

THE SOCIETY OF ACTUARIES IN IRELAND



Submission to the Expert Group on Future Skills Needs (EGFSN)

January 2007

Purpose

The Expert Group has been asked to identify the current and future skills needs of the international financial services industry sector and to advise on the optimal methods of delivering education and training to meet these identified skill needs. This submission is on behalf of the Society of Actuaries in Ireland.

Skills needs

The Society of Actuaries believes that international developments in risk management, solvency, capital adequacy and international accounting standards will require a higher level of sophistication in all areas of financial management and reporting within the financial services sector. This increased level of sophistication will be based on a wider use of modeling of various financial and other risks.

The industry will therefore require skills to develop appropriate models and quantitative risk management techniques. Actuaries' training in risk assessment and measurement will be particularly useful in this new world where there will be a more explicit recognition of probability thresholds (for example capital requirements based on one year 99.5th percentile for ruin probability).

Skills development

The Society believes management of companies will have to acquire (and continue to acquire) new skills to survive in this new world. The actuarial profession has recently introduced mandatory continuing professional development (CPD) for its members to address this need. We suggest this may become a wider requirement for all "fit and proper people" involved in the management of companies.

We also believe in the need for a strong academic base for actuarial work to keep pushing the boundaries and to ensure that Ireland does not fall behind in key areas such as financial economics and quantitative risk management.

The increasing divergence of the Irish financial services environment from the UK (in relation to regulation in particular) may require the actuarial profession in Ireland to move in the direction of localising at least part of the actuarial education system, rather than continuing to rely wholly on the UK system, as at present. This would place heavy demands on the profession's current limited resources.

The legislative environment is also becoming more international and the pace of change in regulation is accelerating. This requires the ability to keep up to date on legislation and market changes. There is a need for industry to participate more actively in the various consultative steps for Solvency II such as the “Quantitative Impact Studies” devised by the European supervisory authorities.

The Society of Actuaries in Ireland is the professional body for actuaries practising in Ireland. Actuaries provide advice and relevant solutions for financial, business and societal issues involving uncertain future events. Most of the Society's members work in the financial services industry, and the profession has a number of statutory roles relating to the supervision of pension schemes and insurance companies. The Society seeks to make an impartial contribution to public debate on social policy and public interest matters where an actuarial perspective can add value.

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