Newsletter
July 2010
The Society of Actuaries in Ireland

A Bright Future for the Enterprising Actuary

Kevin Murphy, SAI President, presenting Ronnie Bowie, President of the Faculty of Actuaries, with a piece of Waterford Crystal.

Contents:

Ronnie Bowie's experience as President of the Faculty has given him a privileged insight across the various practice areas of the profession. He has found a surprising commonality of challenges across the silos, which has helped him see more clearly the enduring strength of the core actuarial skill set.

Ronnie's address is one of optimism about the future of the profession but it is also a call to action for us all to make the financial world a safer place for our customers.

After his first arrangement in January being disrupted by the snow, Ronnie made alternative travel plans this time and was determined that even the air travel disruption due to the volcanic ash cloud would not stop him from coming over. This was his personal and practical test of risk management skills on behalf of the profession as we embrace the new field of Enterprise Risk Management ahead.

Looking ahead: optimistic vs. pessimistic

A message of optimism was clearly supported by the majority of the audience, with no hands-up for pessimism and just a few "not sure". However, our optimism should not be a blind belief. It should be conditional on the profession having the right direction and leadership to get to a brighter future.

A growing profession

The UK profession is growing and the member profile is changing. The stereotypical member should no longer be a 55 year old male actuary working within traditional areas and in cities like London or Edinburgh.

continued

A Bright Future for the Enterprising Actuary *continued*

The modern UK profession now consists of younger members, more than 70% of which are under 40 years of age; with 40% of the qualified population being female, while more than half of the exams are now sat outside the UK. Hence, the needs of members have changed. Members now want a richer mix and wider variety of topics to be made available to them. They want to be better targeted and more online CPD is not only desirable, but essential. As a whole, members want the profession's voice to be heard clearer in society and the profession to market actuaries better.

New Website

Changing times are met with changing needs and the UK profession is working hard to address the above. A new website layout will be introduced enabling the profession to be a web-based organisation with improved functions, placing it in a better position to cater for the specific needs of individual members.

CPD

Ronnie emphasised the importance of CPD for each member. As the UK profession is getting more push back from members on the requirements of CPD, it is essential to understand the need for ourselves to expand our knowledge, stay fresh and keep up-to-date. We are reminded of Madonna as a role model in reinventing ourselves and remaining relevant as she has in the last 30 years.

Research & Thought leadership

The UK profession is undertaking two major projects on discount rate and mortality rate studies, drawing on academic research and working in a multi-disciplinary manner.

Public Confidence & Actuaries Code

The UK profession is still re-earning its reputation after the Equitable Life incidence, and is working hard on rebuilding trust with the regulator and restoring public confidence. It is the moral standards and ethics required of any profession that is being employed as a quality framework in promoting the right behaviour - they are the values we hold on to as reflected in the Actuaries Code.

Marketing the Profession & CERA

In order to capture our share in the rising market of risk management, the new ST9 module was established with the CERA accreditation. For qualified members, this extra exam pass will give four letters in the title; there has not been any one exam so generous in the past. Ronnie sees this as an excellent opportunity for actuaries to gain confidence in risk management, a space in which we are competing with other professions.

On the subject of reputation, actuaries are rarely criticised on their lack of technical skills, but more often because of the inadequacy of their communication skills and business awareness required to advance in business. Ronnie believes the X-factors for us to consider are Curious, Energetic and Influential. These invaluable qualities will ensure actuaries of the bright prospect in the rising sun.

Ronnie also touched on the topic Merger, and he strongly encouraged us to vote before the 24th May. Being a small profession, Ronnie wants us to recognise the importance of collaboration between all actuarial bodies globally.

Discussion

A lively discussion followed after Ronnie's address. The following are extracts of the comments made:

- Promoting ST9 by making the Core Reading more readily available.
- Marketing CERA outside the profession in addition to marketing it internally.
- Different members in different age groups need varied support – stratify members and their needs.
- Quantum leap into the risk management field as well as defending existing areas and growing organically.
- The impact of the UK profession being regulated by the FRC.
- Merger vote: one vote for a number of issues.
- Thought leadership on Discounting – presenting the world as uncertain as it is in reality.
- How to advance from technical roles into decision-making roles.
- Marketing the profession as risk managers – are we jumping from one box into another box?
- How does the marginal size of the profession affect research, innovation or our relationship with other professions? Advantage of being a small profession: networking. The profession has a facilitating role in the triangle relationship of the employers, academia and the profession.
- Wider fields – quants, banking job opportunities.

The President of the Society concluded and thanked Ronnie for his excellent speech. The presentation slides are now available on the Society's website.

Zora Law

Enterprise Risk Management (ERM) Concepts and Framework

We all gathered for a meeting on the 13th of May in the Alexander hotel. I could look around the room and see members from all the different strands of actuarial work. Usually Society meetings are quite fixed in their audience, but not so for Paul Duffy's presentation on Enterprise Risk Management, as the developing topic of ERM is of interest to actuaries in all sectors.

This was the first of seven meetings planned by the ERM committee to introduce the subject of risk management and its main topics to the Society. Paul was ideally placed to deliver this introductory lecture as he has completed a 2 year masters in Risk Management.

The outline of the lecture was to cover the basics of ERM, the components of a risk framework and the process of setting up and monitoring an effective risk management system in an organisation.

Paul stressed the importance of ERM in any successful organisation and that it was important that as ERM practitioners we familiarise ourselves with the governance procedures and cultural shift needed to implement a fully rounded ERM process.

Introduction to ERM

Paul started the lecture with definitions of the basic ERM concepts. They included:

- Taking a holistic approach to risk management
- Assessing upside and downside risk
- Measuring risk
- Identifying unquantifiable risks
- Setting out responses to risks

Having armed the audience with the basic concepts of ERM, Paul moved on to cover the need of a suitable governance framework within an organisation. Paul stressed the importance of this for a successful ERM and said it is a big challenge for organisations to provide a quality framework within which to monitor and manage risk. He said that governance must be led from the top by the board of the company and filter down through a Central Risk Function, Audit Function and Legal team devoted to risk management. In this way everyone has a part to play in the ERM of a successful organisation. With a sound governance framework in place, good leadership and careful monitoring an ERM framework can be proactive in combating risk rather than reactive.

The other important side of ERM that Paul covered in his introduction was the cultural structure needed in an organisation. These included:

- Consultative leadership
- Participation in decision making
- Openness
- Accountability versus blame
- Organisational learning
- Knowledge sharing
- Good internal communication
- An awareness of project appraisal bias.

Paul suggested that the cultural position of an organisation can be effectively measured and monitored by a risk related culture survey and he provided an example of such a survey.

ERM Frameworks

It is difficult to cover a topic like ERM without referring to Solvency II. Paul discussed how Solvency II is one form of ERM framework, though not necessarily the only way of approaching good risk management in an organisation. Solvency II is split into three pillars;

- Pillar 1 covers the quantitative requirements and accounts for around 25% of the amount of work required within Solvency II
- Pillar 2 covers the supervisory review of risk management and accounts for about 60% of the work
- While Pillar 3 covers the disclosure requirements and accounts for the remaining 15% of the work required.

This means that the majority of work needed will be focused on Pillar 2, so this is where an organisation's risk management process will be required most. This is where the board of directors, central risk function, audit function and the legal team need to prove that the organisation is following a sound risk management system and that all potential risks have been identified and evaluated. Paul included a long list of risks that need to be quantified as part of Solvency II.

Paul discussed how Solvency II will impact on all aspects of running an insurance company. It will involve people from throughout the organisation and demand central oversight of the risk management process. Paul said that even if Solvency II was not introduced and an organisation decided to set up an effective risk management structure then it would find every part of its organisation being affected.

Paul went on to discuss some other options for an ERM framework in addition to that proposed in Solvency II.

- AS/NZS 4360 which is a framework that was set up in the wake of a number of banking and insurance failures in Australia and New Zealand.
- COSO ERM framework which was set up by accounting bodies in the United States. This is a very widely used framework that focuses heavily on accounting and audit functions and aims to identify and protect against fraudulent accounting.
- ISO 3100 covers accounting and finance principles but omits reference to the internal culture needed in a framework.
- S&P 2005 – this was an attempt by credit agencies to develop a holistic approach to risk management. S&P developed a classification system that they hoped to use as part of the rating process to quantify how well an organisation managed risks.

ERM Process

Having discussed some alternative ERM frameworks, Paul returned to the fundamentals of an ERM system. He told us again how an effective ERM process involves everyone in an organisation. There is a cultural shift needed that will mean directors will increasingly need to know exactly what risks their organisation is involved in.

Any ERM framework will unearth conflicts within an organisation. Paul listed some of these conflicts and said that directors need to be aware of these conflicts and how they could impact on the risk profile of the organisation. This will allow proper monitoring of conflicts and mitigation of their effects.

Paul's final topic was identifying risk appetite and using your ERM process to set strategic objectives. He said that stating the risk appetite of the organisation is an important function of the board of directors and that is why they need to be focussed on the ERM. The risk appetite needs to be stated clearly so that everyone in the organisation is aware of it. It needs to be written down so that progress can be monitored against a common benchmark. Then strategic objectives can be described in terms of this risk appetite. Paul noted that this is the aim of Solvency II. To create an ERM system that can then be used daily in the organisation to define risk appetite and set strategic objectives.

Louise Thomas

Approaching Benefit

A joint meeting of the Society of Actuaries in Ireland and the Association of Pensions Lawyers in Ireland took place on 5th May 2010, under the heading of "Approaching Benefit Reduction Proposals". Aidan Kennedy represented the Society of Actuaries in Ireland and covered the implications of benefit changes for pension schemes while David Main from the Association of Pensions Lawyers in Ireland outlined the legal considerations for parties involved in benefit changes.

Aidan Kennedy began by reviewing the movement in the Minimum Funding Standard position of a typical pension scheme since the end of 2007. It was clear that the typical scheme's funding level has decreased significantly, and in light of this, sponsors of pension schemes have been looking for solutions to eliminate the solvency deficit, either by paying enhanced contributions, or where that was not viable, reducing benefits.

Benefit Review Process

Aidan outlined the typical steps involved in a pension benefit review process, namely:

Step 1: Review the pension scheme's current position and understand the sponsor's objectives in relation to the pension benefits.

Step 2: Consider the possible solutions to meet the sponsor's objectives and assess the associated impact on the pension scheme of the possible solutions i.e. impact on pension scheme funding and accounting. At this stage the company will also normally obtain legal advice in relation to the proposed benefit reductions. The company's proposed solution will be finalised taking account of the actuarial and legal advice.

Step 3: Present proposal to the trustees. The business case, setting out the rational for the benefit reductions, will need to be prepared. The company will seek agreement in principle from the trustees to the benefit reductions.

Step 4: Prepare communication and consultation strategy for members of the pension scheme.

Step 5: Launch member communications and commence consultation process with members. The members will be given the opportunity to make observations to the trustees.

Step 6: Implement the benefit reductions. This will involve executing Deeds of Amendment, notifying members of changes in line with disclosure requirements, issuing new explanatory booklets, updating administration systems etc.

Overview of ways to reduce benefits / risk

Aidan discussed the various options available to sponsoring employers to address pension scheme deficits and reduce pension scheme risk. He outlined that if a sponsor chose not to make any changes to the scheme they would be obliged to pay additional contributions or alternatively use contingent assets in lieu of cash funding. In relation to making changes to the scheme, Aidan outlined that the pension scheme could be "de-risked" without amending the scheme's benefit structure by changing the investment strategy or crystallising liabilities e.g. buying out pensions or incentivising deferred members to transfer their benefits out of the scheme. The next layer in the de-risking process would be to look at changing the benefit structure for members. The amendments available range from closing the scheme to new entrants, changing future service benefits only and changing both past and future service benefits. Finally, the sponsor also has the option to wind up the pension scheme which will lead to the elimination of the existing benefits promised to active and deferred members.

Legal methods of changing benefits

David Main outlined the four methods of changing benefits:

(i) Within the terms of the scheme

This method is only suitable for changing active members' benefits. The amendment power will dictate whether the changes to the benefits proposed can be made within the terms of the Trust Deed and Rules. The details of the amendment power needs to be examined closely to see if there are any restrictions such as whether retrospective amendments are possible or whether amending accrued benefits is prohibited. David noted that it is the original amendment power that should be considered as there is a view that amendment powers cannot be altered throughout a scheme's lifetime. If there are no restrictions on amending accrued benefits David noted that it is still arguably an implied restriction in that the purpose of the scheme is to give benefits and not to take them away.

Even if the amendment is allowed under the Trust Deed and Rules, the trustees need to consider whether they should make the amendment and will need to be persuaded that benefit reductions are justifiable. The interaction with employment contracts also needs to be considered, as employee consent may be required to implement changes.

(ii) Contractual changes outside the terms of the scheme

This method is also only suitable for changing active members' benefits. The principle underlying these changes is that pensions may be viewed as deferred pay granted under an employment contract and as such they form part of an employee's terms and conditions. An employee's contract will override the Trust Deed and Rules as it will prevent the employees from accepting higher or lower benefits from the scheme than outlined in their contract. It was noted that although there is UK case law to support this argument, there is no Irish case law as of yet.

The steps involved in the process were outlined as:

- Employers issue communications to employees to enable them to make fully informed decisions as to whether to sign up or not.
- Employees consent to change their contractual rights either by a collective agreement or individual consents.
- Trustees receive a list of employees who have signed up to changes in their contractual rights.

(iii) Section 50 order

Section 50 can be used to change accrued benefits of active and deferred members as well as to remove pension increases for pensioners. The principle behind this method is to ensure that after the changes are implemented the scheme is in a better position to satisfy the Minimum Funding Standard and be more viable in the long term. The Pensions Board have issued guidance for trustees on their role in relation to making Section 50 applications. It was noted that the trustees will be required to take legal advice, and carry out a fundamental review of the scheme as well as communicate with members. The Section 50 order overrides any restrictions in the Trust Deed and Rules, however it would be expected that a Deed of Amendment would also be completed.

Reduction Proposals

(iv) Wind-up and replacement of scheme

The principle behind this method is that the wind-up of the scheme will completely eliminate current benefit promises for active and deferred members, as their benefit promise is replaced with a transfer value. The transfer values can then be paid into another defined benefit scheme which has an amended benefit structure. It was noted that this method requires buy-in from two sets of trustees, and the trustees of the scheme winding up are likely to be interested in the funding arrangement and powers in the new scheme's Trust Deed and Rules.

Practical issues

David also reviewed the common practical issues that trustees and employers need to consider, namely:

- Conflicts of interest. The trustees and advisors will need to be able to demonstrate their decision making process if challenged.
- Lack of employer engagement, even with a statutory deadline looming.
- Unpersuasive justification for reducing benefits.
- Content of member communications not up to standard.
- Lack of consideration of all aspects of benefit changes until Deed of Amendment is being drafted.
- The extent the trustees can push the employer for a better deal.
- Security of ongoing funding arrangements and the de-risking of the scheme into the future.

Legal protection of members' benefits

David outlined that there is legal protection for members' benefits via the scheme's Trust Deed and Rules, member's employment contracts and legislation. David briefly summarised how different legislation in force provides protection for members, namely:

- The Payment of Wages Act 1991 means that consent is required to amend member contributions unless their contract is open in relation to employee contributions.
- Section 59B of the Pensions Act prevents reductions to pensions in payment.
- Sections 59D and E of the Pensions Act and Bulk Transfer Regulations impose disclosure obligations for bulk transfers without members' consent.
- Part 3 and the Second Schedule of the Pensions Act and Preservation Regulations dictate how members' benefits are calculated when a member who has at least two years' qualifying service leaves relevant employment before normal retirement age.

Preservation

Aidan Kennedy worked through an example of how preservation works for members' benefits. Aidan then outlined that when there is an alteration in the basis of calculating long service benefits, the basic rule is that the effect of the alteration is accrued over reckonable service arising after the alteration. This means that the full financial saving of the benefit reduction may not be achieved unless and until an employee reaches normal retirement age, unless benefits are reduced via a Section 50 order.

Impact on funding and accounting

Aidan then worked through some examples of typical benefit changes and the impact they had on pension benefits. Aidan outlined that changing benefits for future service only has a gradual impact on a scheme's funding and accounting valuations as the reduced benefits are only earned over future service, while amending past service benefit will have an immediate impact on both funding and accounting valuations. The period over which the past service cost is recognised in accounting valuations will be determined by the relevant accounting standard.

Aidan also worked through an example showing the impact of reducing past service benefits via a Section 50 order on the contributions required to fund a scheme. It was noted that the Section 50 application required a reserve to be held to enable the scheme to withstand a "stress test" where there is a simultaneous 0.5% reduction in yields along with a 15% fall in equities. Both the stress test and the maximum permitted assumption for future investment returns over a funding proposal period reduce the incentive to hold "risky" assets such as equities.

Specific amendments

Aidan outlined that capping pensionable salary was a popular measure as it can be implemented either by contractual variation to remuneration or by rule amendment. There were different views on how this was treated for preservation purposes, with arguments on whether there was a change in the long service benefit immediately before and after the cap to pensionable salaries is introduced.

In relation to increasing normal retirement age, the current special calculation regulations mean that changing retirement age is phased in over 10 years or the period to the new retirement age if less. It was noted that a Section 50 order means this change can now be implemented without phasing and the impact of the higher retirement age is immediate.

Other issues

Finally there was a brief mention of the treatment of pre-scheme service in calculating benefits in wind up situations. In summary, it was outlined that pre-scheme service does not count as reckonable service and therefore benefits relating to pre-scheme service are ranked last on wind up.

A lively debate ensued in which one of the obvious themes emerging was that clear interpretation in relation to the complexities surrounding preservation of benefits was required.

The slides presented and a podcast of the meeting are available on the Society's website.

Barbara Browne

Actuarial Techniques

On Monday 31st May 2010 a presentation entitled "Actuarial Techniques in Banking" was given to the Society. David O'Connor chaired the working party that was made up of a large number of volunteers brought together through the Society's Discussion Forum. Speakers for the evening also included Colm Fitzgerald, Marian Keane and Niamh Crowley.

The President of the Society, Kevin Murphy, opened the meeting by speaking about the opportunities that exist for actuaries in the wider fields beyond the more traditional roles. In particular, the banking sector is one area where actuarial skills could be easily transferrable. However, to break into this sector we need to ask ourselves a number of questions. These would form the main themes for the evening's discussion:

- What areas within banking would actuaries be best suited for and where can we add value to the sector?
- How should the profession market itself in the future in order to break into this sector?

Areas of Opportunity

David took over the presentation at this stage citing the success of actuaries in breaking into the general insurance market as an example of how actuarial skills can be used to better develop the wider financial fields. Drawing inspiration from this the working party initially investigated how non-life techniques could be used within the banking sector. However, as time progressed it became apparent that the wider concepts of the Actuarial Control Cycle and professionalism also form a key part of the value that actuaries could add to the banking sector.

A combination of the Society's Discussion Forum and meetings were used by the working party in its activities in what was seen as a first for the Society and an approach which could be utilised by future working parties.

A number of areas of opportunity within banking were identified and investigated. These included data management, identification and assessment of risk factors, pricing and reserving methods, risk transfer, capital management, governance and regulatory issues. Of these areas, three came to the fore which would become the main topics of discussion for the other speakers:

- Property Valuation – Colm Fitzgerald
- Loan Loss Provisioning – Marian Keane
- Capital Modelling – Niamh Crowley

David highlighted data management and pricing as two other areas which could benefit from actuarial input. Historically, bank data has had an excessive financial focus rather than a customer specific focus. Short histories have also been a feature of many data management systems. Whereas this may have been sufficient for internal bank models it could fall short of a full "GLM" standard. Thus there is scope for actuaries with their experience in managing data in the insurance market to review both the content and retention of bank data.

Pricing within the retail banking sector is based on a credit scoring system where a margin is charged over the weighted average cost of capital ("WACC") to cover expected credit losses, liquidity premiums, prepayment risk, expenses and profit. This pricing at a broad level instead of at an individual customer level can lead to a lack of granularity and big cross subsidies within the retail book which are often not fully understood. In extreme cases it can result in a huge concentration of non diversifiable economic risk. The skills developed by actuaries in insurance pricing puts them ideally placed to add value to this area. However, the question of there being a political or regulatory willingness for differential pricing will need to be considered.

Property Valuation

Next, Colm demonstrated how the Actuarial Control Cycle concept could be utilised by actuaries in banking. He specified the problem of using market values for property valuation in loan pricing. The recent Irish property bubble has shown how inadequate this measure is over the long term. The question being posed was whether other property valuation methodologies would be more suitable for such pricing.

Possible solutions available in the external environment include the EBS DKM Housing Affordability Index, ratios of house prices to incomes and research from the ESRI. These fair value indicators have suggested for a long period of time that property markets were overvalued. However, despite this, property prices continued to rise for nearly another ten years before the crash. As a result many of these measures are seen to be unreliable. One of the main reasons for the continued rise in property prices could be attributed to the huge growth in the Irish money supply and the evolution of the "Fractional Reserve System". Colm gave us a brief history of this system. He demonstrated how the reduction in public liquidity needs through the use of ATMs and credit cards and the increased use of derivatives and off balance sheet instruments by banks have resulted in highly leveraged institutions and rapid growth in the money supply. The removal of the 2.5 times earnings multiple limit for mortgages in the early 2000s by the Financial Regulator also helped fuel the growth.

According to the Quantity Theory of Money:

$PQ = MV$

where

P = average price level

Q = quantity of goods (GPD of an economy often used as a proxy)

M = money supply

V = velocity of money in an economy (CPI of an economy often used as a proxy)

From 1999 to 2007 the money supply increased by 20% pa, CPI by 3% pa and economic growth by 5-7% pa. In order to balance the Quantity Theory of Money equation, asset prices and in particular property prices had to adjust. This was seen in practice with Irish house prices fluctuating between 3 and 6 times average earnings and Dublin second-hand house prices reaching near 17 times average earnings in 2006/2007.

From this evidence it was proposed that any new property valuation method should either:

in Banking

- Take into account some combination of credit growth, the money supply and absolute and relative debt levels,
- Or alternatively remove the effect from big increases and decreases in the money supply and credit availability.

At a simplistic level, banks would have to create models to estimate theoretical house prices based on the long term average ratio with average incomes, house prices and other factors. Lending would then be done according to the income of the client and these prices.
Actuaries with their abilities in modelling would be ideally placed to develop these models and overcome the practical problems that would exist to put them in place. The concepts behind the Actuarial Control Cycle would also be a useful tool in the development of such solutions.

Loan Loss Provisioning

Marian took to the stage next to discuss the working party's investigation into opportunities for actuaries in the area of loan loss provisioning. Currently this provisioning is based on the Incurred Loss model as outlined under the International Accounting Standard IAS39. Losses are recognised only if there is objective evidence of impairment and the loss has been incurred i.e. bankruptcy, missed payments. However, the Standard does not permit the recognition of expected losses no matter how likely these expected losses may appear. This results in delayed recognition of losses, distortion of results and pro-cyclicality. Indeed, over the last few decades it can be seen how falls in GDP have resulted in large increases in provisions.

New methodology is currently being developed to overcome the drawbacks of the Incurred Loss model which could be put in force by 2013. Ideally the new model will be robust, not open to manipulation, avoid cyclicality, be consistent with other relevant calculations and not be overly complicated. Fair Value, Dynamic Provisioning and Expected Loss models are three possible alternatives being proposed.

The Expected Loss model appears to be emerging as the preferred method where expected cashflows for future outcomes would be discounted with separate discount rates for different loans. The equivalent type of model in an insurance context would be a best estimate discounted reserve calculation. Marian illustrated how such a model would remove the large jumps in loss provisions, distortion of results and cyclicality effects caused by the Incurred Loss model. However, the careful selection of assumptions would be essential if this model is to be effective.

Actuaries can add a lot of value to this area of banking. The skills required to develop, implement and monitor these models are easily transferrable from the insurance industry and the Actuarial Control Cycle. These include the following:

- Data: assessing risk groups, refining data systems and collecting data.
- Analysis: refining methodology, selecting assumptions, applying judgement to produce results and stress testing.
- Reporting: disclosure in the financial statements, reporting to the regulator, feedback to the business.

Capital Modelling

Niamh focused on the capital modelling workstream investigated by the working party and in particular on the success of the Basel II banking regulations. Basel II is similar to Solvency II in that it is based on a three pillar approach covering minimum capital requirements, supervisory review and market discipline. The aim of the regulations was to develop a stronger risk culture within the banking sector where required capital would be aligned with risk and an integrated global financial system would be created.

However, since its introduction in 2004 it is generally accepted that a number of failings have occurred including:

- Parameterisation Issues: The core calculation includes the determination of probabilities of defaults (PDs) and loss given defaults (LGDs) for each individual loan. These estimates have been found to be over optimistic with a lack of conservatism and relatively benign pre 2008 historic data being used. The standardised approach of basing PDs on credit ratings from credit rating agencies has come into question. It has also been noted that different rating philosophies in different banks have resulted in different capital requirements for the same risk.
- Procyclicality: Changes in the economic cycle can further aggravate a capital crisis or reinforce an upturn. For example, in recent years both PDs and LGDs rose which increased capital requirements and further exacerbated the credit crunch.
- Pillar 2: This pillar envisioned significant stress testing being conducted in order to determine the extra capital cushion to be held to protect against a crisis. However, many of the internal systems which had a central role in the management of risk failed. It appears that this framework has not been properly embedded into companies.
- Pillar 3: The regulatory oversights and deficiencies in enforcement in recent years all pointed to failings in Pillar 3.

In order to address these issues the Basel Committee are reviewing Basel II with the aim of introducing any new measures by 2012. The first of these was seen in July 2009 with new rules on securitisation transactions. Counter cyclical capital buffer methodologies are currently in development. More stress testing will be required as a greater emphasis is placed on the Pillar 2 internal capital adequacy assessment (ICAAP). Pillar 3 also looks set to be updated with more onerous disclosure requirements placed on institutions.

Niamh pointed out that it has to be recognised that there are many very capable non actuarial specialists working within these fields who are well suited for these tasks. However, actuaries do have a skill set which would be coveted by many of the banking institutions. Our experience in modelling, pricing and setting assumptions are skills that easily match with the requirements of the sector. The profession's desire to market itself as an ERM leader also fits in well with the Pillar 2 requirements of Basel II and the "well use" tests conducted by these companies.

Actuarial Techniques in Banking *continued*

This risk awareness culture and Actuarial Control Cycle approach to developing solutions makes the profession well placed to add value to this industry in the future.

Q&A

The presentation was followed by a number of questions and comments from various attendees. There was general agreement that IAS39 and the Incurred Loss model were unsuitable for calculating loan loss provisions and that new alternatives should be found.

Different views were expressed on the proposal of using a new property valuation method. One participant pointed out that it could be a useful tool to determine where we are in a property cycle and what capital should be held by banking institutions. Others feared that even if the new pricing model was introduced by banks it would only restrict house prices and there would still be an increase in other loans and falls in share values in order to balance out the Quantity Theory of Money equation. The presenters agreed with this and pointed out that the common good could only be achieved by controlling the money supply.

The general agreement was that the banking sector does offer many opportunities for actuaries. The actuarial skill set is well matched to the industry and the discipline of a profession standing over the sector would add a degree of independence to it. However, it was pointed out that the asset and liability profile of banking entities are very different from insurance companies. As a result actuaries should only focus on the areas where their strengths lie and stay away from other areas until the appropriate skills and knowledge have been acquired.

One attendee pointed out that the main challenge for the profession in entering this industry would be to distinguish itself from the other quantative risk specialists who already work within the banks. He pointed out that we should not excessively stress our abilities in the areas of risk when marketing the profession. Instead we should demonstrate to the sector the complete set of skills which we would be able to bring to the table.

Kevin concluded the meeting thanking each person for the work they put into the evening's presentation. The slides presented and a podcast of the meeting are available on the Society's website.

Thomas Moran

CPD returns to Society of Actuaries in Ireland / UK Actuarial Profession

The CPD year ended on 30th June 2010.

Most members must now submit details of CPD completed to the Society, along with a compliance declaration, by 25th August. If you have changed your CPD category since your last declaration, you will need to let us know this too. Please submit your CPD details via "My CPD" on the Society's website (www.actuaries.ie – member login is required to access "My CPD").

If you are also a member of the UK Actuarial Profession, please note the following:

The UK Actuarial Profession's CPD scheme is fully accredited by the Society and vice versa.

If you are a **partially regulated** member of the Actuarial Profession, you are not subject to the Profession's CPD scheme and you do not have to submit any CPD information to the Profession (but you must submit information to the Society, as above). Partial regulation, and a corresponding reduced subscription rate, are available in certain circumstances, on application to the Profession. More information is available at http://www.actuaries.org.uk/members/subscriptions. If you are not sure whether you are partially or fully regulated, please check with the Profession (email: membership@actuaries.org.uk).

If you are a **fully regulated** member of the Actuarial Profession:

(a) If you are based in the UK:

- You must submit full details of CPD completed to the UK Actuarial Profession, via the CPD section of their website (http://www.actuaries.org.uk/members/cpd). The deadline was 30th June.
- You do not have to submit full details to the Society (unless you hold a practising certificate issued by the Society). It is sufficient to advise us of your CPD category, if it has changed since your last category declaration, and that you have complied with the UK Actuarial Profession's scheme (if that is the case). You must do this by 25th August, through the "My CPD" section of the Society's website (www.actuaries.ie – member login is required to access "My CPD").

(b) If you are based in Ireland:

- You must submit full details of CPD completed to the Society by 25th August, through the "My CPD" section of the Society's website (www.actuaries.ie – member login is required to access "My CPD").
- You do not have to submit full details to the UK Actuarial Profession (unless you hold a practising certificate issued by the Profession). It is sufficient to advise the Profession of your CPD category and that you have complied with the Society's scheme (if that is the case). You must do this via the CPD declaration on the CPD section of the Profession's website (http://www.actuaries.org.uk/members/cpd). The deadline was 30th June.

(c) If you are based outside Ireland and the UK:

- You must submit full details of CPD completed to the Society by 25th August, through the "My CPD" section of the Society's website (www.actuaries.ie – member login is required to access "My CPD").
- If you need clarification of your obligations under the Profession's scheme, you should contact the Profession (email: cath.bryson@actuaries.org.uk).

If you have any queries about the Society's CPD scheme, please contact the Society (info@actuaries.ie). If you have any queries about the Actuarial Profession's scheme, please contact the Profession (cath.bryson@actuaries.org.uk).

Establishment of New Areas Committee

The New Areas Committee (NAC) was formed in November 2009 under the auspices of the Society's President, Kevin Murphy, and Council as part of the Strategic Plan 2008-2011, with a view to researching opportunities outside of traditional functions and sectors and enabling actuaries to avail of these opportunities. The nine members of the Committee, chaired by James Maher, come from a variety of backgrounds bringing energy and diversity to the group. From an early stage the Committee felt it was essential to note that New Areas was more about evolution than revolution. The Committee thus felt it was appropriate to commence with an assessment of the membership in the context of a rapidly developing environment and to anticipate a range of strategic initiatives that can ensure that the profession in Ireland goes from strength to strength.

As we are working on behalf of the entire membership we sought the permission of the President to present our initial findings to as wide a group of members as possible, so we were delighted to have the opportunity to present to Society members during a plenary session of the 2010 Annual Convention on 20th May.

In this article, we describe the work of the Committee to date as well as our future plans.

Where are we today?

Our first set of activities was to assess the current situation of the profession in Ireland. In particular we were keen to:

- Identify threats and opportunities
- Gauge how members feel about their carreers
- Assess how employers view the profession

This was achieved through a combination of desk based research and face to face interviews.

Key findings

- The supply of actuaries in Ireland is on a strong upward trend – membership of the Society has doubled over the last 10 years and 200 students graduate annually from actuarial programmes. This leads to questions about whether there is sufficient employer demand to absorb this supply and how this demand can be created and sustained.
- Environmental challenges include economic pressures, the decline of DB pensions and competition from non-actuaries.
- Environmental opportunities include increasing focus on both quantitative and qualitative risk management and a recognition that actuaries are well placed to take on this task.
- Our member survey was conducted during March/April 2010 to measure member satisfaction with their careers. The level of response to the survey was excellent and we found that:
  - 72% of respondents work in pensions or life assurance.
  - 40% of respondents are aged less than 30, whereas about 80% are less than 40.
  - Generally, members are satisfied with their careers, although 45% of actuaries working in the pensions sector (27%) would not recommend an actuarial career in pensions to graduates.
  - Most striking of all, 80% perceive little or no competition. This is particularly interesting given that 80% of respondents are in the early or middle stages of their careers.
- We also conducted detailed interviews with six CEOs in the financial services sector, some of whom directly employ actuaries. The interviewees were appreciative of engagement by the Committee. Common themes included:
  - Based on the experience of those we interviewed, actuaries were often not proactive in seeking new opportunities or taking on new responsibilities. There was a perception that actuaries sometimes lacked ambition.
  - The actuarial qualification is a great springboard for young professionals but for more senior roles candidates' professional qualifications are not as important as their skills and experience.
  - The actuarial profession should engage more with employers and with society in general.

NAC conclusions

- The current strength of the profession provides us with a sound basis for evolving to meet challenges.
- Traditional areas:
  - The NAC would like to support the Society to protect and deepen leadership in insurance and pensions.
  - We recommend that actuaries working with insurers actively participate or take a leadership role in their employer's Solvency II initiative.
- Encroach and expand to adjacent areas potentially including:
  - Risk management
  - Old age and retirement solutions
  - Health care
  - Personal financial planning

Proposed response

- Develop structures and tools to help actuaries from within the Society (e.g. training, mentoring) and from without (e.g. promotion, engagement with employers and society).
- Encourage members and the profession to engage in public discourse.
- Each member must recognise and take responsibility for their own career development.
- Members are encouraged to identify and build transferable skills to optimise opportunities.
- Members are encouraged to seek new responsibilities and opportunities for training in their own organisation.

Feedback and input from members is crucial. We invite members in all sectors and at all experience levels to comment. The brief discussion during the plenary session at the Annual Convention was very helpful and indicated wide support for the need for the profession to evolve to enable actuaries to work outside of traditional sectors and functions.

Next steps

- We will work through existing Society structures as well as proposing new structures and leading some of the NAC's own initiatives.
- We will seek to engage with members at all levels from students to senior members.
- We will support efforts to protect existing areas, adapt to adjacent areas and enter wider fields.
- We will identify resources to assist members, including a mentoring scheme.
- We will engage externally to promote the Society.

We look forward to working with the membership. As indicated previously, your input is highly valuable and we invite you to provide comment to info@actuaries.ie. For example, let us know how you would like your career to develop and what resources you need to enable this development. Alternatively, you might want to volunteer to assist or mentor actuaries interested in developing into new roles.

NAC Committee Members: Colm Fitzgerald, Sinead Kiernan (Secretary), James Maher (Chair), Gerry O'Carroll, John O'Connell, Munro O'Dwyer, Brian O'Malley, Paul Walsh & Johan Wiid.

The complete survey response as well as the slides and a podcast from the Actuarial Convention are available on the Society's website.

Bond Markets

On 25th May 2010 John O'Brien gave a very informative presentation to the Society on the subject of 'Bond Markets and Yield Curves'. John is a Principal in Mercer's Financial Strategy Group working mainly with UK pensions schemes.

John began his presentation by remarking on how much things have changed in sovereign bond markets in recent years, most notably the increased volatility of European gilt spreads.

What is a Yield Curve?

John gave a brief 'refresher' on what a yield curve is, reminding us that a bond's yield is the single rate at which all contractual cashflows can be discounted to arrive at the bond's market price. A yield curve shows the yields on the bonds of a particular issuer for various maturities. A number of factors can distort a yield curve including conventions around compounding frequency and settlement / valuation dates, a lack of term granularity in some issuers debt and uncertain maturity dates or options attached to some instruments.

This led on to a discussion of alternatives to a traditional yield curve such as spot or forward curves. Forward curves will be particularly important in the context of Solvency II, as to determine a risk free spot rate where no deep, liquid and transparent market exists it is necessary that an arbitrage free, ultimate forward rate is chosen.

What drives yield curves?

John then moved on to outline the key drivers of the level and shape of a yield curve. These include the expected path of short-term interest rates, supply and demand factors at various maturities, a liquidity premium and the willingness of investors to pay a premium for assets that appropriately hedge a liability.

An alternative approach is to view a yield curve as being determined by the nominal risk-free rate plus a 'credit' spread to compensate for the risk that you won't actually receive the cashflows you expect. A key issue in this approach is choosing and measuring an appropriate risk free rate.

Composition of bond markets today

John looked at the composition of the global fixed income universe; just over half of which is sovereign debt, the next largest group consists of pools of securitised US mortgages, followed by corporate issues and quasi-government bonds. 55% of global fixed income debt is AA rated. In Europe, sovereign debt makes up a larger portion given the differences in how residential mortgages are financed in Europe compared to the US. There is a much lower level of securitisation in Europe.

Topical Issues

The remainder of John's presentation looked at a number of topical issues related to bond yields.

Investment and bond benchmarks

The first issue John addressed was the difficulties in using bond indices to judge the performance of those investing in bonds. The current indices used have a number of shortcomings:

- Most indices are issue size weighted, this means that an entity's weighting will increase as it borrows more. This is effectively the opposite to what occurs in a typical market cap weighted equity index.
- The monthly rebalancing of most benchmarks can encourage herd behaviour and pro-cyclicality.

Alternative approaches include GDP or liquidity weighted indices and absolute return or unconstrained investing.

Curve versus single point discounting

There are many different yield curve shapes that can result in a bond of say term 20 years having a yield of 4%. If we use this single figure to discount a series of cashflows with the same duration but with a different cashflow pattern to the bond the resulting present value will be incorrect. John pointed out that while the insurance industry has largely moved towards full yield curve discounting the pensions industry has lagged this trend somewhat.

Discounting for the purposes of IAS19

IAS19 is the proposed accounting standard that governs the valuation of defined benefit pension liabilities. Under this standard discount rates are based on the yield of 'high quality' corporate bonds that are consistent with the currency and estimated term of the liabilities. 'High quality' is typically taken to imply AA rated but even within this rating band there can by substantial differences between the highest and lowest yielding bonds introducing substantial subjectivity into the rate chosen. Key issues with AA rated bonds are the lack of a deep and liquid market at the long end and the preponderance of financial institutions in the AA band.

John pointed out that while many of these problems can be overcome, remedial actions are somewhat arbitrary and lead to significantly different outcomes. As such, harmonisation of approach is key. In addition, under Solvency II a company's own DB scheme will receive the full economic capital treatment so IAS19 will have a direct impact on available capital

Solvency II and the liquidity premium

John then spoke about the important role yield curves will play under Solvency II, in particular in:

- Calculating the risk free curve and an ultimate forward rate – the choice of a basic risk free rate term structure is still under discussion with swap curves taken as the starting point.
- Allowing for an illiquidity premium in establishing life reserves – a key issue is the estimation of the illiquidity premium with a number of competing methods available, all of which will require a good understanding of what drives the yield curve and credit spreads.
- The stresses on interest rates and credit spreads in the standard formula and their impact on capital requirements.

and Yield Curves

Implications of Recent Developments

Finally, John discussed the financial crisis and its possible implications for bond markets. The large government outlays to support the financial system and wider economy have led to increased budget deficits and greater reliance on bond markets. In some cases, the markets do not appear to believe that governments can continue to service this debt without external support. In particular, in the context of the Eurozone, there is the fear of contagion risk if one nation defaulted.

Q&A Session

John's presentation was followed by a lively question and answer session during which John was asked for an 'outsider's' view on the quality of debate around the choice of risk free rate in a Solvency II context and more generally how the profession has reacted to the significant events of the last few years. In relation to Solvency II, John commented that there has been much good debate amongst the profession and other stakeholders in relation to the risk free rate and liquidity premium issues. He was however, a little surprised that some of these issues were still up for discussion so close to a seismic shift in the regulatory landscape.
A number of these discussions have of course been influenced by the unprecedented events of recent years

Padraic O'Malley asked John for his views on the justification for a liquidity premium in valuing liabilities. John believes that a liquidity premium goes together with fair value accounting. Somebody needs to play the role of long-term investor and they should not be compromised from doing so by accounting rules. However, any liquidity premium used should be transparent.

John was asked by Fergal O'Shea what he felt was the best method for setting a risk-free rate under Solvency II and whether using credit default swap spreads was compromised by the impact the supply and demand of these instruments could have on the rate chosen.

Credit default swaps are very liquid in general (generally more so than the underlying corporate bonds) so market forces should not have an undue impact. However, a particular issue with credit default swaps is the risk that the writer of the swap may not itself be around to pay up on the default of the reference entity. This counter-party risk is reflected in the cost of the instruments.

Ultimately John felt that it is very difficult to justify any bond as truly 'risk free'. There is a cost to insure against the risk of even German government bonds defaulting so by that measure no government bond can be considered risk free while swaps face the counterparty issue described above. So the closest to risk-free is probably a one day rate from a financial institution but even this rate may be influenced by supply and demand in the market.

At that point the Society's President Kevin Murphy brought the meeting to a close and thanked John for his work on the presentation.

A copy of the presentation as well as a podcast of the meeting are available on the Society's website.

Stuart Redmond

SAI Practice Committee Updates

In the May issue of the Newsletter, we introduced Practice Committee Updates and they were also emailed to members. We hope you found them useful, but we would be interested in your views. Further updates are listed below.

Please note that the following is merely a brief summary of the activities of the Committees:

Enterprise Risk Management (ERM) Committee:

- Monitoring international developments in relation to the Chartered Enterprise Risk Actuary (CERA) qualification. Liaison with other international organisations (UK Profession, Society of Actuaries, International Actuarial Association).
- Continuing the series of evening meetings based on the ST9 course Lindsay Smitherman presented "ST9 and the CERA qualification" on 21st June.
- Working party drafted the Society's response to the Financial Regulator CP41 on Corporate Governance.

Finance & Investment Committee

Three evening meetings are being planned for Q4 - further details will be provided closer to the time.

- Liaised with the Actuarial Profession's Finance & Investment Committee.
- Draft guidance on expected returns for alternative assets circulated to the practice committees.
- Considered some of the finance / investment aspects of the SAI/IAPF "sovereign annuity concept".
- Considered the draft of ASP Pen 13 (Conflicts of Interest).

General Insurance Committee

- Continued monitoring of ASP's in the light of market events.
- Discussions on the status and possible introduction of Periodical Payment Orders by the Irish Courts.
- Current events in the Irish market.
- Solvency II and the impact on the actuary's role and the Society.

Life Committe

- The Valuation Regulations Working Party: Following on from the March presentation to members on their findings on possible changes to life reserving methods ahead of Solvency II, the VRWP is developing amendments to ASP LA-3 which will, with Council approval, be issued for consultation.
- Solvency II: Ongoing work is being performed by the Solvency II Committee, with input from the Life Committee, around technical issues arising from the latest wave of consultation papers.
- Life Reinsurance Committee: The Committee has prepared a response to a recent communication from the Regulator regarding interpretation of reserving requirements.
- The Cross Border Committee: A working party is preparing feedback to the Financial Regulator (FR) on the Variable Annuity consultation paper that was issued by the FR in May.

Pensions Committee

- ***Review of ASP PEN-2:*** A review of the Standard Transfer Value Basis has recently been completed and the Society will be writing to the Department of Social Protection in July outlining its recommendations.
- ***Pensions Board meetings:*** Members of the Pensions Committee have met with the Pensions Board to discuss key current issues faced by scheme actuaries/trustees.
- ***Review of Actuarial Funding Certificate (AFC):*** Pensions Committee is working with the Pensions Board on a review of the current AFC. The purpose of the review is to make the AFC more 'user friendly' and also better reflect current legislation.
- ***Review of Pensions ASPs:*** The Committee is currently finalising a review of ASP PEN-3 (Actuarial Funding Certificates and actuarial statements under the Pensions Act 1990) and ASP PEN-4 (Funding Proposals under the Pensions Act). The revised ASPs will be issued for member consultation in July. A review of ASP PEN 1 (Actuarial Reports) has also commenced.
- ***ERM (Enterprise Risk Management) and Pension Risk:*** Following on from a paper presented to members in November, an ERM risk register document highlighting and quantifying the various risks faced by pensions schemes and identifying possible risk mitigation options has now been finalised and is available on the Society's website.
- ***National Pensions Framework:*** The Society has been invited by the Department of Social Protection to attend a consultation, hosted by the Minister, on the National Pensions Framework. The consultation will take place on 15 July.

Solvency II Committee

Level 2 implementing measures / QIS5
Many Solvency II issues are still under debate at European level, including:

- Classification of Own Funds
- Treatment of health insurance and health calibrations.
- Illiquidity Premium
- Contract boundaries
- Non-life calibrations and undertaking - specific parameters.

The Society engages with the Department of Finance, the Financial Regulator and other stakeholders through the Department of the Taoiseach's Solvency II group. The issues which we prioritise for discussions with the Department of Finance are the classification of own funds and the treatment of health insurance. The Society has given feedback on other issues through the Groupe Consultatif.

Actuarial Standards

The Professional Affairs Committee and Solvency II Committee has set up a working group on actuarial standards. This working group will help Council develop the Society's position on proposals for the development of European actuarial standards. It will also consider implications for the Society.

Meetings and Communication with members

Past meetings:

Members of the Solvency II Committee provided updates on recent developments at the Reinsurance Forum and at the Annual Convention. Seamus Creedon spoke at a recent evening meeting.

Future Meetings:

Declan Lavelle chairs a working party on the Own Risk and Solvency Assessment. They aim to present a paper in November. We also hope to present a paper on internal models later this year.

Communications:

The Committee is considering how we can provide members with more regular updates on Solvency II developments. In the meantime, please go to the Solvency II Professional Interest Area on the website for further information on the work of the Committee.

SAI Golf Society Update

Following on from Graeme McDowell's win in the US Open and the JP McManus Pro-am I'm expecting the whole country to go golf mad shortly. With that in mind I thought that it would be a good time to provide another update from the Golf Society.

Trip to the West

A group of select and brave golfers headed into the West on a sunny Friday afternoon in June. Thankfully it remained that way as they made their way across the country. Despite having been provided with detailed directions, they each managed to discover their own routes to Lahinch and all arrived on time. Maybe that tells you something about actuaries. Lahinch was in prime condition for such a serious event, with knee length rough and a light breeze to make things interesting. Scoring was close to a normal distribution with most people scoring 'not many', a few outliers scored 'very few' while the exceptions scored 'a couple more'. Through all of this Jonathan Goold emerged as the victor on day 1. Jonathan celebrated by heading off to the Paul McCartney concert and thereby opened the door to the rest of the field for an exciting second round. The following day Dromoland Castle was a far more pleasant walk for all. With a good nights rest and still more sunshine there was an upwards phase shift in scores. Philip Shier, with a strong finish, emerged as the day 2 winner in a very tightly contested leader board. John Feely was amongst the elite on both days and was deservedly rewarded for his golf as winner of the overall competition. Everyone left with good memories and fewer golf balls. Congrats to John and thanks to everyone who took part in the event.

Piers Segrave-Daly Matchplay Competition

As we go to print, players have now reached the quarter-finals in this annual and very popular and competitive competition. Battling it out for places in the semi finals are Bryan O'Connor vs Don Browne; Raymond Leonard vs Gareth Colgan; Piers Segrave-Daly vs Michael Madden and Brendan Lynch vs Brian Connaughton. Best of luck to all!

Captain's Prize

I have booked Carton House for this year's Captain's Prize on 19th August. We will be playing the O'Meara course which has been described as the friendlier of the two courses (much like their designers). I figure that if it is good enough for Real Madrid then we should give it a try. It promises to be another great day out so be sure to sign up early. (See www.cartonhouse.com)

Beginners - Are you the next Padraig Harrington?

If you would like to find out, why not join us on Captain's day. If you do not want to take part in the competition but would like to take part in the day, dinner etc contact me (peter.doyle@acornlife.ie). Depending on demand, I can tailor a day to suit beginners, with group lessons etc.

Match against the Faculty

We will be playing our annual match against the Faculty in September this year. In order to maximise our chances of retaining the trophy, we will be playing again in Carton House so a good performance in the Captain's prize will aid significantly with selection prospects. As with all good teams, selection will be based on form rather than past achievements (terms and conditions will apply). We have pencilled in 22nd September as the date for this encounter.

Peter Doyle

SAI Annual Luncheon 2010

Hugo MacNeill, Guest Speaker
with Kevin Murphy, SAI President

Stephen Doyle, Paul O'Byrne, James O'Connor

Seamus Fearon, Debra McNamara, Naomi Cooney
Brendan McCarthy

Keith Burns, Maurice Whyms, Paul Walsh,
John O'Connell, Stephen Devine

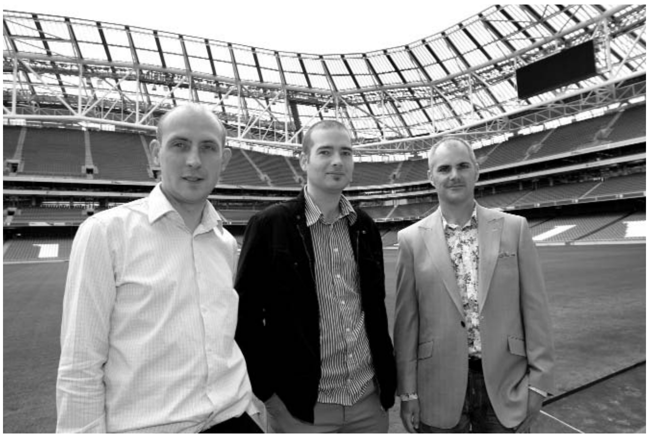
Carmel Brennan, Laly Calderon, Ailish Sherlin

Bill Hannan, Philip Shier, Peter Delany

Liam Scally, Fernando Morales

Gareth McQuillan, Damian Fadden, Eric Brown

Aviva Stadium



Jonathan Daly, Michael Marshall, Dave Kavanagh

Paul O'Faherty, John Feely, Sarah Fee

Joyce Brennan, John Armstrong

Rachael Ingle, Michael Murphy
Adrian Cooper

Conor Byrne, Patricia Colton

Catherine McBride, Michelle Roche,
Catherine McGrath, Yvonne Lynch

Kathy Murphy, Frances Kehoe, Peter Delany

Ed Garry, Willie Holmes

SAI Student Society News

After the inevitable interruption of exams to the social calendar, events kicked off again on the 27th of May when the students of the Society were sent on a treasure hunt. The hunt sent them chasing for clues down the laneways and passageways around Grafton Street. Their skills of observation, their inquisitive nature, and of course, their mathematical intuition were all tested in a gruelling course. Student members, in true fashion of a pirate "that be seeking treasure", speedily completed the challenge and avoided being sent to Davy Jones' locker, Arrr! The group congregated in the Dandelion bar where they spent the remainder of the night.
A prize was given for the best team name. There were many worthy contenders, which required much deliberation and debate among the organisers. The decision was eventually taken to award the prize to a group from Caledonian Life, for their alliterative and syllable-tastic name: "Mojo Jo-Jo and the Powerpuff girls". Congratulations!

On June 17th it was the turn of the Cork based Students to get together for a Society night out. They met in the appropriately named Sober Lane where everybody got to know each other over a few drinks! It was here that they tucked into some pizzas. The culinary prowess of Cork's chefs' was admired by all for producing a Clonakilty Black Pudding pizza. The night went on and spirits were high as the group watched the French being beaten by Mexico in the World Cup. It was an unexpected result, but great entertainment for disgruntled Irish fans. Discussions continued into the night on various topics: the April exams, Kenny's leadership of Fine Gael, the size of the dinner portions in the Imperial hotel; until the inevitable flickering of the bar lights signalled it was time to go home. It was a great night, and hopefully the first of many more Cork events to come.

Keep an eye on Facebook and emails for details of upcoming events.

Donal Murphy

SAI Council 2010 - 2011

Officers

Kevin Murphy	*President*
Paul O'Faherty	*Vice President*
Evelyn Ryder	*Honorary Secretary*
Jim Murphy	*Treasurer*

Council members

John Armstrong
Ger Bradley
Dermot Corry
Keith Burns
David Costello
Damian Fadden
Jonathan Goold
James Maher
Gerry O'Carroll
Richard O'Sullivan
Ciara Regan
Richard Tulloch

Members' Contact Details and Member Profiles

- **Members can now update their contact details via "My Profile" on the Society's website www.actuaries.ie**
  (member login is required to access "My Profile"). Members' contact details are viewable by all members via the "Member Directory" so please ensure that all details here are kept up to-date by clicking on the edit tab on the top of the "My Profile" page.

- **Members can also view their extended membership profile, by logging on to "My Profile" on the Society's website www.actuaries.ie**
  (member login is required to access "My Profile"). The detail on your Extended Member Profile is the detail on the Society's membership database and is only viewable by the member and the Society's Secretariat. In order to ensure that the Society's membership database is accurate and up to-date, members are asked to advise the Society if any of the detail is incorrect by emailing info@actuaries.ie.

On the Move

Graham Cherry has moved to the **Financial Regulator**

Society of Actuaries in Ireland
102 Pembroke Road, Dublin 4. Telephone: +353 1 660 3064 Fax: +353 1 660 3074 E-mail: info@actuaries.ie Web site: www.actuaries.ie