuarial team and there is still the need to be collaborative and productive.

However, times have changed.

Back then, I took for granted that items like employees having their own desk to personalise, a personal waste paper basket and the office having a tea lady would always be the norm.

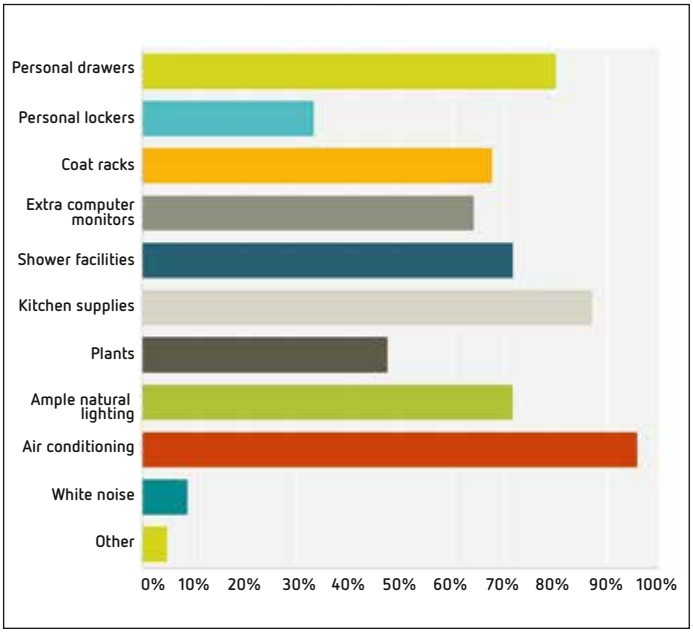
This month's *Pulse* looks at the state of our workspaces.

74% of respondents are in the office five days a week, 8% are in four days a week and 8% are in the office for less than three days a week. Approximately 8% are never physically in the office, with the major reason being retirement and other reasons being self-employment and unemployment.

Generally we think our working space is 'ok' (78%) and 18% rate their space as the best working environment in the world. 4% think their workspace is so awful that they are looking for a new job.

A range of items / facilities are offered to make the work environment more comfortable. Not all environments are equal as seen in the following graph.

What facilities does your employer provide to make your environment more comfortable?



Other items mentioned were:

- breakout / eating areas with TVs;
- the provision of fruit, biscuits, drinks;
- a coffee machine, fridges, microwaves, toasters;
- ergonomic chairs and setup of workspace;
- social club and staff discounts; and
- bicycle parking.

The items I wasn't expecting to see were "a private room to express milk for my baby who is still breastfed" and "a sexy office manager: my wife"... a very collaborative workspace indeed.

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In addition to these facilities, employers provide a range of amenities/services and other facilities to make the work environment more efficient. These include remote network access, portable technology devices like iPads, pilates classes and fantastic office assistants!

Some of the comments did however remark that these services could be more integrated, more accessible and more reliable e.g. print anywhere access is good; printers that always jam are bad.

Workstation space also seems to be reasonable.

- 62% merely need to roll their chair to get to the person next to them.
- 24% have to get up and walk to get to the person next to them.
- And unfortunately, 8% can touch the person next to them if they extend their arms out while 6% can smell what the person next to them had for lunch.

OPEN PLAN AND HOT DESKING

83% work in an open plan space while the balance of respondents have an office. Possibly due to the nature of actuarial work, 84% of us do not hot desk.

Loosely, hotdesking is the practice of not assigning permanent desks in a workplace, so that employees may work at any available desk.

Hot desking for actuarial staff is a recent development with no organisation hotdesking for more than five years. Of the 16% that are hot desking, 39% have been hot desking for less than one year, 38% for one to two years and 23% for two to five years. It is also reflected in the level of sophistication in the booking of workspaces. Over 74% said the booking of workstations was informal and 10% said their formalised system was unsophisticated and archaic.

The comments on likes and dislikes reflect the relative infancy of the practice of hot desking.

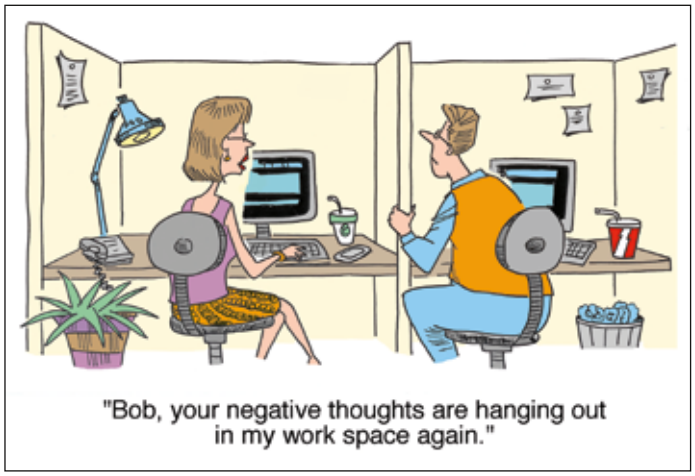
LIKES:

● Clean desks ● reduced clutter and paper accumulation ● facilitates collaboration among different teams ● enables you to sit and get to know people you may not interact with otherwise ● improves my engagement with my team, and with my customers ● offers greater flexibility and freedom to work how you want i.e. sometimes you may want to sit somewhere quiet where no one will bother you if you need to concentrate on a task or sometimes you sit with other teams because your task demands working closely with other people ● the associated cost saving benefits e.g. on paper and stationery.

DISLIKES:

● Uncertainty of where I sit and where others in the team sit ● administratively burdensome, time consuming and noisy e.g. setup/pack-up time ● logging into the phone system each day and time required to adjust the chair each day ● insufficient desks for people ● discriminates against anyone who does not arrive early in the office ● can be alienated from one's team if not able to sit regularly with team ● inability to personalise space ● hot desking requires laptops – not as powerful as desktop computers ● lack of storage ● dirty desks if they haven't been cleared ● difficulty in locating people.

Given the list, I wonder if any of these comments are fed back to management? For example, an insufficient number of desks being available seems like a breakdown in the hot desking system and shouldn't the need for teams to sit together be protected?



PRIVACY AND NOISE CONTROL

It's great to get to know your colleagues but we need to do things that others need not know about (both personal and work related) and also not know everything others are doing. It's also important to be able to get work done without distraction. This is particularly hard in the open plan environment where everywhere seems to be a public space.

Unfortunately, the main actions taken for both were simply to remove oneself.

For privacy, people generally close the door, avoid doing personal things at work and defer it to home, use instant messaging (like office communicator or Lync) and do private emails and internet searches on mobile phones. Locking drawers, locking computers, setting up secure folders on the network and limiting paper with private information were other suggestions.

For noise control, the trusty earphones and white noise generators were key. However other suggestions were to: ● work after hours, when it is more quiet ● tell/ask/force others to keep quiet and/or stare them down ● hot desk with those who don't make a noise e.g. the actuaries as opposed to the sales force.

UNWRITTEN RULES IN THE OFFICE

'Gloria' came by with her beverage and biscuit trolley twice a day. She knew exactly what you drank and had the ratios locked in her head (milk : sugar : strength of tea).

For me, the biggest unwritten rule in the office was to always make sure you drank the entire beverage Gloria had prepared for you. The moment you showed any sign of waste, Gloria would correct her actions. For example, if she saw you only drank ¾ of your cup, then she would forever in the future only produce ¾ of that drink for you. And, if you were a little abrupt, chances were

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that you'd only get to choose from the selection of stale biscuits!

It's impossible for one to consider and potentially follow the unwritten rules unless you know what they are! The readership gave their versions of what these are in their workspaces. I've grouped them roughly under: Touch, taste, smell, hear, see.

Note: As different things get on different people's nerves, some of the following contradict each other.

TOUCH

Do: ● keep your mobile phone on silent ● clean up your mess ● keep things clean and hygienic ● wash up after yourself in the kitchen ● grab any spare stationery when someone leaves! ● get in early to get a good hot desking spot ● if you will be away from your hot desk for more than three hours, pack up and leave it clean and free ● long term booking of the same desk is ok ● sit in areas with those with whom you are cooperating on projects ● do follow the written rules! Respect personal privacy.

Don't: ● take more than three pieces of fruit from the fruit box ● sit near the windows and pull the blinds down ● touch the air-conditioning/heating control ● steal/borrow/move other people's chairs ● play cricket in the office ● sit in the same hot desk two days in a row ● take someone else's usual seat.

TASTE

Do: ● leave left over food from meetings in the kitchen for people to graze on ● have a spot for shared junk food/baking which people contribute to occasionally.

SMELL

Do: ● shower after exercise!

Don't: ● leave smelly shoes or gym towels in the office to air out ● eat a curry at your desk ● have boiled eggs for breakfast (at your desk) ● eat fish at your desk ● have lunch with a strong smell ● cook smelly food in the office kitchen.

HEAR

Do: ● keep the noise down ● talk softly ● make private phonecalls in vacant meeting rooms ● move away from your desk if you are talking with someone for too long ● keep phone rings muted ● use instant messaging for private conversations ● have group lunches in the kitchen ● laugh at the bosses' jokes.

Don't: ● have loud personal conversations ● spend too much time on private phone calls ● use speaker phone calls ● shout across the open plan dividers ● call from offices to workstations ● take personal calls at your desk ● type with unreasonable force ● noisily slurp food.

SEE

Do: ● keep desk clean and tidy ● wear a tie ● observe the social contract ● be on time to all meetings.

Don't: ● be seen coming in late (although this flies in the face of flexible workplace arrangements!) ● have a long lunch ● have inappropriate screensavers ● eat at your desk ● dress more casually than the boss ● leave gym gear or towels hanging around.

CONCLUSION

Our workspaces will probably continue to change into the future as there will always be a bunch of clever people who have new ideas on workplace productivity and cost efficiency.

At present some are more fortunate than others in terms of amenities, facilities, space and flexibility provided.

However, there will always be a version of 'God', 'Bertie', 'Joey' and 'Gloria' with whom we will work with. It's the relationships we set up and nurture that are important. I think I'll hold onto those thoughts when I head back to my desk, ready to put on those earphones, with the cup of tea I made in the one hand and the biscuit bought from the charity box in the other. A

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Luke Carroll
luke.carroll@towerswatson.com

Luke Carroll

Luke and his wife, Renee on honeymoon in Tanzania.

Title... Consultant

Organisation... Towers Watson

My interesting / quirky hobbies...
Many a person has tried and failed to stump me in the game *Six Degrees of Kevin Bacon*

My favourite energetic pursuit...
Snowboarding. It used to be playing rugby league but a few years ago I thought I should find one that didn't end up with me turning up to work with black eyes and broken noses

The sport I most like to watch...
Rugby League

The last book I read...
The Word & Void by Terry Brooks

My favourite artist / album / film...
Star Wars (the original one – who decided it would be a good idea to have Greedo shoot first?)

The person I'd most like to cook for...
If this is to be a nice meal with some effort – I'd say my wife

What gets my goat... People being inconsiderate to others around them

I'd like to be brave enough to...
Run a marathon

In my life I'm planning to change...
My sleeping patterns

Luke snowboarding in Japan.

Not many people know this but I...
Like shopping for homewares (think the kitchen utensils section of Ikea)

Four words that sum me up...
Laid-back, meticulous, hard-working, loyal

What I wanted to be when I grew up...
When I was little, probably a Jedi Knight. In high school I romanticised about becoming an astronaut

Why and how I became an actuary...
My high school careers advisor introduced me to it. I discovered it was notoriously difficult so thought it would be a good challenge

Where I studied to become an actuary and qualifications obtained...
University of New South Wales BCom (Actuarial Studies), FIAA

My work history... I started as a graduate at Towers Watson 11 years ago. I have spent that time in the retirement benefits practice, providing advice to both superannuation fund trustees and employer sponsors on all aspects of managing their funds

What I find most interesting about my current role... Working with clients to provide them with meaningful information to assist them in making real business decisions

My role's greatest challenges...
Coming to terms with the massive increases in regulation in the superannuation industry

Who has been the biggest influence on my career (and why)... From a consulting point of view, both Brad Jeffrey (Towers Watson Director, Superannuation Services) and Phil Patterson (Senior Consultant) have taught me a great deal about fostering client relationships and maintaining trust

My proudest career achievement to date is... Qualifying as an actuary

10 years from now, I will be... Probably helping kids with school homework, hoping I still remember the basics

Why I'm proud to be an actuary... I believe it is a well-respected profession that combines a number of skillsets for the benefit of clients or the greater population. That, and whenever I tell anyone I'm an actuary I either get a blank stare or an "Oh wow!"

The most valuable skill an actuary can possess is... The instinct to ask "why?"

At least once in their life, every actuary should... Spend some time doing something completely unrelated to numbers. Say, visit the Sistine Chapel and (if you can get a seat) just sit and stare...

My best advice for younger actuaries...
Don't be so afraid of making mistakes that it holds you back from attempting something new. Jump in at the deep end – that's how you'll learn

If I could travel back in time I would...
Try not to bump into my parents, unless I had a DeLorean and clock tower handy

If I win the lottery, I would...
Take extended time off to see the world and boringly, probably buy a house

Catastrophe Risk Seminar

On Your Watch

3 June 2014 | Amora Hotel Jamison Sydney

Actuaries Institute

In recent years the occurrence of floods, cyclones and earthquakes in Australia and New Zealand has illustrated that many insurers could improve their catastrophe risk governance and catastrophe risk management. **Don't miss your opportunity to be a part of the discussion.**

Registration Now Open – www.actuaries.asn.au/CATRISK2014

PROGRAM

Catastrophe Risks

Below Ground Level – Our Greatest Loss Potential
Martine Woolf
Section Lead Climate Hazard and Risk, *Geoscience Australia*

Martine Woolf is section leader in the Community Safety and Earth Monitoring Division at Geoscience Australia. After completing a PhD in environmental systems science modelling, she worked as a model developer for Risk Management Solutions in the UK for seven years. Martine joined Geoscience Australia in 2011 to lead the development of a range of local and national multi-hazard modelling studies, and in 2013, she was part of a team that set up the Bushfire and Natural Hazards Cooperative Research Centre. Uncertainty modelling has been a recurrent focus throughout Martine's career.

Above Ground Level – How the Weather is Changing
Andy Pitman
Director, *ARC Centre of Excellence for Climate System Science, UNSW*

Andy Pitman is a Professor in Climate Science at the University of New South Wales and the Director of the ARC Centre of Excellence for Climate System Science. He has broad interests extending across climate modelling, climate change, climate impacts and land cover change. He was a lead author on the Intergovernmental Panel on Climate Change 3rd and 4th assessment reports and he is a Review Editor of the 5th assessment report. He won the NSW Climate Scientist of the Year in 2010 and won both the Priestley Medal and the AMOS medal from the Australian Meteorological and Oceanographic Society. He was appointed to the Australian Federal Government's science advisory panel to the Climate Commission in 2011.

Global Thinking on Catastrophe Risk Modelling
Rick Thomas
Executive Director, *Willis Re*

Dr Rick Thomas is Head of Strategy for the Willis Research Network (WRN), and leads the Willis Re international ILS practice group. Rick has twenty years experience in reinsurance and began his career building catastrophe models with CARtograph in the UK. He moved to Partner Re in Zurich and led the development of the in house suite of catastrophe models that Partner Re still use today. In 1999 he began underwriting property catastrophe business in Australia, and in 2004 became head of the whole international property catastrophe book at Partner Re. There he ultimately became Head of Global Risk Management and Reinsurance Buying. After Partner Re, Rick developed a detailed knowledge of the capital markets space working with a US investment fund, before joining Willis Re in January 2013.

Quantifying Risk

Fundamentals of Modelling
Ben Miliauskas
Head of Analytics – Australia & New Zealand, *Aon Benfield*

Ben is the Head of Aon Benfield Analytics for Australia and New Zealand and primarily focuses on the use of analytics in the decision making of Aon Benfield's clients, and the communication of risk and risk mitigation strategies. Ben is also responsible for the strategic direction of Aon Benfield Analytics in the Pacific region, as well as the development and retention of analytical talent within the organisation.

New Modelling Developments – In Practice
Jeremy Waite
Head of Analytics – Australia & New Zealand, *JLT Towers Re*

Jeremy joined JLT Re in December 2012, as Head of Analytics ANZ, based in Sydney and has over twenty years experience in reinsurance underwriting and reinsurance broking, both in the UK and Australia. Jeremy was previously the Chief Pricing Actuary for Amlin, a leading Lloyds syndicate, and developed many bespoke pricing and risk analysis tools. He has authored several papers, including ICRC Natural Perils, aimed at how to understand the uncertainties within cat models in order to satisfy the APRA regulations.

A Client Perspective
Michael Lonergan
Chief Financial Officer, *RACQ Insurance*

Michael has been the Chief Financial Officer at RACQ Insurance Limited since 2007, having previously held the position of Financial Controller from 2002. Michael has over 14 years of finance accounting and management experience. Michael is currently responsible for the Accounting, Actuarial, Service Provider Relations and Reinsurance Departments within RACQ Insurance.

PROGRAM (continued)

Reinsurance and Risk Mitigation

Key Considerations for Reinsurance John Carroll Head of Broking, *Aon Benfield* 	John is Head of Broking for Aon Benfield Australia and has over 20 years' experience within the reinsurance industry, with a strong technical and marketing focus. Prior to joining Aon Benfield, John had been Head of Broking at Guy Carpenter Australia for 5 years where he was responsible for all aspects of GC's treaty broking operations.
Developments in Reinsurance Ty Birkett Managing Director, *Willis Re* 	Ty is Managing Director of Willis Re Australia and works with insurance and government clients advising, modelling, structuring and placing reinsurance solutions. The role involves understanding the global capital and reinsurance markets and assisting clients in developing the most efficient approach to managing large and extreme risks as well as capital. Additionally, Ty is responsible for the Actuarial and Financial Modelling team at Willis Re across the Asia-Pacific Region.
Appointed Actuary Challenges Andrew Huszczo Appointed Actuary GI, *Suncorp* 	Andrew has over 25 years experience across all areas of general insurance in both corporate and consulting environments. Over the last 12 years Andrew has held the Appointed Actuary role firstly for Allianz Australia and, since 2011, for Suncorp. For five years he was also the Chief Risk Officer for Allianz. Currently, in addition to the Appointed Actuary role, he is responsible for the actuarial pricing work for the Suncorp's Commercial Insurance business and the capital and natural hazards modelling for the General Insurance business.

On My Watch: Taking Ownership – Panel Discussion

David Hancock Chief Executive Officer, *Tower* 	David Hancock is Chief Executive Officer and Executive Director of TOWER and has over 25 years experience in the financial services industry. A former Executive General Manager at the Commonwealth Bank of Australia, David has held several board positions at the bank including Commonwealth Securities (ComSec).
Nick Hawkins Chief Financial Officer, *Insurance Australia Group* 	Nick was appointed IAG's Chief Financial Officer in July 2008. Since joining the company in 2001, he has held senior positions in the Group, most recently as chief executive officer of IAG's New Zealand business. Before joining IAG, Nick was a partner with the international accounting firm KPMG, where he specialised in working with financial services clients.
Ian Laughlin Deputy Chair, *APRA* 	Ian was appointed as a Member of APRA on 1 July 2010 following an extensive career in the financial services industry. He has held a variety of senior management and board positions in a number of major organisations, both in Australia and overseas and became Deputy Chair of APRA in July 2013.

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General Insurance Seminar

Insuring Tomorrow

17-18 November 2014 • Hilton Sydney

Call for Papers

and Presentations

Actuaries Institute

CALL FOR PAPERS AND PRESENTATIONS

Tomorrow's world will be very different from today. The global economic landscape is changing, a data and social media revolution is underway, the climatic circumstances are uncertain and governments and regulatory bodies are adapting to the new conditions. We see the effects of these changes in customer behaviour, in the economic environment, in the way we do business and how we relate to each other on micro and macro scales. The picture is emerging but always hazy. How can the actuarial profession help the general insurance industry insure tomorrow?

The **Actuaries Institute** will be hosting the **General Insurance Seminar** at the Hilton Sydney on **17-18 November 2014**. The theme for the Seminar is ***Insuring Tomorrow***.

The first day of the seminar will focus on broader insurance market issues, and the second day will examine more technical and operational issues. Immediately following GIS2014, on 19 November, the Actuaries Institute's Enterprise Risk Management Seminar will also be held at the Hilton Sydney.

The program is now being prepared and we are calling for papers and presentations. Relevant topics include:

- **the state of the market;**
- **pricing;**
- **claims and reserving;**
- **capital management;**
- **enterprise risk management;**
- **big data;**
- **climate and the natural environment;**
- **catastrophes and related developments;**
- **broadening role of actuaries; and**
- **other current issues in general insurance.**

A synopsis can be submitted for:

- **A concurrent session (paper and presentation)** that runs for 40 minutes. Presentations in these sessions are expected to be accompanied by a peer-reviewed paper, which should be a compelling and original treatment of its topic.
- **A concurrent session (presentation only)** that runs for 40 minutes. Presentations in these sessions are for specific topics which are of interest to certain (not necessarily all) members of the audience.
- **A poster session** that will showcase A2 posters in the foyer during breaks and provide the opportunity to discuss the material with delegates. These brief treatments of relevant issues or recent research are intended to evoke discussion, and may or may not be accompanied by a paper.

Given the range of sessions, we encourage submissions from all interested individuals, whether newly minted members of the Institute (how about a poster?) or steely veterans of the industry. Any session with an accompanying peer-reviewed paper is eligible and will be considered for the Taylor Fry prize*.

* **Taylor Fry Prize** – Taylor Fry may award a Gold or Silver prize to an author of a peer-reviewed paper considered by the Adjudication Panel to have effected a significant advance in the profession's understanding or knowledge of a specific subject or sphere of knowledge.

Sponsorship Opportunity

The **Actuaries Institute** would like to invite your organisation to sponsor ***GIS – Insuring Tomorrow*** to be held in Sydney on **17-18 November**.

Sponsorship Benefits

- Profile your organisation alongside high-calibre speakers, cutting-edge topics and case studies.
- Promote your organisation to an expected audience of over 100 senior risk professionals.
- Increase your organisation's brand recognition among CROs, CFOs, Chief Actuaries, risk professionals, investment professionals and risk modelling experts.
- Strengthen your corporate position as a GIS specialist.
- High visibility of your logo on the General Insurance Seminar website.
- Opportunity to network and develop key business relationships.

This offer is available for a limited time. Complete and lodge your sponsorship booking application form by **Friday 30 May 2014**. Please contact **Lisa Pronesti** on +61 (0) 2 9233 6101 or via lisa.pronesti@actuaries.asn.au for more information.

Enterprise Risk Management Seminar

Capturing the Upside

19 November 2014 • Hilton Sydney

Actuaries Institute

Sponsorship Opportunity

The Actuaries Institute would like to invite your organisation to sponsor ***ERM2014 – Capturing the Upside*** to be held in Sydney on **Wednesday 19 November.**

The GFC storm is over, there's a glimpse of blue sky, it's time to concentrate on growth at all costs!

Actually, now is the time for ERM to shine and come of age – and the Actuaries Institute will be holding the Enterprise Risk Management Seminar at the Hilton Sydney on Wednesday 19 November 2014. With the theme Capturing the Upside, ERM2014 will explore why Enterprise Risk Management is central to strategy in creating and sustaining value.

Sponsorship Benefits

- Profile your organisation alongside high-calibre speakers, cutting-edge topics and case studies.
- Promote your organisation to an expected audience of over 100 senior risk professionals.
- Increase your organisation's brand recognition among CROs, CFOs, Chief Actuaries, risk professionals, investment professionals and risk modelling experts.
- Strengthen your corporate position as an ERM specialist.
- High visibility of your logo on the *ERM2014 – Capturing the Upside* website.
- Opportunity to network and develop key business relationships.

This offer is available for a limited time. Complete and lodge your sponsorship booking application form by **Friday 30 May 2014**. Please contact **Sarah Gibson** on +61 (0) 2 9233 3446 or via sarah.gibson@actuaries.asn.au for more information.

Sponsorship Prospectus closes Friday 30 May!

Andrew Brown
andrew@leadfirst.com.au
@Lead_First

Presence and the Art of Being an Actuary

> **"We first thought of presence as being fully ... aware in the present moment... Then we began to appreciate presence as deep listening, of being open beyond one's preconceptions and historical ways of making sense. ... Ultimately, we came to see all these aspects of presence as leading to a state of letting come... to manifest or realise an emerging future."**
> ***– Peter Senge****

Have you ever been in a situation where you just 'lost it'? You became consumed by what seemed like overwhelming obstacles, shackled by your 'automatic' responses and it all ended in tears? Some people may respond, "hey, you're describing my regular Monday morning!"

On the flip side, have you ever at the moment of dire peril, been able to access a very different state, found a way to navigate through the carnage, and identify the necessary pathway to move forward? People often describe their experience of this state as the external world seemingly slowing down, an inner clarity and certainty, and a capacity to get out of their own way to act upon the system.

This capacity to act wisely in the moment is referred to by Peter Senge and Otto Scharmer, amongst others, as presence. This month, we will explore presence as it applies to the role of the actuary.

WHAT DOES PRESENCE REALLY LOOK LIKE IN AN ACTUARIAL CONTEXT?

Through much of life, we can get by on 'automatic pilot'. Whether it be walking to the train station or conducting a routine piece of work, we often do not need to be fully present to each and every aspect of our day. This applies to circumstances where there is known, predictable stability.

However, when circumstances are changing rapidly or the challenges we face are becoming more complex, then presence is important in order to be able to address the problem as it presents itself, rather than an automatic response based on past circumstances.

In Otto Scharmer's *Theory U – The Social Technology of Presencing*, he describes three kinds of complexity: dynamic, social and emerging.

Each of these is relevant to the work of actuaries.

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Dynamic complexity occurs when there is a separation of cause and effect in either time or space. Examples where this occurs in an actuarial context include:

- Current experience vs. experience from last investigation.
- Pricing a product vs. experience of product.
- Underwriting practice and claim experience.
- The pricing and designing of a product and the selling of a product.

Social complexity is a product of diverse interest and world-views among stakeholders. Within organisations this plays out through different practices and beliefs about what is important of different functions. Stereotypes include distribution focus on sales, finance on profit, actuarial on value, underwriting on claims, customer service on customer satisfaction. Each group may use different linguistics and acronyms and justify their world-view through their unique experiences.

Emerging complexity is characterised by disruptive change. It has three core characteristics – the solution of the problem is unknown, the problem statement is still unfolding and the identity of the key stakeholder is still not clear. Examples in an actuarial context where we are seeing emerging complexity include:

- Impact of technology on longevity.
- Societal changes leading to increasing rates of depression and obesity.
- Emerging social trends that will identify potential lifestyle changes that will influence customer behaviour and claims experience.
- Impact of technology and data availability on data analytics and implications for actuarial traditional models and tools.

THE ROYAL ROAD TO PRESENCE

There are a number of steps towards bringing a state of presence to our circumstances. In *Theory U*, Otto Scharmer describes the process as having three steps: letting go of judgement, letting go of cynicism and letting go of fear. So how do you do this?

1. Be aware of the trigger events that pull you down the funnel of judgement.
2. Create a space between the trigger event and your response.
3. Observe the automatic response and investigate where is its source, when was it born. Is it still relevant today?
4. Take a global perspective to seek other possible ways of viewing the event. What would the observation be of different parties – the chief marketing officer, the chief underwriter, the IT guy, the CEO, someone from a company with a different paradigm, a historically important figure such as Newton.
5. If Einstein is right and problems cannot be solved from the same level of consciousness from which they were created, then how might you reframe the problem statement so that new options emerge?
6. Explore what you fear the most if you were to respond very differently to your normal response. Fear of losing credibility is often at the heart of what locks people into repeating or being a prisoner to the past.
7. Practise all of the above! Regularly put yourself in situations where you are in over your head (safe-fail situations where the worst that can happen is you learn; not life or death situations).

APPLICATIONS FOR ACTUARIES

Applying presence in the daily work of an actuary looks on the face of it a bloody good idea! While we are all likely to have levels of presence on a semi-regular basis, are there opportunities we are missing? At a high level of presence, some of the following capabilities would be emerging:

- Access to new fields that were previously invisible. It may be how external market expectations influence internal targets. It may be how the politics of the organisation influences the accepting or otherwise of actuarial advice, it could be the culture of the organisation and influence re carrying out operational practices in line with original pricing assumptions.
- Not being inside the construct of our models and assumptions, but to be able to see them as if it were our first day on the job.
- Suspending judgement or assumptions. Treating each section of data as brand new and exploring the curious questions when two pieces of data don't quite reconcile. Treating each person we deal with as having a worthwhile perspective and someone who we can learn from.
- Becoming aware of the constantly changing / shifting nature of the markets we are in and what that implies re our approaches and possibilities. A

If problems cannot be solved from the same level of consciousness from which they were created, then how might you reframe the problem statement so that new options emerge?

* Peter Senge's opening quote describes the process of presencing as a way of recognising the emerging future. I can think of nothing more important for the actuarial profession right now.

Genevieve Hayes
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@murderandangst

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

The Puzzle Kings

THE PUZZLE KINGS

"Where do you want to go first?" said the Actuary, standing at the control panel of his time machine. "Forwards? Backwards? Earth? Some other planet?"

"How about backwards and Earth, to begin with?" I replied.

"I know just the place." The Actuary punched a sequence of numbers into the console. "The USA in 1898. The day Sam Loyd and Henry Dudeney, the two puzzle kings of their time, first met face to face."

The time machine made a whooshing noise and then the Actuary opened the door to a room filled with old-fashioned furniture and two men arguing.

"You lying, cheating, thief," said one of the men. "You stole my puzzles."

"You sent them to me," said the other man. "What did you think I'd do with them?"

"Oh dear," said the Actuary. "I forgot. This was the day Henry Dudeney confronted Sam Loyd because Loyd had published some of Dudeney's puzzles as his own."

The two men spun around and faced the Actuary. They didn't seem at all surprised that we had just materialised in the middle of their house.

"Actuary! Thank God you're here," said the first man, Dudeney. "You're just in time. Loyd here stole my puzzles. Do something!"

"That's a very serious accusation," said the Actuary. "Where I come from, we'd settle that with a puzzle duel. Each of you tells me a puzzle. I judge the best one. Loser is banned from writing puzzles for the next year."

The two men reluctantly nodded agreement.

"And one more thing," added the Actuary. "I choose the topic. The puzzles must be about clocks or time."

SAM LOYD'S PUZZLE

Loyd took out his pocket watch and checked the time. "By my reckoning, it is now eight o'clock exactly. At some point within the next half hour, the angle between the six and the hour hand of my watch will be exactly the same as the angle between the six and the minute hand. *What time, in hours, minutes and seconds, will it be when this occurs?"*

HENRY DUDENEY'S PUZZLE

"Is that the best you can offer?" said Dudeney. "I can do better than that." He turned to the grandfather clock in the corner of the room. "See that clock over there? It has an hour hand, a minute hand and a second hand, but at no point in the next 12 hours will the hour hand be exactly 120 degrees ahead of the minute hand and the minute hand exactly 120 degrees ahead of the second hand." – *What time, in hours, minutes and seconds, will it be when the hour hand is exactly 120 degrees ahead of the minute hand and the minute hand is as close as possible to being 120 degrees ahead of the second hand?"*

For your chance to win a $50 book voucher, solve both of the puzzles and email your solutions (with working) to: inthemargin@actuaries.asn.au.

MY ADVENTURES WITH THE ACTUARY

ACTUARIES 187 SOLUTION

The fifty movie titles that can be identified from the wordsearch in Actuaries *187 (with column number, row number and direction given in brackets) are:* ***Airforce One*** *(1,9,NE),* ***The Three Amigos*** *(20,13,S),* ***Twelve Angry Men*** *(2,2,E),* ***Four Brothers*** *(19,9,S),* ***Sixteen Candles*** *(19,1,S),* ***Catch Twenty-Two*** *(7,3,W),* ***The Twelve Chairs*** *(8,3,SW),* ***Code 46*** *(1,16,E),* ***The Ten Commandments*** *(17,3,SW),* ***Eight Crazy Nights*** *(11,12,NW),* ***One Crazy Summer*** *(6,19,N),* ***101 Dalmatians*** *(10,2,SW),* ***District 9*** *(14,13,W),* ***27 Dresses*** *(17,1,SW),* ***Five Easy Pieces*** *(16,14,W),* ***The Zero Effect*** *(15,20,W),* ***The Three Faces of Eve*** *(17,15,N),* ***The Fantastic Four*** *(10,17,W),* ***The Four Feathers*** *(8,19,NW),* ***50 First Dates*** *(9,20,NE),* ***One for the Money*** *(1, 13, NE),* ***13 Ghosts*** *(13,6,NE),* ***Two Hands*** *(5,18,W),* ***127 Hours*** *(4,15,NE),* ***Jennifer 8*** *(4,9,NE),* ***21 Jump Street*** *(11,19,E),* ***Three Kings*** *(2,9,N),* ***Ladder 49*** *(20,1,SW),* ***Eight Legged Freaks*** *(12,1,W),* ***Less Than Zero*** *(1,20,E),* ***Ten Little Indians*** *(12,1,S),* ***The Magnificent Seven*** *(9,8,E),* ***Three Men and a Baby*** *(9,8,SE),* ***Eight Mile*** *(14,9,S),* ***One Missed Call*** *(15,7,S),* ***Twelve Monkeys*** *(11,15,W),* ***The Three Musketeers*** *(10,6,SW),* ***Ocean's Eleven*** *(16,7,S),* ***Passenger 57*** *(18,13,N),* ***The Power of One*** *(12,18,E),* ***Seven Psychopaths*** *(20,2,S),* ***Nine Queens*** *(17,17,W),* ***Four Rooms*** *(3,15,NE),* ***Seven Samurai*** *(1,4,S),* ***The Three Stooges*** *(14,16,W),* ***Super 8*** *(16,20,E),* ***Suspect Zero*** *(1,19,E),* ***Tell No One*** *(10,7,NE),* ***The Wild One*** *(11,4,SW),* ***Eight Women*** *(13,15,SW).*

Once these titles have been removed, the remaining letters can be used to identify the movies: ***Eight Heads in a Duffel Bag*** *and* ***One Flew Over the Cuckoo's Nest****.* A

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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

Take It from Me

AVOIDING MY DUTY?

I have to front up for jury duty, and I really don't want to get picked for a trial. How can I make sure I'm rejected?

Oh, the number of times we've talked this one through in the office… the strategies we've developed… We actuaries are all hard-working and (naturally) indispensable, and clearly we do not want to take time out of the office to be part of a trial that could be (1) boring, (2) confronting or (3) lengthy. Plus, we don't know much about the law, and how could anyone be taken seriously wearing one of those silly wigs?

What are your options, then? You want to find a way of being extremely unappealing to either prosecution or defence (in NSW each side is allowed to reject up to three people – without giving reasons). The official website that I consulted as part of my extensive research helpfully advises that "[Rejection] is not a personal reflection on you. This is a right under our laws." (Are they suggesting that there are people who might WANT to be selected?) It also told me that the average length of a trial in NSW is seven days; however, since it did not provide a standard deviation, a mode or a median (seriously, legal people!) I found this information of limited use.

So, to the serious stuff. What should you be wearing to make sure that you'll be kicked out? Immediately you are faced with a choice: who are you trying to not appeal to, defence or prosecution? Presumably, an individual who doesn't suit the prosecution may look like a wonderful option for the defence, and vice versa. TRICKY!

Something extreme seems like the obvious approach. Ultra-conservative, perhaps? Suit, neat hair, dark colours, briefcase. No facial hair, no big earrings, and try not to smile. Surely a defence's worst nightmare? Add some glasses too – I've heard a theory that 'they don't like smart people'. Should be a doddle for most of us!

Or there's the other end of the spectrum. I'm thinking ripped jeans, black t-shirt with offensive message (or at least a death metal band), long dirty hair and three day growth. Flash those piercings, and tattoos (very realistic temporary ones are available). You might well be the prosecution's first rejection!

How about bringing politics into it? It's a dangerous subject, but if you're trying to look unappealing some sort of radical statement could do the job. Once again, two extremes are possible: (1) Alan Jones or Tea Party t-shirt, conspicuous Australian flag badge, hair just a little TOO neat. (2) Greenpeace singlet, 'Save the Reef' or Amnesty International button, crocheted vest, Julian Assange hair?

Other clothing/accessories that may say "reject me":

- Camouflage gear (especially with shoulder stripes).
- Bandanna, tiara or pom pom on head.
- Novelty tie – carrot, Spongebob, Spiderman.
- Groucho Marx (obviously fake) moustache.
- Emo makeup.

Enough about the clothes. I imagine it's possible to make the desired 'wrong' impression with what you're doing in the selection box. Chewing gum – or, better, blowing bubbles – may be a turn-off. Will your chances of being rejected be enhanced, or reduced, if you are evidently not paying attention to proceedings? A strange, nervous laugh at inappropriate times during the empanelment procedure could be effective. Alternatively, an off-puttingly wide smile, directed at any member of the official personnel.

All of these are of course speculative strategies, and no one I know has ever actually tried them out. And, even if they had, what works on one occasion may not be effective on another! Which potentially indicates that the simplest strategy will be to… just be yourself, and hope for the best.

On a side note, there is something that has always concerned me about the desperation to avoid jury duty displayed by the gainfully employed. After all of these people escape, just who DO we end up with on our juries?

END OF AN ERA

This is the 49th *Ask Gae!* column I've written since beginning in 2006. I've decided to hang up my pen after the 50th. But you can all look forward to ***Ask Bruce!*** 'Bruce' will be advising you with great flair and a new perspective. A

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Australasia CPD Tour

Matthew Michalewicz

"Thought provoking ● Loved it – brilliant communicator! ● An interesting presentation from proven entrepreneur Matthew Michalewicz on how to maximise your contribution and success through belief led goals and actions, careful nurturing of your personal brand, whilst striving to be a business actuary".
– event participants' comments.

PERTH

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Peter Lurie

The Perth leg kicked off the Australasia CPD Tour for 2014 on Tuesday 11 February. The Perth session was keenly attended by 16 Western Australian members including Fellow Peter Lurie who said of the session.

"In my opinion the best CPD Tour so far. The 2014 Australasia CPD Tour seamlessly presented by Matt was content rich, fast paced with relevant and interesting stories and practical takeaways to build brand and credibility." ...
and Fellow Janice Jones who said:

"I found MM really engaging and his stories about his own early career decisions very interesting for the younger members / students to reflect on. We were very challenged when he asked us to articulate what we love doing and get down to the heart of our personal drivers – in order to build our personal brand on a strong foundation. Hopefully many of the guests will reflect on these personal matters over coming months to their benefit."

There was much for attendees to take away from the session, with actionable advice from success expert presenter Matthew Michalewicz on improving your personal brand, establishing and achieving career objectives and successful customer engagement.

Matt's interactive style encouraged attendees to reveal what truly motivates us, more so than we normally would. The case studies showed how stretch targets can be achieved, as Mandela said "It always seems impossible until it's done".

The occasion also gave Perth members the chance to meet and converse with the President, Daniel Smith and CEO, David Bell and the social dinner at Halo was once again a great success with an even stronger turnout. Daniel spoke pre-dinner and acknowledged Ian Hyland for attaining Fellowship.

The Institute's Lisa Pronesti ensured a seamlessly smooth event and we look forward to next year, when the Institute rolls into town.

HONG KONG

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Wynnie Yeung

The Australasia CPD Tour held in Hong Kong on 4 March 2014 was well attended by a small but attentive audience. The afternoon kicked off with updates from 2014 President Daniel Smith and the new CEO David Bell, followed by Matthew Michalewicz's presentation and life examples on how to maximise our contribution in our career and personal endeavours. The afternoon went by quickly with lots of takeaways, as well as time for catch ups and networking with other fellow actuaries.

On a personal level, the workshop is a timely reminder to take a step back and refocus on priorities and personal goals. It is easy to get bogged down by the 'how to' going about day-to-day activities and losing sight of the bigger picture of who we are and what we want. Matthew's personal example reinforces the fact that to be achievers in life, you need to have clear goals and a strong desire for what we set our hearts on, be it to lose weight or get that dream job. The difficult part (as with all the good things in life) is of course the sweat and tears, and to not give up when things aren't going well, for: "The race is not always to the swift … but to those who keep running."

Thanks to the Institute for sponsoring the event. I really enjoyed the session and the time spent with fellow actuaries.

SINGAPORE

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Darren Ma

The Australasia CPD Tour arrived in Singapore on Thursday 6 March 2014 and was attended by 21 members from the region including CPD representative and Fellow Darren Ma (Aspen Re). Of the session Darren remarked: *"An interesting presentation from proven entrepreneur Matthew Michalewicz on how to maximise your contribution and success through belief led goals and actions, careful nurturing of your personal brand, whilst striving to be a business actuary"*.

Presenter Matthew Michalewicz led an enlightening and rewarding session which was enjoyed by all in attendance. The 2014 session has set the bar for future CPD Tours in Asia, which are much anticipated.

SYDNEY

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Martin Mulcare

When I first walked into the room my first thought was: "Where is everybody?" Here we have an accomplished, international presenter speaking about achieving a successful career – at a discount rate – and less than 70 Sydney members turn up?

I thought it was very valuable and so this summary is directed to readers who did not attend…

If you want to improve your chances of business success, I suggest applying just three action items from Matthew's guidance:

1. Identify what you are passionate about in your career. In short, why do you go to work? Your one sentence answer can help you make smart career choices, as well as frame your 'personal brand'.
2. Appreciate the difference between a 'business actuary' and a 'technical actuary'. When you can understand the context for applying your skills and knowledge you will significantly increase your value.
3. Formulate your answer to the question, "What do you do?" Matthew suggests identifying the key problems that you solve and the benefits your solutions deliver. That should be enough for other people to comprehend and respect your role.

To paraphrase Matthew, **education may appear expensive but it is ignorance that is really expensive**.

Please check out: http://www.lifeinhalfasecond.com/

BRISBANE

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Wayne Cannon

"Thought provoking", "Loved it, brilliant communicator!", "Very engaging", "Passion for his message", "A great communicator!", "Best presenter on the day" – these and many similar quotes summarise the reactions from a strong turnout of Brisbane (and Sunshine Coast!) actuaries to Matthew Michalewicz's presentation *Maximise Your Contribution*.

Goals, belief, knowledge, actions, results… The buzzwords flowed but they were always anchored by research and personal experience, with some truly amazing anecdotes. The afternoon was enhanced by the challenges and debates from and amongst the actuaries in the room. "Park that thought for seven minutes" Matthew would reply, before bringing the discussion around to address the issue within seven minutes.

We learned how important networking can be for our careers ('Network = Net Worth') and were constantly amazed by the breadth and depth of Matthew's own network. I think I can vouch for all attendees when I say that I've never met anyone who has pitched a business proposal to Bill Gates and George Soros. Of course, this component ended with the obligatory request to connect via LinkedIn. It only shows 500+ connections but I'm guessing I'm about number 5,000.

The general consensus from attendees was that we enjoyed the opportunity to be taken out of our comfort zones and see things from a different perspective. Kudos to the Institute for thinking outside the box. One final thought: who would have imagined such a varied and interesting career could have resulted from a teenager's obsession with a car? It was a Corvette though.

CANBERRA

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Debbie Hansen

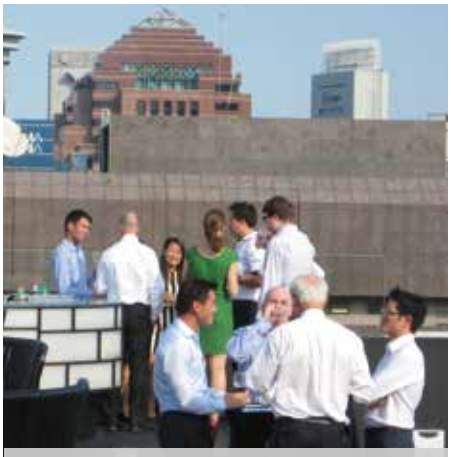
Most actuaries could probably say they have had a strong passion at least once in their life – particularly if they are studying towards or have completed their Part 3 exams. I wouldn't go so far as to say I had been 'in love' with my studies and that was the driver of my dedication and commitment to seeing

them through, however, I had a plan, I had focus and I had a clear goal.

Applying the same stepping stone logic to progress my career is intuitive and it was useful to get some tips on how to start putting my name out there and making an impact beginning from today. Not being much into social media (I found myself in good company with the rest of the Canberra actuaries), I haven't yet joined LinkedIn or started tweeting since attending the tour, although perhaps at least writing this review is a start to my development!

Next steps: set another career goal, make a plan and find an inspiring person to motivate me along the way.

Once again thank you to the Institute for putting on a Presidential Dinner in Canberra; it was great to speak to Daniel and meet David in a more informal setting.



CPD Tour attendees in Singapore (during a break)

MELBOURNE

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Hadyn Bernau

I'm not going to tell you about Matthew's teachings. Instead, I'm going to show you Matthew's teachings. He laid down 5 action items and I'm going to carry them out, right here and now.

The Perth (first) leg of the tour

ACTION ITEM 1 – GET CLEAR ON MY 'WHY'

My 'why' is around transformation of lives – visit my LinkedIn profile or buy me a coffee for more detail.

ACTION ITEM 2 – DEFINE A GOAL

To increase my networks dramatically – to move from 203 to 500 LinkedIn connections by the end of 2014.

ACTION ITEM 3 – BUILD MY NETWORK

If this one little article takes me to my 500 target within 24 hours of this magazine coming out, I will ask Matthew to set me up with his best media connections, and get myself on TV, radio or a newspaper within a week to talk about it.

ACTION ITEM 4 – INCREASE MY PERSONAL BRAND

If you know me a little bit, I'd like to ask you for three endorsements on LinkedIn. If you know me well, I ask you for three endorsements, a 30-second video recommendation and for you to share my LinkedIn profile with three people in your network who might like to connect with me. The first three video recommenders will score a mention in my media interview.

Consider this my application for a Board position with any organisation that is seeking major transformation.

ACTION ITEM 5 – WEEKLY COFFEES

OK, I've got 52 coffee slots to fill – please RSVP through LinkedIn. A

Matthew presenting in Sydney

Matthew signing books in Sydney

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International Capital Standards for Insurers: A Common Framework?

– a series of updates

International agreements are hard work. The Doha Round of international trade talks began in 2001. Closer to home, the conversations around the insurance accounting standard IFRS4 also commenced in 2001. Both sets of negotiations continue to this day.

Some degree of cynicism regarding the development of an international capital standard for insurers is understandable. In this article, however, it is outlined why such standards could be installed within a relatively short timeframe and why the profession needs to take these developments seriously.

A COMMON FRAMEWORK?

Moves to harmonise bank regulation have accelerated post global financial crisis. The darker corners of rule based regimes, and indeed differences between the rules of different countries and industries, were perceived by many as having exacerbated the crisis. The emergence of cross border systemic risks have also taxed the minds of regulators and governments. Against this background, insurance companies have come into focus. This is especially true as they have increased their activities in 'bank-like' areas such as private market lending.

At the direction of the G20, the International Association of Insurance Supervisors (IAIS) is developing a framework that will apply to Internationally Active Insurance Groups (IAIGs). IAIGs include large, internationally active groups operating in at least three different jurisdictions beyond their home market. Specifically, the IAIS has been asked to prepare a **Common Framework** (ComFrame) that will include an international capital standard alongside other qualitative requirements and a regime for group wide supervision of international operations. ComFrame is currently being 'field tested', with a view to having a formally adopted framework in place by the end of 2018.

Those seeking further detail of the requirements are referred to the IAIS document *Supervision of Internationally Active Insurance Groups For Consultation* (17 October 2013), which describes the evolving standards for specific risks against which capital must be held, and the form of that capital (refer www.iaisweb.org).

While the current definition of IAIGs precludes the majority of insurance companies, one can expect its impact will be felt on broader insurance company supervision. Indeed, the IAIS lists 'convergence fostering' as one of the four principal benefits of ComFrame.

THE ROLE OF THE ACTUARIAL PROFESSION

Alas, where are the actuaries? From discussions with actuaries in the field, the profession has much work to do in terms of making its presence felt. This is especially the case as the work towards the parameterisation of the final capital standard gets underway in earnest.

One can understand some weariness – physical and otherwise – in countries that have recently seen considerable changes in capital standards, such as Solvency 2, Risk Based Capital regimes in South East Asia, and the new APRA rules in Australia.

That said, there are two particular reasons for the profession to show initiative here.

To start, standardised regulatory capital minima offer some real potential gains for insurance companies. The current diversity of capital rules confronting third parties such as investors and lenders is less than ideal. This is especially the case in the absence of a functioning, consistent accounting standard.

Second, the political heft behind the IAIS mandate suggests that the international capital standard will become a reality – and in a timeframe inside the careers of readers of this journal! The battle would appear to have decidedly moved from whether or not to have a common standard to the nature of the standard we shall have.

If the international actuarial voice is to be heard, it would seem that we have some catching up to do. The first step is to ensure a sufficiently broad awareness of developments in this area – the purpose of this humble article. In later articles in this series, we will speak to a number of actuaries involved in the process to get their view on the principal points of tension in the regulations, and where they feel the profession should be concentrating its energies.

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Life's Just a Stage...

> "I am certainly the most fortunate creature that ever existed." – *Jane Bennet*

After blushing on stage for two hours straight with two handsome young men and half the neighbourhood exclaiming my beauty – it's not hard to say this Jane Bennet line and really mean it. It's a wonderful, though somewhat embarrassing, feeling. 26 April to 7 June this year, three times a week at the Genesian theatre on Kent Street, I will play Jane Bennet in Jane Austen's *Pride and Prejudice*, adapted by Simon Reade. Hope you can make it!

Not all roles are as sweet as Jane Bennet, they're likely not as naïve as she is too. She's certainly a far cry from my high school musical days where I bellowed Shakespeare's epic line "Cry havoc and let slip the dogs of war" in a fist-swinging, furious aria. But that's what I love about the stage. I can be Mark Antony in a toga-wrapped rage one day and Jane Bennet

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dancing in a satin gown with the arm of the ever charming Mr Bingley curled around my waist on another.

At high school, it was musicals and operas composed by Allan McFadden left, right and centre, costumes and bright lights. Crooning *Over the Rainbow* in a sexy long black dress at the Enmore Theatre was an amazing honour. I sailed the seas with Jason and the Argonauts in quest of the golden fleece as the Greek demigod, Pollux. I learnt the power of silence in the cessation of radio communications when narrating the life and disappearance of Amelia Earhart. I eulogised the great Julius Caesar with Shakespeare's immortal words "Friends, Romans, countrymen, lend me your ears; I come to bury Caesar, not to praise him." At the 2012 General Insurance Seminar, I channelled a long line of greats including Billie Holiday, Sarah Vaughan and Etta James to sing "*Lover Man (Oh Where can you be?)*" with a very talented band of musical Actuaries.

I have taken singing lessons and stood for singing exams for many years, but this year I decided to take it a step further and indulged in a two day Adult Acting Introduction course at NIDA. Working in consulting, I wanted to boost my confidence that little bit further, without the song and dance, and 60-piece orchestra. I wanted to learn to think on my feet and speak up a little louder. I wanted a greater connection with the character behind the aria. I was amazed. I spent the weekend grinning from ear to ear. I had so much fun playing improvisation games and working on a character and script. It wasn't enough. A dear colleague, very much involved with acting and directing at the Genesian theatre, suggested I audition for Jane. After three gruelling and incredibly fun auditions, I got the part!

On the stage, you're a part of something bigger than yourself. You're telling a story that's been told so many times, by so many people throughout history before you – and not only are you a part of that, but you get to add to that history. Whether the performance is for one night or three, or twenty or more! The character has woven their way into your life and you into theirs.

For the ACTuaries aspiring to swap their latter letters for 'ORS' and try their hand at the stage, even for just one night – I highly recommend it! Here are my **on-stage tips**:

- Think cool thoughts. It's mighty hot under those bright lights!
- Remember your lines and when and how to say them. But you're actuaries right? Memorisation should be a cinch.
- Don't fall over the furniture.
- Stay in character. Jane Bennet doesn't think about spreadsheets and SAS code, GLMs and liabilities. Jane Bennet thinks about Mr Bingley; her dearest sister, Elizabeth; Mr Bingley; embroidery; oh and Mr Bingley again. Swoon much?
- Learn how to dance in your costume. You wouldn't wear your board shorts to the board meeting. If your character dances in a skirt with a train, practise in the train. If they brandish a sword (hopefully blunt), get used to swinging it and not connecting with force enough to actually injure your opponent. Your partner (dance or fencing) will thank you for it. A

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Gossip and Happenings...

A lot has happened over the last couple of months so I'll use this article to update you on what Council has been spending its time on.

For those more interested in a bit of gossip you might be interested to know that I had two quite different 'bedfellows' on my trip over to Washington to attend the IAA meetings and the International Congress of Actuaries.

Melbourne-to-LA saw me next to a lady who sold products to adult stores "... you know, crutchless undies and feather handcuffs, that sort of stuff". Her main suppliers are from China and I did not dare to ask whether they provided anything with an element of electronics.[1]

LA-to-Washington highlighted my complete lack of knowledge about movies. I (after working it out via a Google search) ended up next to Randall Wallace who, amongst other things, wrote the screenplay for *Braveheart*.

I did my best to promote the actuarial profession to both but it is fair to say that neither were particularly interested in my plight.

Enough of the gossip.

We had a very useful trip to Washington and David Bell has provided a summary in his article. In terms of Council, the March Council meeting was held subsequent to my previous article. The key items on the agenda were:

- the Institute's strategy for Asia, where we now have two working groups – one looking at education and the other at member services generally;
- we approved the Institute's financial statements, business plan and 2014 budget;
- the terms of reference for the Governance Review Taskforce were approved;
- we received updates on the mission review taskforce and the education strategy working group; and
- an update on the promotion of the profession campaign was provided (which has subsequently been launched).

Our advertising campaign is up and running and Council will receive an initial assessment report in June.

As you will have observed from this list, there are a range of important reviews currently underway and you will be (or have just been) asked to provide feedback in relation to both the governance review and the review of the Institute's mission statement. The review of our education strategy is progressing well and appears to be on target to be in a position to report to members before the end of this year.

On an international front, we are continuing to consider how we can best service our overseas members (particularly those in Asia). We have also drafted an agreement to work cooperatively with the South African society with a particular focus being the development of a banking subject at fellowship level, which the South Africans are hoping to roll out for first semester 2015.

As you should be aware, our advertising campaign is up and running and Council will receive an initial report on its effectiveness at its June meeting. I suspect that my two 'bedfellows' are not our target audience. Whilst I'm sure that we could improve the 'lingerie' industry as well as making better movies, maybe we should first ensure that we have a strong presence across the financial sector? Council is particularly keen to understand the impact of the campaign though, as you will understand, the measurement of such initiatives is not straightforward and will require both objective and subjective assessments.

In summary, it's been a very busy last couple of months and there are several projects on the go. With so much happening it can be hard to ensure that an adequate level of information is provided to members. On that basis, if you'd like to know more then feel free to contact one of your friendly Councillors. A

[1] I learnt a new acronym – ILS = International Lingerie Show.

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International Actuarial Association and International Congress of Actuaries 2014

Akio Morita, co-founder of Sony, famously said: "Think globally, act locally". The biannual meeting of the International Actuarial Association (IAA) and the four-yearly International Congress of Actuaries (ICA) held in Washington DC in March/April reinforced this point to me.

Meeting actuaries and their representatives from around the world allowed me to reflect on whether lessons can be learned from their experiences. More important is how these lessons can be adapted so that they are relevant for our work at the Actuaries Institute.

First, it's clear to me how important it is that your Institute continues to understand and develop the best approach and practice in providing the highest level of service to members. Meeting with our fellow actuarial bodies, in particular those from the US, the UK, Canada and South Africa, reinforced the lesson that no single organisation has a mortgage on best practice, and that we can learn from each other.

For example, I was particularly struck by the attention that the Canadians, the British and the Americans place on making sure that their organisations are regarded as a trusted source of information and advice for government, legislators, regulators, public policy professionals and opinion leaders. In their view there is a strong link between a successful program that promotes this effort, and a range of benefits for the profession including, enhanced reputation and better member engagement, all of which leads to an even greater capacity to influence outcomes that are of vital interest to actuaries.

From this point of view they were interested to learn about our print and digital advertising campaign, which was launched on 15 April this year, and promotes the role of actuaries in a challenging business world. The campaign runs for six weeks and we will be analysing its impact on a range of measures, including growth in the Institute's online community and inquiries and calls to the Institute to learn more about actuaries. I will be interested to receive your feedback about how you think the campaign went.

Our major sister organisations overseas all have programs and resourcing to make sure they can influence stakeholders' views on the profession. To do this they have developed a sophisticated approach which clearly differentiates between lobbying and rent seeking (not what we want to do), and the goal of becoming a trusted source of information and advice. This is an area of our activity I remain committed to continuing the development of, in concert with our other areas of service to members. Our recent submission to the Financial System Inquiry, and our follow-up efforts to publicise our submission, and meeting with Inquiry Chair David Murray, is one example of this approach.

Cooperation and collaboration in the field of education is also something that can help our members. For example, we are continuing to work closely with the Association of South African Actuaries (ASAA) in developing a Banking course for Part III, as well as helping them with developing materials for their Global Retirement Income Systems course.

Also relevant from a global perspective, are the services we provide to our non-Australian based members, particularly in Asia. There is a heightened relevance given the attention that our dynamic economic region is receiving from other actuarial organisations. I would take the most positive view and say that through the circumstances of geography, and our deep and established relationships as well as our long-term interest in our own region, Asia, we are very well-placed to continue offering enhanced and relevant services to the large number of our members who work there. Your Council is committed to making sure that HQ continues to improve our services in Asia and elsewhere overseas.

The presentation at the ICA that made the greatest impression on me was Professor S. Jay Olshansky's talk on '*The Longevity Dividend: Altering the Future Course of Health and Longevity*'.

To paraphrase Olshansky, he contends that the conventional view that the historical increase in life expectancy will continue throughout this century in most parts of the world, and that most babies today will reach 100 years of age needs modification. He says that empirical evidence demonstrates that neither of these scenarios is likely and that two subgroups of the population are forming – one that will experience more rapid increases in life expectancy than anticipated by conventional forecasting methods, and another that has already experienced declines in life expectancy or are about to do so.

That was interesting enough but during his subsequent intellectual romp, he also challenged actuaries to 'come off the mountain', and stop acting like 'high priests' presumably on the basis of their superior knowledge in their own field of expertise. Rather, he says, actuaries need to embrace a more collective and inclusive approach to providing their advice, and that they should put their technical skills aside and 'study the game', so that they truly understand how business works. This would lead to the provision of advice based on a 'proportional approach'. He did say that actuaries were part of a 'great profession', and had many opportunities to expand their influence over decisions taken both in business and for the public good.

For me the major insight from Olshansky's presentation was that it reinforces the importance of the current project of the Institute's Education Strategy Working Group, chaired by Senior Vice President, Estelle Pearson. That Group is focused on how we can best educate the actuary of the future, identifying the skills actuaries will need to be successful in the competitive business landscape both today and in the future. The Group will be reporting back to Council by year's end. A

Daniel Smith, Glenn McGrath AM, and David Bell at the Financial Services Forum, Sydney

Edwin Zhang
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Students – Make the Most of Your University Life!

As an actuarial student who has been in two work placements, I feel that actuarial students need to know three important facts before they permanently move into the workforce.

FACT 1

During your time at university, there are often 12-16 hours of classes per week, equivalent to two days of work, which consequently mean five day weekends. Compare this to a 40 hour week when you work full time, plus the hours you need to study your difficult and time-consuming Part III exams.

My suggestion would be to do something that requires lots of time, whether it is a hobby, a skill or a goal. Whatever that is, university is probably your final chance to have a considerable amount of time to do the things that you want to do.

For me personally, I use my free time to play table tennis competitively and was fortunate enough to become the president of a society.

FACT 2

Spend time building relationships. There are two aspects of the actuarial profession that I have discovered during my time at university and during my work placements:

1) the actuarial profession is extremely specialised; and thus
2) actuaries are relatively few in numbers.

With a 40 year career, it is very likely that you will bump into someone that you know. Knowing someone will make transitioning between jobs easier than it would have been if you did not know anyone.

> University is probably your final chance to have a considerable amount of time to do the things that you want to do.

During my work placement, I organised meet-ups with friends from other firms. Just the anticipation of meeting up with someone you haven't seen for a while makes the day that little bit better.

Note that I did not use the word 'networking', as it can have a connotation of using someone to get a job. When I say to build relationships, I mean actually spend time to become their friends, find out what they like doing, see if they have the same holiday dreams as you. At the end of the day, your career is just a proportion of your life.

FACT 3

Marks alone won't get you far, nor will it get you a job. People in the real world want to work with someone with a personality, who has interests outside of study, who can work in a team, and is able to express their thoughts.

While you are still a student, society involvement or volunteering is always a good place to begin developing soft skills, and I encourage beginning early. However, do not use these societies only to fill your resume. Join a society that you genuinely have an interest in.

By all means, get the marks you want or you feel necessary to get yourself an internship or graduate role, but do not spend countless hours doing only study. My advice is study smart and hard, and do not let studying drag out your day.

CONCLUSION

At the end of the day, university is only three to five years of your life. Make the most of it. Ask for people's thoughts and experiences, be a part of the university life, enjoy other people's company and do not let any temptation (such as scholarships and offers) get in the way of what you truly want to do with your life.

To all students, I hope this article has been insightful and I am happy to hear your thoughts. A

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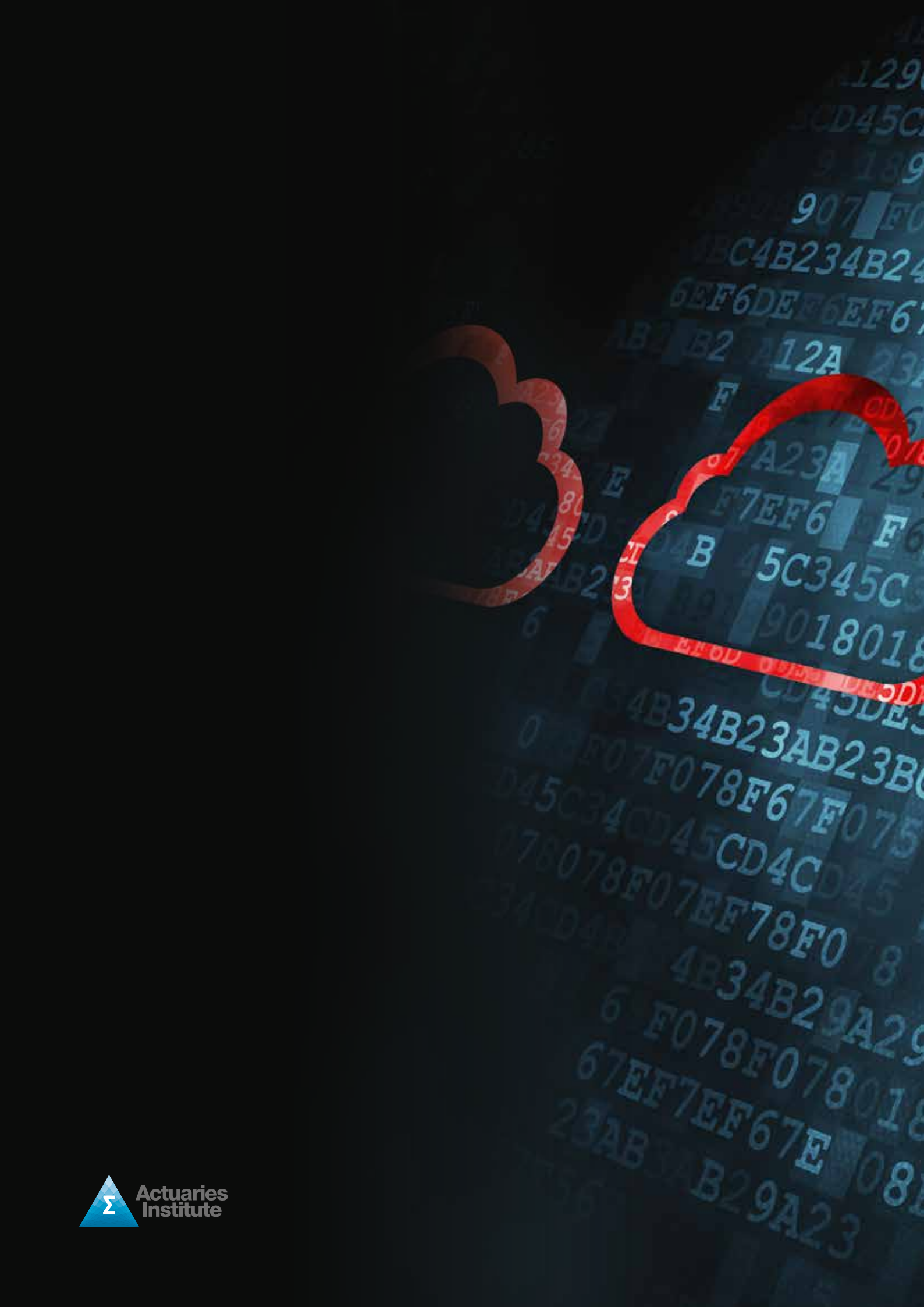
Welcome to New Members – April 2014

NEW MEMBERS – AUSTRALIA

Ning AN	NSW	Vinh Phuc MA	WA
Christopher David ARMSTRONG	NSW	Bruce Ian MILLS	WA
Mauro Rojas AUGUSTO	NSW	Thomas James MOULDER	NSW
Michael Walther BERG	NSW	Justin Michael O'CONNOR	ACT
Gabrielle Elise BISHOP	ACT	Ruchir PATEL	NSW
Duy Dang BUI	VIC	Brett Edward PICKETT	VIC
Marcus BURTON	NSW	Rohan RAJARAM	ACT
Kevin Ki Fung CHAN	NSW	Shubham SAXENA	NSW
Chih-Hsuan CHANG	NSW	Zhe SHEN	VIC
Yiming CHEN	QLD	Ziyi SHEN	ACT
Qiaofei CHEN	NSW	Cheryll Mae SIA	VIC
Lucille Vera DESAI	WA	Mou Chuan SIM	VIC
Sukhpal DHILLON	NSW	Shireen SINGHAL	NSW
Heath Andrew GILHAM	VIC	Thomas SNEDDON	VIC
Lucy Jayne GOULOPOULOS	VIC	Sophia SOPHOS	VIC
Domenico Philippe GRIESSEL	NSW	Yu SUN	NSW
Yourong GU	ACT	Wei SUN	ACT
Shen GUO	NSW	Miduo TIAN	NSW
Paul Victor HARDING-DAVIS	NSW	Po-Jen TIEN	NSW
Josephine Yafei HU	NSW	Angela TO	NSW
Russell Craig HUNTER	VIC	Sebastian Marc TRIVIDIC	VIC
Natalie HUNTER	NSW	Yi WANG	NSW
Michelle Gelya IRAWAN	VIC	Sean Sen WANG	NSW
Sunmi JOO	NSW	Tiandong WANG	ACT
Vishal Hitendra JOSHI	WA	Tianyang WANG	NSW
Surekha KANDIMALLA	NSW	Malcolm David WEIR	VIC
Adrian Michael KERINS	NSW	Jianyun WEN	ACT
Hendrie KOSTER	NSW	Anthony Scott WILLIS	NSW
Sophia LEE	NSW	Pak Lung WONG	NSW
Steve Keaw Ann LIM	VIC	Ho Hin WONG	NSW
Huatong LIU	ACT	Yi YANG	NSW
Boya LIU	ACT	Chengyin ZHANG	NSW
Weijun LU	NSW	Qi ZHANG	ACT
Yan Shan LUI	VIC	Miao ZHANG	VIC
Yingjia LUO	VIC	Liying ZHU	NSW

NEW MEMBERS – OVERSEAS

Passawee BUSSABA	Thailand	Matthew Kent MALES	New Zealand
Sarit KONGKATHIP	Thailand	Pailin PARNPIANSIL	Thailand
Brendan KWOK	Hong Kong	Akash Balvant SHIVLAL	New Zealand
Claude LAM	Hong Kong	Panut SUTTINONT	Thailand
Hui Yin LEE	Malaysia	Waratchaya SUVAREE	Thailand
You RI LEE	Korea (N)	Shi Ling TAN	Malaysia
Lok Wai LEUNG	Hong Kong	Christiane TSCHUGGUEL	Austria
Ruilin LI	China	Antya Harsacitta WITYASMORO	Indonesia
Guan Kim LIM	Singapore		


Actuaries
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