Newsletter
February 2007
The Society of Actuaries in Ireland

New Qualifiers' Reception

New Qualifiers with the President, Colm Fagan, at a reception in Dublin Castle on 1 February 2007.

From left to right: David O'Connor, Jordi Posthumus, Liam Dempsey, Peter Martin, Declan Hanley, Aisling Lovett, Maura Doherty, Colm Fagan, Garvan McCarthy, John Coggins, Niamh Ryan, David Madden, Mark McCormick, Carol Moloney, Liam Sloyan
Absent from Photo: Trevor Booth, Finbarr Kiely, Clare Shortall, Bryan Madden

The President, Colm Fagan, hosted a reception for the new qualifiers in Dublin Castle on 1st February. On arrival at Dublin Castle, guests enjoyed a brief tour of the State Apartments. The President then welcomed the new qualifiers and guests. He asked the qualifiers to show their appreciation for their family and friends who had joined them to celebrate their success as he said, *'without the help of your family and friends, who supported you through your studies, you would not be here this evening celebrating your qualification as an actuary'*.

The President went on to say, *'You should be proud of your achievement. However, with this qualification also comes additional responsibility. You are now a professional and must live up to standards set out in the Society's Professional Conduct Standards. Professionalism and integrity go hand in hand and you must be conscious of that at all times'*.

Before presenting FSAI parchments to the qualifiers, the President concluded by saying that while the pressure of the exams might be over upon qualification, it is not the end of actuarial education. He reminded them that continuous professional development was essential for their future career and indeed also obligatory. He said he looked forward to meeting most of them again at the Society's Professionalism Course in March.

The evening concluded with the presentation of parchments followed by a reception enjoyed by the qualifiers, their families and friends, members of Council and the Society's Secretariat together with Honorary Fellows of the Society, Professor Philip Boland of UCD and Professor Emmanuel Buffet of DCU.

Contents:

Life Seminar: Consumer

On November 23rd 2006, David Addison, Tony Gilhawley, Alan Goodman, Helen Joyce and Mary O'Dea gave excellent presentations to a well attended half day Life Seminar at the Berkeley Court Hotel.

A View from the Regulator
Mary O'Dea

The first speaker of the day was Mary O'Dea, Consumer Director with the Financial Regulator. Mary spoke about the aims of the Regulator and what they have learned from talking to consumers. The high level goal of the Regulator is to provide relevant information to consumers. To achieve this goal:

- they provide consumers with information on the costs, risks and benefits of financial services;
- they undertake consumer research; and
- they develop financial literacy education.

Mary spoke about some of the findings from their consumer research. Investors rely heavily on face-to-face advice. They focus much more on the "promise" of a certain return than on the risks involved. They appreciate standard warnings on products and if anything, feel that these warnings could be more hard hitting.

Mary spoke about the risk of information overload. Their research has shown that consumers consider the information they receive to be of little value for a number of reasons:

- it is difficult to understand;
- key details are clouded;
- a lot of jargon is used; and
- large volumes of information are discouraging.

Therefore, the Regulator is encouraging companies to review the training provided to staff, to explain information to customers instead of just giving it to them and to ensure documents explain the important information in a meaningful way. Mary felt that these goals would also benefit firms by reducing misunderstandings and incidences of unsuitable products being sold.

The Regulator has established provisions in the Consumer Protection Code which seeks to inform customers of the risks that they face. The Code has three pillars. A firm must:

- know their customers needs;
- choose a suitable product for them; and
- be able to explain why it is suitable.

Over the next number of years, the Regulator will be working on a "transparency project". Their goal will be to set and monitor standards for financial service providers in dealing with their customers. Their actions under this plan will include:

- identifying products where greater transparency is needed by November 2007;
- undertaking a review of the intermediary market in 2008; and
- a review of the Consumer Code in 2007.

Mary concluded by saying that while consumers must take some responsibility for their own decisions, they can only do so when fully informed. Therefore, firms have a responsibility to inform customers of the risks attached to their products.

Consumers' Understanding of Risk
Alan Goodman

The second speaker was Alan Goodman, chairman of the UK Actuarial Profession's Financial Consumer Support Committee. He spoke about his extensive research into consumer understanding of risk and many of his points tied in with those made by Mary O'Dea. His study was viewed from both mathematical and psychological standpoints and was carried out with cognitive science academics at Warwick University.

On the role of education in helping people to understand risk, the study concluded that people cannot learn rational preferences particularly with regard to financial decisions. Their transfer of learning across situations is very weak. People need to be given simple rules and principles and their understanding and application of these rules and principles depend upon how information is presented.

Alan also spoke about:

- loss aversion and myopia (the pain of losing €100 is roughly twice the pleasure of gaining €100);
- probability weighted function (people overvalue small probabilities);
- diversification heuristic (if offered a choice of funds, there is a bias towards dividing the money evenly); and
- gain-loss asymmetry (losses are discounted at a lower rate than gains).

The study drew some practical conclusions from the research:

- When giving advice, simple rules, questions and language should be used.
- The less feedback you give the more likely it is that the consumer will take risks.
- The presentation of choices will affect the decision made.
- Advisers must be conscious that future gains will be over discounted by a consumer compared to potential losses.

The overall conclusion was that product providers and financial advisers can push and pull people into behaving in a way that is expected to maximise their welfare. This places a huge responsibility on the industry.

Statutory Protection for Consumers
Tony Gilhawley

Tony Gilhawley opened his presentation by addressing the current imbalance between the insurance provider and the consumer with respect to their perception of a product. Tony explained that,although the consumer protection code addresses whether the insurance provider acts in the best interest of consumers, the consumer's

Understanding of Risk

role is not passive. The disclosure of relevant information is there to protect both the consumer and the insurance provider.

Tony continued his presentation in outlining the complaints procedures that are currently in place and giving two examples of complaints that were sent to the Ombudsman. One example detailed a complaint where, although there was a 12% cushion inherent in the policy, the client lost 27% of their investment on an index linked bond with a two year term. The finding indicated that while "low risk" was indicated by the fact find which was completed, unfortunately "low risk" does not equal "no risk". No case for mis-selling was found but compensation of €5,000 was awarded nevertheless.

Tony questioned whether current warnings such as, "the value of investments can fall as well as rise", add any value other than to provide a form of protection for the insurance provider. Can a 27% loss over two years be considered a low risk investment? Tony challenged the Financial Regulator to come up with definitions that were more quantitative than qualitative.

Before ending his presentation, Tony detailed the higher reputational risk associated with unregulated products and the practice of wrapping unregulated products inside regulated products. Direct property investments, exempt unit trusts and loan notes were among the examples mentioned.

Finally, Tony outlined possible improvements involving more quantitative definitions of low versus high risk, less written information and more emphasis on the risk of investing in unregulated investment products.

Communicating Risk: judges, juries and journalists

Helen Joyce

Helen Joyce presented on the topic of how one communicates the uncertainty surrounding a risk. She made the point that the uncertainty of risk only becomes a problem if there is some sort of consequence to the risk taken. For example, juries are put into a situation of great uncertainty where there may be a huge consequence for the defendant. She examined two cases during the course of her presentation.

Case 1:

A jury found Sally Clark guilty of murdering her two children. However, it was only after the death of her second child that the first death became suspicious. Statistics were introduced to the trial by the prosecution, in particular, that the probability of an affluent non-smoking family seeing two cot deaths is 1 in 73 million. Helen questioned why this statistic was introduced when they claimed Sally murdered her children. Surely the probability of a mother murdering both her children was the more relevant statistic? The probability of a mother committing a double murder is unknown. However, less than thirty children are murdered each year by their mother. The understanding of the statistic given was not queried by the jury.

Helen continued by explaining that people disproportionately notice rare events, they over-estimate dramatic risks and they dislike the "I don't know" explanation. People make better decisions when circumstances are familiar and reach poor conclusions when every possibility is unlikely. People prefer explanations that make them feel safer and allow them to blame someone or do something. Most of all, people love stories and find them more plausible than arguments. In the court room, the prosecution makes a case and in doing so tells a highly convincing story. The job of the defence lawyer is to introduce doubt into the story and tell another equally plausible story. Sally Clark's problem was that she had no story and no explanation.

Case 2:

Helen's second case example was that of a trial involving a rape case. The DNA found matched the defendant but the defendant was not picked out in the ID parade by the victim, did not match the victim's description and had an alibi for the night in question. However, the prosecution introduced Bayes Theorem to the jury and asked them to come up with the conditional probability themselves. They were also given the probability statistic that the chances of picking a person off the street who matched the DNA sample collected was 1 in 200 million. The jury found the defendant guilty. An appeal was launched condemning the attempt to teach probability to a jury. The appeal was granted but again Bayes Theorem was introduced and the jury convicted. The defendant appealed again and was unsuccessful. However, the court ruled that, in evaluating a case, the jury cannot do so "by means of a formula". Bayes Theorem was kicked out!

Helen concluded by explaining that a lawyer never asks a witness a question if he or she does not already know the answer. Cross-examining is crucial in getting a witness to say what you want him or her to say. One should always ask questions which will help you irrespective of how the witness answers those questions. When answering, people always look at who is asking. Who you are or who they think you are will influence their answer.

Treating Customers Fairly

David Addison

David Addison began by giving an overview of how the concept of Treating Customers Fairly (TCF) has developed in legislation in the UK over the years. TCF is not a new concept in the regulation of the insurance industry. PRE (policyholders reasonable expectations) first appeared in legislation in 1973. The Financial Services Act in 1986 required that firms observe high standards of integrity and fair dealing. Since then, mis-selling events such as personal pensions, mortgage endowments and Precipice Bonds along with the collapse of Equitable Life and the closure of with-profits funds have led the FSA to enshrine TCF in its principles, in particular Principle 6 which states:

*"A firm must pay due regard to the interests of its customers and **treat them fairly."***

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Life Seminar: Consumer Understanding of Risk

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The FSA view the requirement to treat customers fairly as a key consumer protection measure but what does it mean? It means:

- Designing the right product for the right customers.
- Thinking about how remuneration structures could encourage inappropriate behaviours and responding accordingly.
- Having effective complaints handling procedures.
- Actively considering the impact on customers of major changes to the business.
- Having effective ways of measuring whether TCF is being achieved.

Through a series of reports and studies, the UK Regulator has developed its approach to TCF over the last number of years. These reports have brought the focus primarily on principles and outcomes rather than on prescriptive rules and have provided case studies and reports to help companies identify best practice.

The FSA's report in July 2006 highlighted six key consumer outcomes which they are trying to achieve through TCF:

- Consumers are confident they are dealing with firms where TCF is a key part of corporate culture.
- Products and services are designed to meet the needs of identified consumer groups and are targeted accordingly.
- Consumers are provided with clear information and are kept appropriately informed.
- Consumers are provided with appropriate advice which takes account of their circumstances.
- Consumers are provided with products and service standards that perform as firms have led them to expect.
- Consumers do not face unreasonable post-sale barriers imposed by firms when switching provider.

David finished by asking whether or not the UK Regulator's activity on TCF had made a difference. He identified that most firms are now at the implementation stage of the control cycle. Therefore, most of the TCF initiatives have yet to reach the front line and translate into significant improvements for customers. He said that mis-selling problems still exist and churning continues to be an issue. It is hoped that, as TCF becomes more embedded into companies, the improvements will become more obvious and measurable.

Question and Answer Session

An interesting Question and Answer session followed the presentation and a selection of the points discussed were as follows:

- The issue of the Regulator's attitude to potentially misleading product names was raised with Mary O'Dea. She replied that product names shouldn't be misleading and that some action had been taken on advertising in this area.
- One contributor noted that by focussing too much on capital risk, there was a risk that consumers would end up not making investments and would ignore the risks of inflation.
- It was suggested that a grading system should be used on investment products to help consumers choose the appropriate one for their needs. However, the panel felt that this would be too subjective to be of benefit.
- One contributor highlighted how the disclosure regime had transformed the industry. While changes to the disclosure regime could be considered to make it more user-friendly, it was important to realise how well the existing regime has worked.
- There was some discussion on issues outside of insurance which it was felt should attract regulatory attention. For example, overseas property investments which are unregulated and currently lack any disclosure requirements. It was pointed out that this was essentially a political issue and that the Regulator had no powers to look at investments which did not fall within its remit.
- The burden of regulation has meant that it is no longer viable for companies to provide products to smaller investors. Thus, instead of being treated fairly, these consumers may simply end up not being treated at all.
- Alan Goodman raised the point that actuaries could match the products to what the customer wanted in terms of risk profile. He confirmed, however, that this would require a further more detailed study to identify the questions which would measure consumers' risk pain thresholds and hence their risk profile.

Nuala Broderick, Mary C. Cahill & Matt O'Neill

Defined Contribution Investment Strategies

Kathy Murphy opened the meeting by introducing the four speakers who presented on the subject of Defined Contribution Investment Strategies to a well-attended gathering in the Davenport Hotel on 30th November 2006.

David Kingston

David Kingston of Acuvest Investment Advisers began his presentation entitled "Thinking on Defined Contribution Investment" by splitting the pension into 3 levels:

- The State benefit – aimed at survival, currently about €200 per week.
- Adequacy - in addition to the state pension, required for an adequate standard of living and also around €200 per week.
- Quality of Life - any amount over €400 per week.

A relatively conservative investment strategy is required for the adequacy part of the pension. David felt that a conservative investment strategy should be based on a target return of say inflation plus 3% but noted that this can be very hard for schemes to achieve in the current market. The ideal conservative fund would consist of gilts, high-grade bonds, high yielding equities, high yielding property and guaranteed commodity funds.

A more aggressive investment strategy can be pursued for the quality of life portion of the pension because the individual is not entirely dependent on it. How much choice is given,the level of education and the level of sponsor involvement will be important factors in determining the actual strategy adopted.

David believes the current system of fixed retirement ages has a negative effect on investment policy and is not sustainable. He is also concerned that asset class management has all but stopped.

David finished his presentation noting that most people don't have sufficient expertise to make investment decisions. As a result, there is a constant need for education, especially where an aggressive investment strategy is employed.

Brendan Burgess

The second presentation, given by Brendan Burgess of www.askaboutmoney.com, approached the topic from the perspective of the consumer.

His talk divided into three areas:

- Before the scheme
- During the scheme
- After the scheme

Brendan believes that you should buy your own home first and get your mortgage "under control" before you start thinking about your pension. It is Brendan's view that people are taking out AVCs too early.

Brendan noted the challenge in getting people to join occupational schemes. He felt that an SSIA type bonus would be more helpful than the current system of tax incentives. He also suggested allowing some limited drawdown for house purchase.

Once in the scheme, individuals should take their entire asset base into account in deciding on an investment strategy for their pension fund. If their pension represents only a small proportion of their assets they can afford to take more risk and increase the weighting in equities.

He thought the default should be 100% equities for those at younger ages. He also highlighted the advantages of PRSAs over traditional defined contribution schemes for the ability to take out an ARF and the fact that the spouse does not have to purchase an annuity on death in service of the owner.

At 65, the investment horizon is still long term and Brendan thinks investment should still be in equities. He doesn't understand why people worry about volatility. He thought equity linked annuities were a good idea but noted that these had been withdrawn from the market due to lack of demand. He also believed that for larger defined contribution funds it should be possible to take out an ARF.

Norbert Bannon

Norbert Bannon, a Trustee of the AIB defined contribution scheme, considered the position from the trustees' perspective.

The challenge for the Trustees is to act in the best interests of all the members, both the financially sophisticated and unsophisticated. Some members, for example, are conservative and loss averse in nature while others are financially aware and more expert at managing their own finances.

The Trustees' role is to give investment choice, to communicate and educate, provide a default investment strategy and to follow the legal requirements. The objective of communication from the Trustees' standpoint is to communicate realistic expectations and time horizons, investment options and tax implications.

Effective communication mitigates the risk of members being disappointed. He presented different options for this including intranet, hard copy, internet and scenario planning tools.

The Trustees of the AIB scheme have benchmarked themselves against international best practice in the areas of investment, communications, administration and Trusteeship. Their aim is to give members information on investment strategy rather than advice. The default option is a passive managed fund. However, the Trustees give investment choices which enable members to create their own risk/return profile.

He finished up by outlining two challenges for the defined contribution world:

- The need for more diversification. He believes Trustees should be looking at alternative asset classes which have a low correlation with equities.
- The requirement to measure and understand risk properly. There is too much focus on averages, missing important issues like time horizons and drawdown. We should also be looking into modelling potential outcomes better.

Continued...

Defined Contribution Investment Strategies

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Tom McLoughlin

The final presentation of the night was given by Tom McLoughlin, a Treasury manager with IBM and an advisor to the Trustees of the IBM defined contribution scheme.

Tom believes that the Trustees of defined contribution schemes should adopt more aggressive investment strategies. This is because typical defined contribution schemes have a long term investment horizon when most scheme members are 30 years away from retirement. Also, there are fewer restrictions on the defined contribution model from a regulatory and solvency aspect.

In the IBM defined contribution scheme, the Trustees tend to drive the investment strategy since 90% of members select the default investment strategy. Members of the IBM scheme who eschew the default fund are given the choice of equities, fixed income, property and cash. The default fund serves as a guide to members and also as a vehicle for members who are uncomfortable with making an investment choice.

He believes the investment risk lies mainly in the asset allocation and that manager choice is of secondary importance. Because asset allocation is such a key issue, the Trustees at IBM decided to take this role on themselves.

Next to the asset allocation risk, Tom felt that annuity conversion was the largest risk but likely to change with legislation. He speculated that the requirement to buy an annuity with all but a small amount of the fund would almost certainly be eliminated.

Tom concluded that the majority of defined contribution members will rely on the default fund. He encouraged Trustees to have a longer term focus and be more aggressive in seeking new sources of returns. The employer should ensure the defined contribution plan is resourced properly and help Trustees to communicate with members.

Questions and Answers

Jim Kehoe opened the lively questions and answers session that followed by asking Norbert Bannon what proportion of members in the AIB scheme choose the default option. Jim also wanted to know if there is a mechanism for dealing with a situation where a member makes an extreme choice such as a 25 year old directing all contributions to cash.

Norbert said that, in the AIB scheme, 60% of members opt for the default strategy. In reply to the second question Norbert said that, while they try not to give advice, they would ensure the pension administrator telephoned the member if they spotted something odd.

Sean Casey felt that there was too much focus on investment issues and insufficient focus on the level of contributions. People will be disappointed in retirement if they don't contribute enough regardless of the investment returns they achieve.

Tom McLoughlin agreed but pointed out that as Trustees, they can do very little to increase contributions and therefore they must focus on investment returns. He proffered a number of reasons for people not putting sufficient money into their plans such as affordability and members' reluctance to lock money away for 20 to 30 years.

Norbert Bannon said that members should know the consequences of putting insufficient money in and that Trustees should educate members in this regard.

Kathy Murphy commented that with defined contribution a lot of the communication serves to emphasise the potential to disappoint rather than the upside. She pointed out that the provision of a default option makes it easy for people to avoid making choices.

David Harney commented that the more information people are given the more risk averse they become. Approximately 80% of people opt for the default strategy in the defined contribution schemes administered by Irish Life. David felt that asset allocation should be left to the investment managers and that it is an area that Trustees should avoid. He asked the panel if they were against compulsory annuity purchase.

David Kingston was against compulsory annuity purchase. He is in favour of a default fund but believes this should be actively managed. He commented that, historically, investment managers haven't taken asset allocation decisions but believes that they are in a good position to do this.

Norbert Bannon agreed that annuities were unattractive as they compress investment risk for members. He sees longevity as a significant risk and believes the investment community should bring forward products which would allow people to take out ARFs and then hedge against longevity risk. He believes that asset managers should decide the asset allocation.

Brian Duncan felt that members should have to secure a minimum amount of pension using an annuity and then be allowed to put the remaining money into an ARF. He thought that a Pensions Committee type model would be more suitable for defined contribution schemes than the Trustee model.

Ciaran Long stated that employers should pay generous contributions into schemes but that's where their involvement should cease. He pointed to the Australian model as an example we should follow and recommended a Supertrust and Pensions Committee system.He also commented that we should move on from the flawed thinking that defined benefit is good and defined contribution is bad.

Kathy Murphy concluded the evening by presenting each speaker with a gift to thank them for their input.

Patrick Needham

Update on the Society's PR activities

The Society has issued two press releases to date in February, one on risk equalisation and one on the risks of unregulated property investments.

Press Release

06 February 2007

Risk equalisation needed to support community rating

The Society of Actuaries in Ireland today reiterated its long-standing position that a community-rated health insurance system requires risk equalisation.

"Risk equalisation goes hand in hand with community rating in an open insurance market" said David Harney, Chairman of the Society's Health Care and Social Policy Committee. "We do not believe that there are other market reforms which would enable community rating to be maintained without risk equalisation. Even if there were a much greater number of insurers operating in the market, or if VHI's current business was divided between a number of insurers, risk equalisation would still be required, as it is unlikely that all insurers would have similar risk profiles".

He noted, however, that there were different ways in which a risk equalisation scheme could be structured. The current risk equalisation scheme operates retrospectively. The Society believes that a prospective scheme would have some advantages over the current scheme, in terms of greater transparency and greater predictability for insurers. Under a prospective scheme, the Health Insurance Authority would publish a set of age and gender premium rates, and a community premium rate, for the level of health insurance benefits to be equalised. Insurers would make payments to or receive payments from a risk equalisation fund based on the difference between the age and gender premum rates and the community premium rate.

The Society also believes that VHI should be subject to prudential regulation by the Financial Regulator in accordance with normal insurance standards.

"The Society welcomes the appointment of an advisory group to carry out a business appraisal of the health insurance market in Ireland, and will input its views to the group", Mr. Harney said.

Press Release

08 February 2007

President of Society of Actuaries warns against risks of unregulated property investments

"In the past few years, Irish investors have enjoyed good investment returns with low levels of risk. But risk is never far away and when it returns, as it definitely will, it will expose the weak underbelly of the economy and lay bare practices that have evolved in the good times that will not be able to stand up to the stress of turbulent market conditions." This was stated today (Thursday, Feb 8th) by Colm Fagan, President of the Society of Actuaries in Ireland at the Society's biennial dinner.

Mr. Fagan particularly drew attention to Irish investors' high concentration of investment in property, both through individual property ownership and collective vehicles. "The average Irish investor has a much greater exposure to property assets of various kinds than investors in most other countries. This lack of diversification, often geared up through high levels of borrowing, carries risks which the strong returns of recent years have probably masked."

"Of particular concern would be individual buy-to-let investments, often overseas, which are completely unregulated and are not subject to the normal statutory protections afforded to retail investors in regulated products. For example, investors do not benefit from full disclosure of charges and sales remuneration applying to most retail regulated products. In addition, some of the claims made for future performance of these investments are very misleading, and the commission paid to the salesperson or intermediary, which does not have to be disclosed, can be particularly high."

Mr. Fagan also cautioned about the risks of certain collective property investments. "It can be difficult for the consumer to spot that some investments are unregulated, given that they may be promoted by entities - such as banks, life assurance companies or financial advisors - that are regulated in respect of other activities. In other cases, the unregulated property fund may be 'wrapped' inside a regulated product, such as a life assurance policy or a pension. While both the 'wrapper' and promoter may be regulated, the underlying property investment is often held in an unregulated vehicle such as exempt unit trusts, shares in private companies or co-ownership arrangements. This can lead to risks that most investors are unaware of, including potential problems in realising the investment, transparency on costs and valuations. Added to this, virtually all consumers invest on a substantially geared basis, often in just one particular property located in a foreign jurisdiction."

Mr. Fagan repeated the Society of Actuaries' call for property investment schemes to be brought within the remit of the Financial Regulator.

The Society's Preside

Colm Fagan's opening remarks at his Presidential Dinner were :

It is my great pleasure to host this biennial dinner on behalf of the Society of Actuaries in Ireland.

The dinner comes towards the end of my two-year term as president. It is an opportunity to thank government and industry, Regulators and members of other professions, for engaging constructively and openly with the Society of Actuaries in Ireland and with individual members of the actuarial profession on matters of mutual interest. It is also an opportunity to thank the many individuals - actuaries and non-actuaries - who have helped the profession, from serving on government bodies and all those contributing to the profession at the European and international level.

Thank you all.

Colm's speech is posted on the Society's website www.actuaries.ie/About the Society/ Society Publications

Colm Fagan and Kevin Cardiff

Colm Fagan and Tom Ross

Ronnie Bowie and Colm Fagan

Philip Smith, Paul Kenny, Brendan Walsh and Caroline Gill

nt's Biennial Dinner

Bob Willis, Roz Briggs and Aisling Kennedy

Liam Sloyan, Micheal O'Briain and David Harney

Michael Brennan and Pat Healy

Emmanuel Buffet and Yvonne Lynch

Mike Frazer and Paul Seymour

Richie Boucher, Peter McLoone and Philip Shier

Evening meeting for students and their employers

The Evening Meeting for Students and their employers took place on the 7th December 2006. There was an attendance of around 60 including students, fully qualified actuaries and university representatives. Mike Claffey apologised for the absence of Trevor Watkins, who had been due to give the talk but couldn't travel over from England due to inclement weather. He went on to present slides that Trevor had been due to present.

An introduction was given as to the reasoning behind the change in the examination structure that brought about the Business Awareness Module (BAM/CT9), Modelling Exam (CA2) and Work Based Skills (WBS) Log. These emanated from the 2005 Education Strategy which stressed working with universities and employers more, increasing outside influence on the syllabus, while at the same time maintaining standards. Another issue was reducing the time that it takes to qualify.

A new range of intermediate qualifications will be obtainable as students progress through the exams.

Diploma in Actuarial techniques: All CTs + BAM

Certificate in Finance and Investment: CT1, CT2, CT4, CT7, CT8, CA1 + BAM

Associate: All CTs and CAs + BAM + WBS Log + Associate Professionalism

Mike Claffey then explained the structure of the current examination system and the role of the Board of Examiners. On the topic of working closer with universities, CT1 to CT8 might be achieved in block rather than individually, from an actuarial degree in future. This would require monitoring from the profession.

Business Awareness Module

The aim of this course is to enable the student to understand both the business environment they are in, along with their professional responsibilities. It also looks at how to tackle business problems. To this end, there are various business games and talks throughout a two-day course. Assessment is by way of an online test to be done in the student's own time in the weeks following the course. At present, those Irish students who have done the course have had to do it in England. It is hoped to arrange one for Ireland in 2007.

Modelling Exam

A prerequisite for taking the CA2 exam is to have passed or seriously attempted all of the CT subjects and the other two CA subjects. This course is Excel based and tests the student's ability to analyse and summarise data. Again, it is a two day course. The first day is essentially practice (and discussion) for the day-long exam which takes place on the second day.

A course was run in DCU last year and a further course held on 1st February this year, which was under the auspices of the Society of Actuaries in Ireland. The Society has now taken on full responsibility for this exam and a further exam will be held later this year.

Work Based Skills Log

Recognising that actuaries need a wide range of skills, this "Learning log" was introduced with the aim of getting students to reflect upon the application of various skills in their work. These included technical skills, communication, judgment, ethical, commercial and management skills. On completion, the log is signed off by a Fellow of the Institute. Mike Claffey emphasised that there is an onus on employers to have a role in the learning log. Students would be expected to complete twelve essays (at least one in each of seven different topics) in their first three years of joining the Institute, with periodic reviews by employers. The learning log would be transferred over upon change of employment.

Further information on the WBS log is available at:

http://www.actuaries.org.uk/files/pdf/students/wbs_student.pdf

Upon conclusion of the talk, questions were invited from those in attendance.

- A show of hands indicated that a lot of students' learning logs were not up to date.
- A point was raised that employers might not necessarily want to sign off on <u>all</u> skills.
- It was emphasised that these additions to the education structure are not to catch out students but rather to show that prospective actuaries have the necessary work experience.
- The issue of cost was raised surrounding the three new aspects of the education structure. It was felt that actuaries are still well enough regarded for companies to pay these expenses.
- A question was raised on the pass mark for CT9 and CA2. Mike Claffey said 85% had passed the CA2 course run in DCU last year, and while no exact figures were available for CT9, the after course exam is completed eventually by all students.

Slides of the talk are available on the Society's website:

www.actuaries.ie

David Woods

Student Society Annual Table Quiz

On the 29th of November 2006, student actuaries from across the city headed for Harcourt Street to battle it out in the student society's annual table quiz. The event, which took place in the Russell Court Hotel, had a great turnout and was enjoyed by everyone.

With such a large crowd in attendance, quizmaster for the night, John Sheppard had a big job ahead. Once the mike was in hand, however, he had no bother in keeping the flock under control and their attention on the deed in hand.

The rounds varied to include tough general knowledge, history, politics and sporting questions as well as the much thought provoking but easier rounds of picture, music and the year of 2006.

One of the tougher questions of the night -"What event did Kathryn Feeney win in August 2006?" was answered correctly by just one team. After much deliberation Eamon Loughnane steered his team "three men and a little lady" away from his first thought "Calor Gas Housewife of the Year" and onto the correct answer of "The Rose of Tralee". Eamon further impressed his fellow actuarial colleagues and friends the following week at the Society's table quiz. There he was among the handful of attendees knowing the answer to previous holders of the Miss World title! Well done Eamo!

Congratulations must go out to the winners of the spot prizes for the night. The Hibernian Team comprising of Keri Monaghan, Niall Fallon, Liam Dempsey and Frank O'Regan and referring to themselves as "Bashful Lad wants a woman" got closest to the exact turnout at the football All-Ireland final in August. "Who Needs Rachael" from Caledonian Life and consisting of Shauna McHugh, Paul O'Sullivan, Anne Hayes and Lee Hartmann were closest in getting the exact population of Ireland at the previous census. Well done!

After a short interval for food and pep talks the tension mounted and with scores so close there was nobody willing to accept money on a possible winner.

Unfortunately, there was no prize for last but since they did enquire so much, I thought they deserved a mention. Commiserations to Sarah Parks, Sandra Grant and Conor Crowley of "Universally Challenged Part 2" who got 41.5 points!

At the other end of the scale, "Universally Challenged Part 1" came in third position. Congratulations to Stephen Nugent, Danny McCarthy, Cian Seymour and Colm O'Leary who did their namesake proud arriving home with an impressive 66 points!

Going into the final round, we were sure it would be a tie breaker situation between two Irish Life teams. It seems the Irish Life crew took a weighted average of their students intellect to come up with the top two teams of the night. "Inter Corsica" comprising only of four members, namely Stuart Redmond, Daragh Burns, Eoin King and John Joyce battled it out with all eight members of "A&E – one year on" consisting of James Bradley, Sally Fagan, Naomi Cooney, Eamonn Mernagh, Brian O'Sullivan, Martin Donovan, Carol Moloney and John Groarke.

The final round – "The year of 2006" hit "A&E – one year on" hard. Not so much that legs were nearly broken or hospital visitations were required, but unfortunately they fell at the very last post and gave the title to "Inter Corsica." In what was a very tension packed final round we saw the lads from "Outer – Corsica" coming home on 67 points just one point short of the leaders. The lads also showed in a situation of weighing intellect, quality really is better than quantity. Congratulations!

Cathriona extends a big thank you to all who attended and hopes "you all enjoyed the night". Thank you's also go out to John Sheppard, Michelle Rafferty and Elaine Woods for taking time out of their very busy social lives to give a hand on the night.

Cathriona Callan

SAI Professionalism Event for experienced actuaries Tuesday 13th March 2007 – Conrad Hotel

There are limited places available for the SAI's first Professionalism Event for experienced actuaries on Tuesday 13th March. The event will commence with registration at 8.30 a.m. and will conclude by 4.00 p.m. You may book on-line or contact the Society.

Christmas Quiz

A great night was enjoyed yet again at our annual Christmas Charity Table Quiz on 4th December. We had 30 teams and all were tested and teased by our quizmaster, Kevin Manning, who once again did a marvellous job in setting the questions and acting as Quiz Master for the evening. The winning team, for the second year running, was Brian Murphy, Ray Leonard, Eoghan Burns and Brian Murray – all from Irish Life. The winning team chose the Dublin Simon Community as their chosen charity. This charity was very appreciative of our cheque for €3,000. The aim of Dublin Simon Community is to address the underlying causes of homelessness and to support people in moving from the chaos of sleeping rough back to regaining their independence.

From left to right: Brian Murphy, Eoghan Burns, Ray Leonard and Brian Murray.

SAI Annual Ball Saturday 19th May 2007 – Conrad Hotel

The Society's Annual Ball will take place on Saturday 19th May in the Conrad Hotel. Please diary this date and start organising a table with colleagues, fellow members from Society committees, members who attended professionalism courses with you, members from college or simply leave it to the Society to arrange a table for you. All members and their partners are welcome. Bookings can now be made on-line or by contacting the Society.

New Chairman of the SAI's Finance & Investment Committee

Evelyn Ryder has replaced Pat Ryan as chair of the Finance & Investment Committee. Evelyn has been a member of this committee for quite some time. Pat, having spent a few years as chairman of this committee, is now concentrating on his role as Treasurer of the SAI as he addresses the future financing of the Society.

Editorial Team

On behalf of our readers we would like to congratulate Frances Kehoe on the birth of her daughter, Eimear, just before Christmas. As Frances takes a well deserved break from the team, we are delighted that Dave Roberts has come on board. Shortly, Ray Leonard will also join us. We need another one or two members on the editorial team and would be delighted to hear from any member who is interested. Please contact Ciara Regan or Mary Butler at the Society's office.

International publications and events

On the SAI's website under Areas of Practice/International, you will find links to the IAA and Groupe Consultatif Newsletters along with details of upcoming international events.

http://www.actuaries.ie/Areas_of_Practice/International/International.htm

On the Move

Fellow Members

Brona Magee has joined **Transamerica International Re Ireland** from Watson Wyatt
Gareth Colgan has joined the **Financial Regulator** from UCD
Niall Clifford moved from Hibernian L&P to **Deloitte** in London
Brian Fitzgerald has joined **Hewitts** in Cork
Andrew Hodnett has moved from Canada Life to join **Mercer HR**
Mark Burke has moved from Canada Life to join **Eureko Re**
Dermot Marron moved from Quanta Insurance Limited to **Atradius Reinsurance Ltd.**

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