

“BREXIT means BREXIT”

(but what does “BREXIT” mean for the UK Actuarial Profession?)

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Sydney, November 2016

My credentials...

- I'm an Actuary...
 - ...from the UK...
 - ...and I'm here
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- Disclaimer: "Views are my own and not necessarily representative of any organisation that I am associated with"



IN HONOUR OF
ADMIRAL ARTHUR PHILIP, RN
CITIZEN OF LONDON
FOUNDER AND FIRST GOVERNOR OF AUSTRALIA
BORN IN THE WARD OF BECA STREET THE DISTRICT THE
SHIPPED THE ROYAL NAVY 1768 & DIED THE 26TH AUGUST 1844

HE WAS INDISTINGUISHABLELY ACTIVE, PROSPEROUS, WISE,
CORRECT, JUST, HOSPITABLE AND MODEST. HIS RISE AND
RULERSHIP OF THE FIRST SETTLEMENT IN AUSTRALIA AT PENNY ON
THE 26TH JANUARY 1788

HIS SERVICES, ESPECIALLY DIRECTED BY HIS MAJESTY'S ORDER
AS A REWARD AND CONSIDERED BY HIS LATE MAJESTY
BY HIS DEATH WAS POSTHUMOUSLY BY HIS LATE
MAJESTY'S ORDER, WHICH ORDERED BY ACT OF PARLIAMENT
BY THE HOUSE OF COMMONS THAT
THE MONUMENT BE SET UP IN THE CITY OF LONDON
BY THE CORPORATION OF THE CITY OF LONDON
AS AN EVERlasting REMINDER OF HIS SERVICES AND THE
BENEFIT OF HIS SETTLEMENT IN AUSTRALIA

THE MONUMENT WAS DEDICATED BY HIS MAJESTY'S ORDER IN 1844
AND WAS SET UP BY HIS MAJESTY'S ORDER IN 1844
BY HIS MAJESTY'S ORDER, WHICH ORDERED BY ACT OF PARLIAMENT
BY THE HOUSE OF COMMONS THAT
THE MONUMENT BE SET UP IN THE CITY OF LONDON
BY THE CORPORATION OF THE CITY OF LONDON
AS AN EVERlasting REMINDER OF HIS SERVICES AND THE
BENEFIT OF HIS SETTLEMENT IN AUSTRALIA

Price Eight
Shillings
This Monument
is
THE
CITY

Agenda

- The Referendum
- Impact so far on the economy
- Possible impact on the UK Profession
 - Indirect
 - Direct

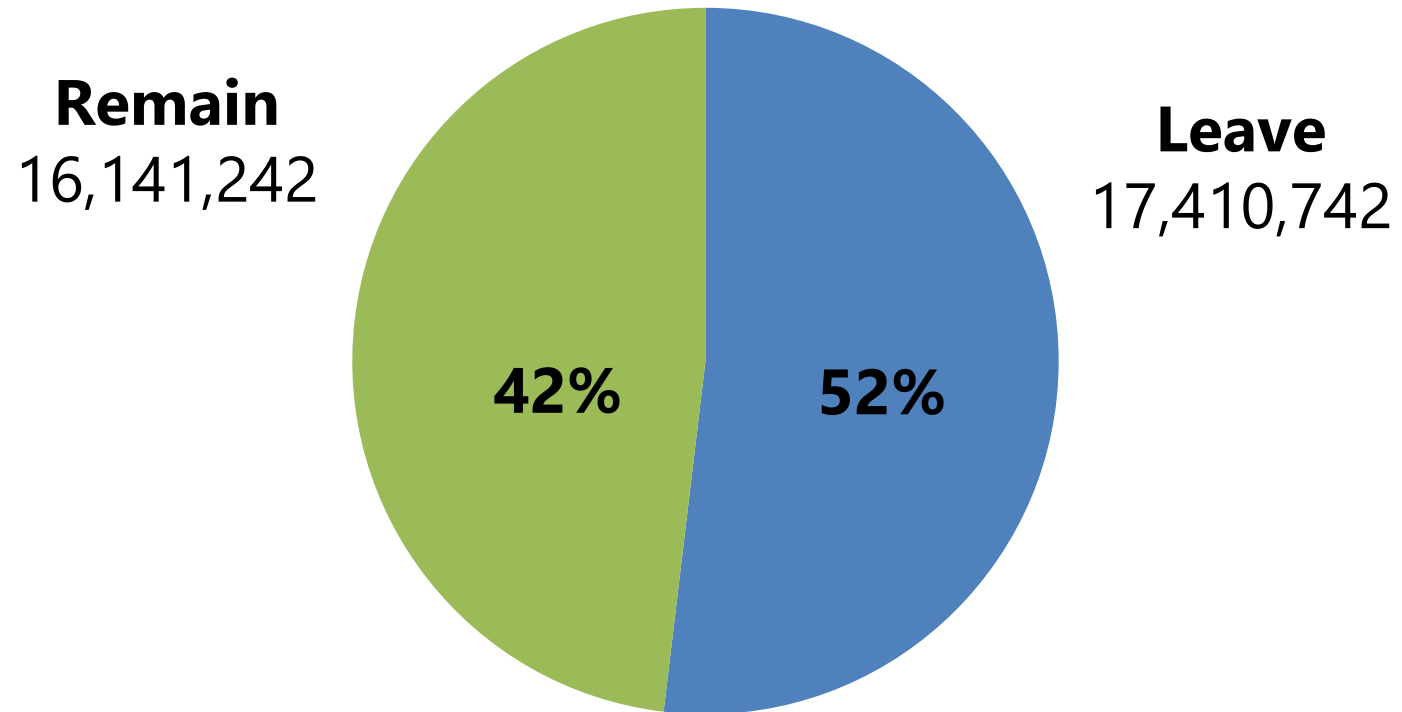
1) The Referendum

Wording on the ballot paper

- ***“Should the United Kingdom remain a member of the European Union or leave the European Union?”***

The result

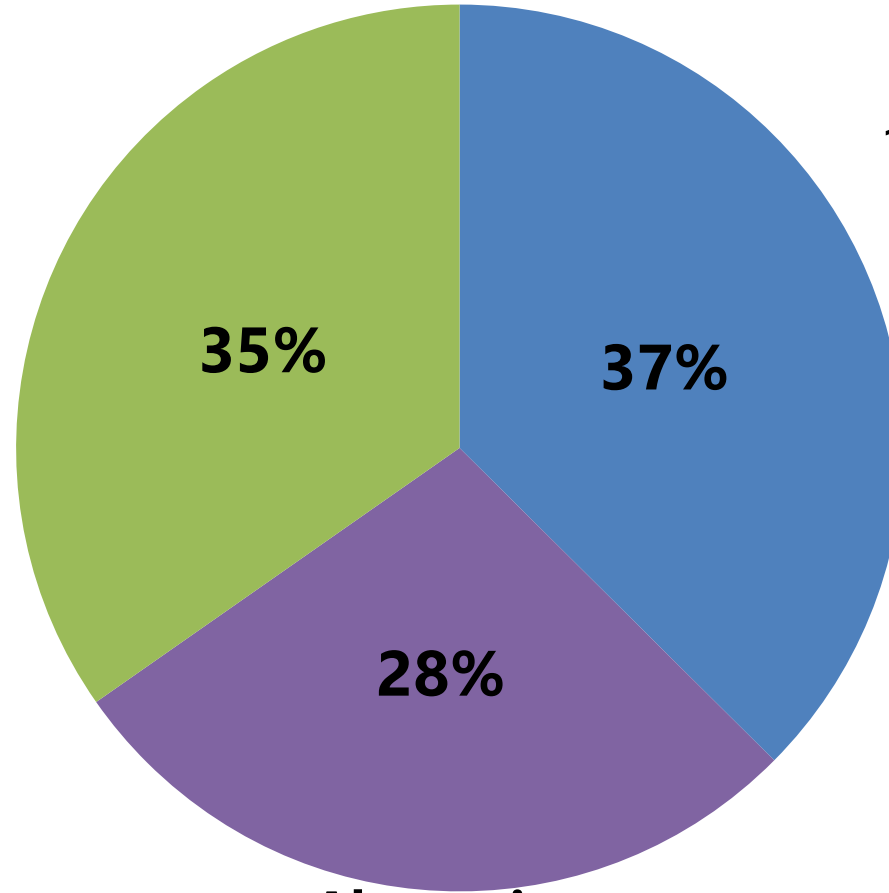
EU Referendum



The result

Remain
16,141,242

Leave
17,410,742



Abstentions
12,949,257

Possible post-EU scenarios

	Single Market	Financial Services Market	Influence EU reform	Pay into EU budget	Set own trade policy	Set own financial policy
EU member	Y	Y	Y	Y	N	N
“Norway”	Y	N	N	Y	Y	Y
“Switzerland”	Y*	N	N	N	Y	Y
“Turkey”	Partial	N	N	N	Y	Y
“South Korea”	N	N	N	N	Y	Y
“WTO”	N	N	N	N	Y	Y

Mechanism for BREXIT

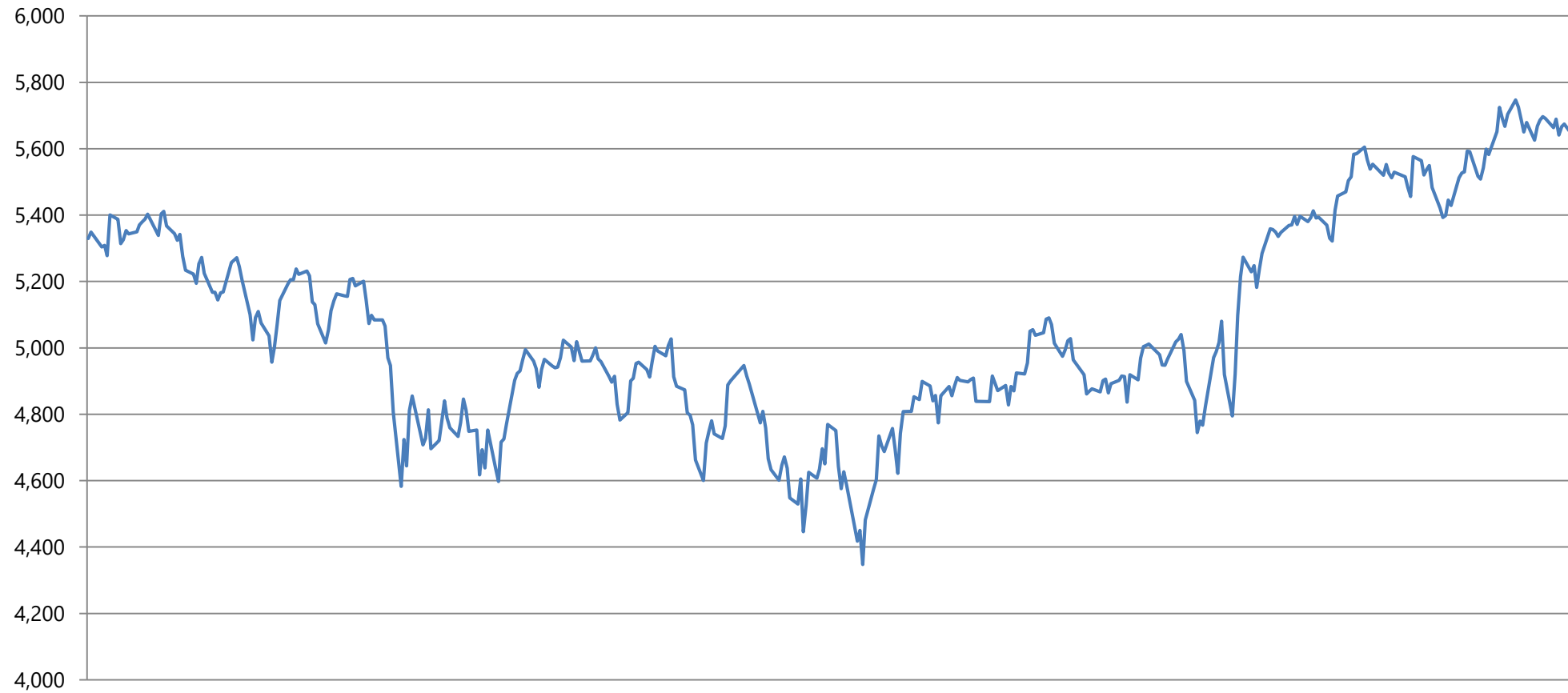
- Article 50 of the Treaty of Lisbon
- European Communities Act 1972
- Royal Prerogative v. Sovereignty of Parliament (1688 Bill of Rights!)

Legislative impact

- EU Regulations (disappear overnight)
- EU Directives (transposed into UK law and therefore require UK law to be repealed)

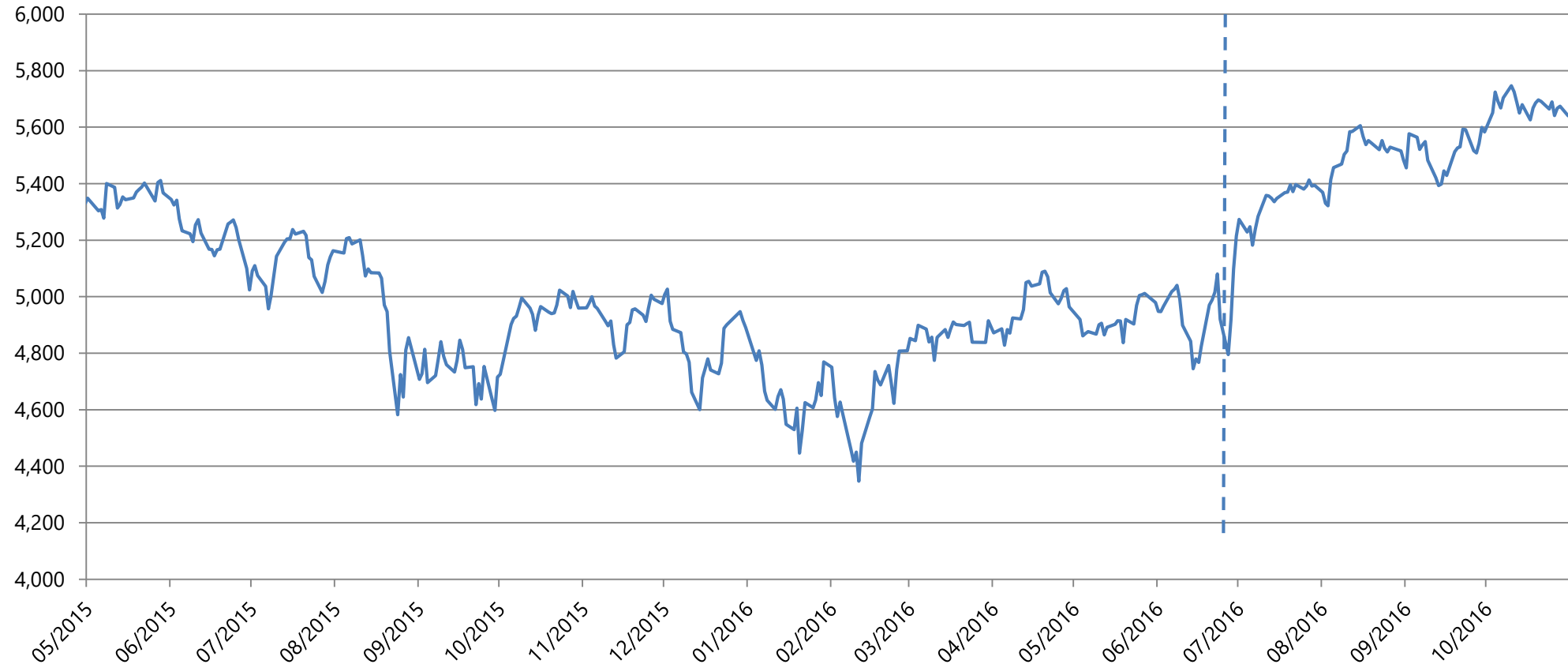
2) Impact so far on the economy

FTSE100 Total return index



FTSE100 Total return index

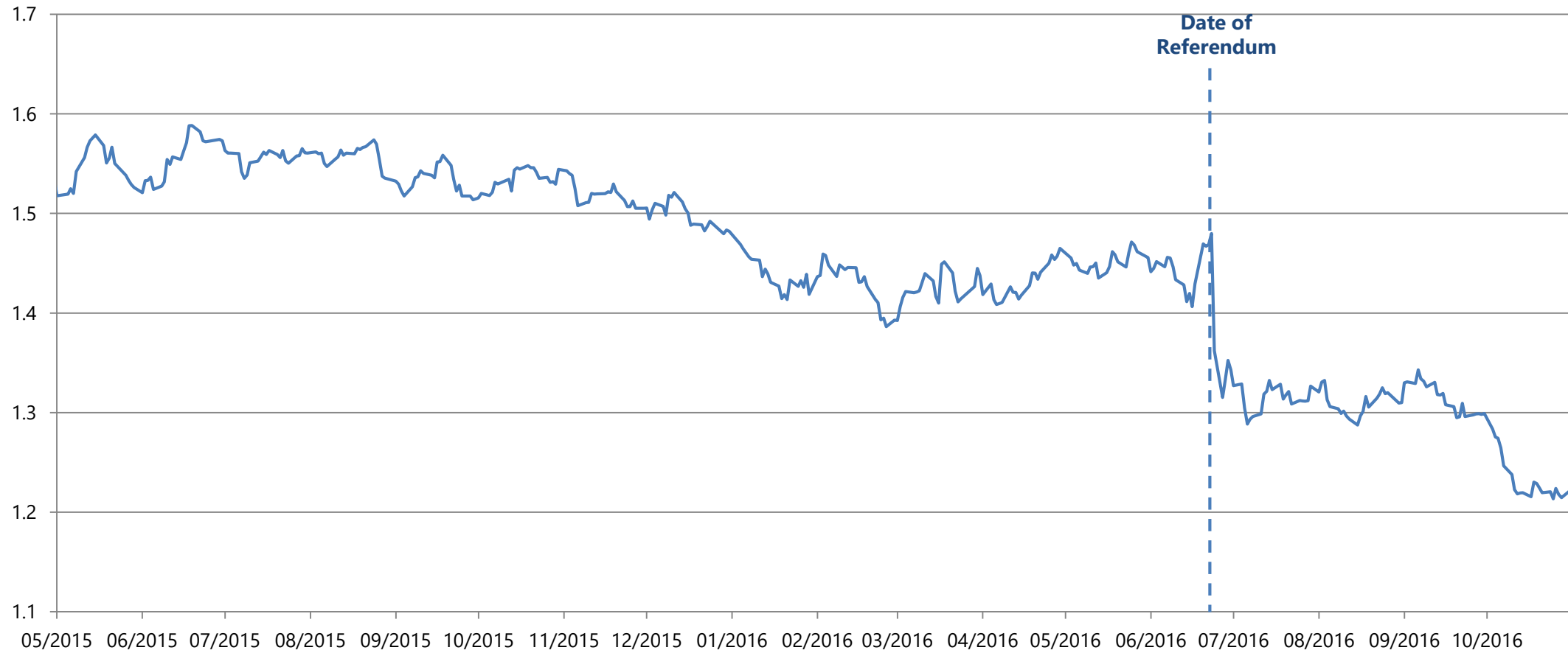
Date of
Referendum



€/£



US \$/£

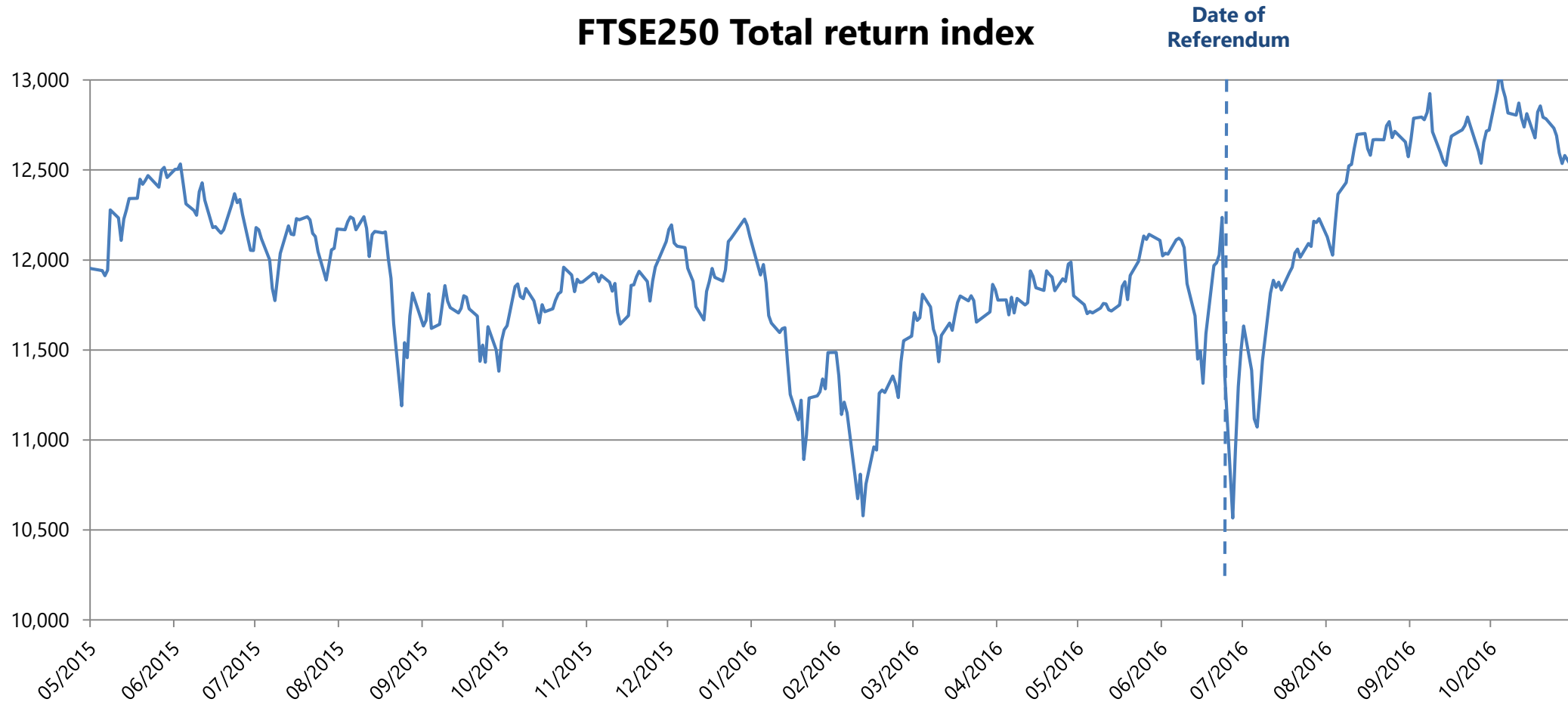


AUS \$/£



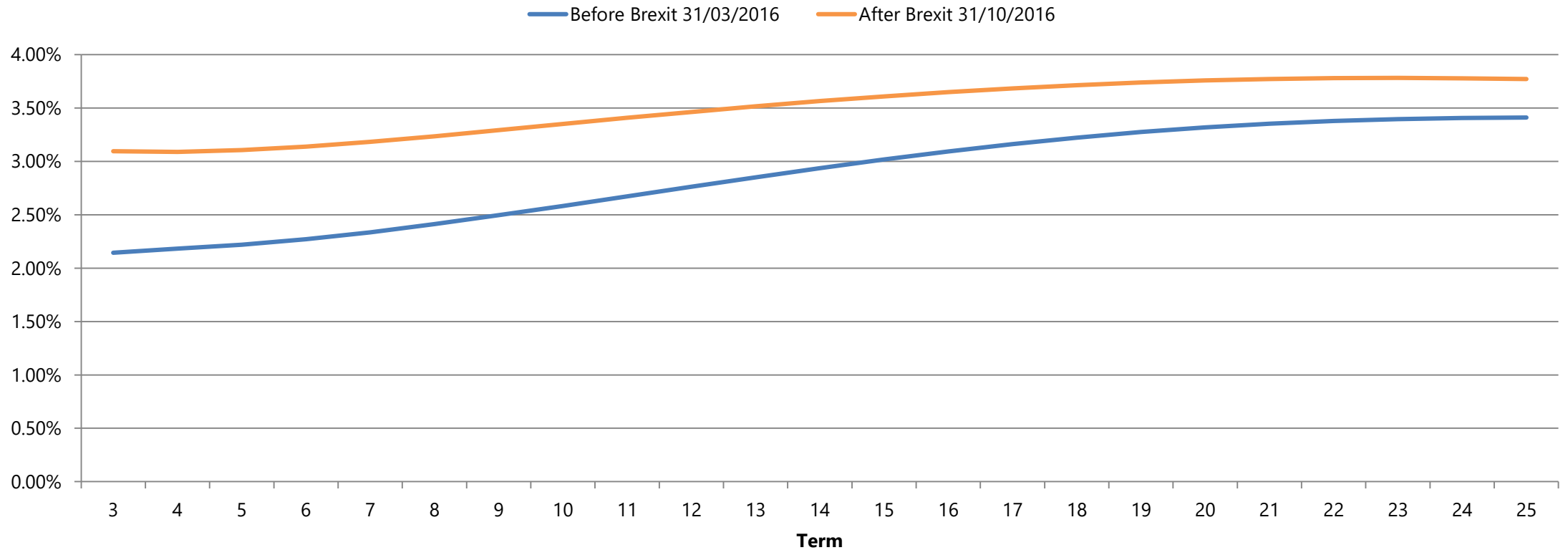
FTSE 250

FTSE250 Total return index



Retail Price Inflation curve

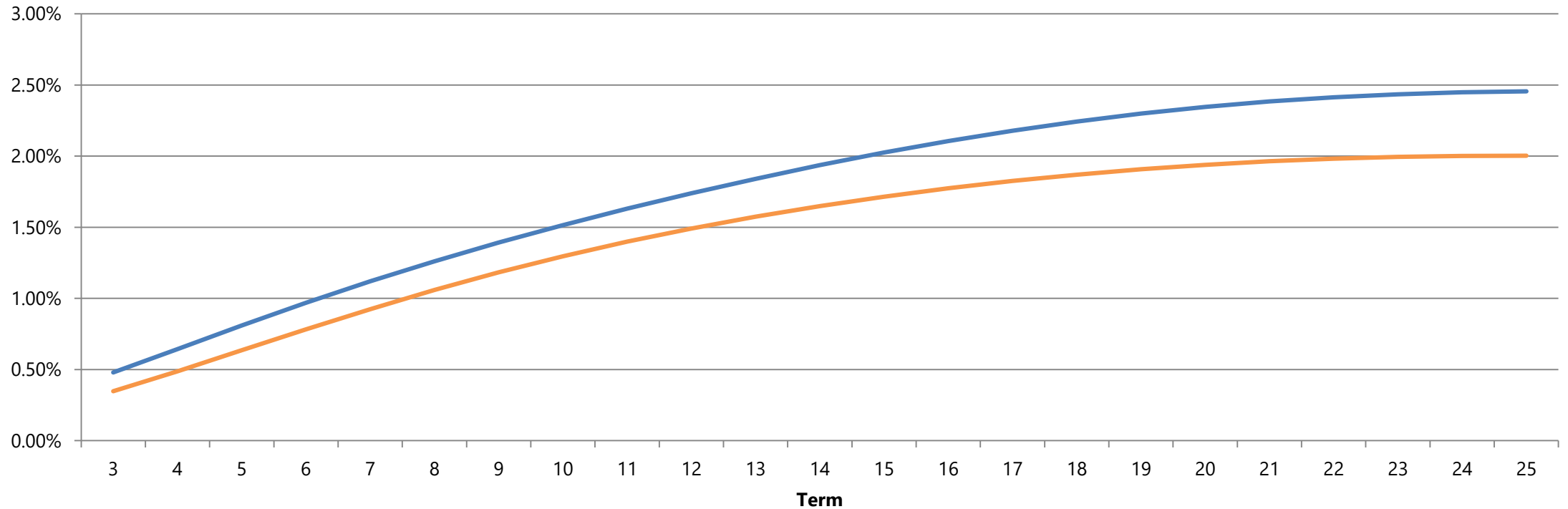
RPI yield curve



Gilt yields

Gilts yield curve

— Before Brexit 31/03/2016 — After Brexit 31/10/2016



3) Possible impact on the UK Actuarial Profession

Possible impact on pensions

- Overseas Investment
- DB Pension Funding rules
- Accounting disclosures
- Pension Fund Governance
- Equalisation of Pension Age
- TUPE
- VAT

Possible impact on insurance

- Overseas Investment
- Non-discriminatory insurance pricing
- Non-discriminatory annuity pricing
- Solvency II Equivalence
- Health insurance for visitors
- Travel/motor insurance

Possible employment law issues

- UK less attractive to overseas actuaries/students if not in single market? Impact on IFoA membership?
- UK less attractive to employers if not in single market?
- UK more attractive to overseas employers due to “cheap labour”?
- Points-based immigration – will actuaries be “encouraged” to move to UK?
- Status of EU actuaries already in UK – work permits/visas?

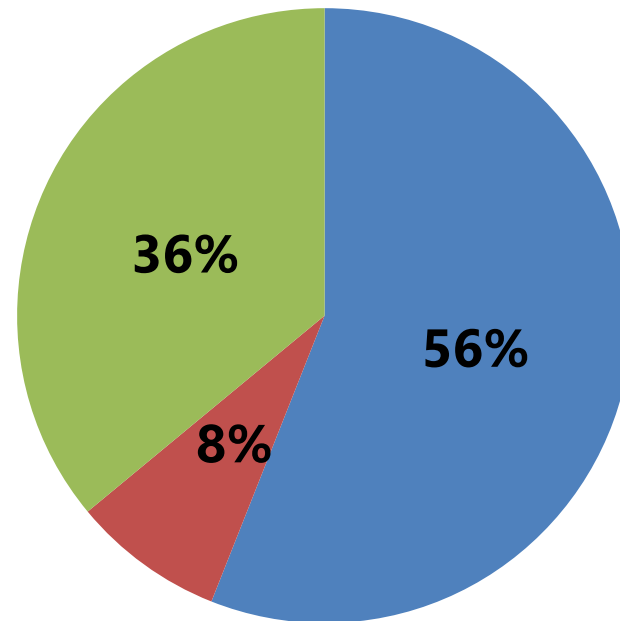
Institute and Faculty of Actuaries

IFoA Membership

■ UK inc Northern Ireland

■ Rest of Europe inc Republic of Ireland.

■ Rest of the world



2016 SIAS Jubilee lecture

- “Will BREXIT destroy the UK Actuarial Profession”

Q & A