

SOCIETY OF ACTUARIES
IN
IRELAND



NEWSLETTER 3.3

MAY 1991

TOM BARRY

INTRODUCTION

The previous newsletter began with a section on how busy the Society had been up to last Christmas. As you have no doubt noticed, the pace has increased further since then with two and even three events in some months.

24th January	-	Dread Disease Evening Meeting
21st February	-	Quiz Night
28th February	-	Visit of Faculty President
21st March	-	AIDS Working Party Report
15th April	-	Seminar on Life Profit Reporting
25th April	-	Golf Day
9th May	-	Education Strategy Evening Meeting
17th May	-	Annual Dinner
30th May	-	Presidents Dinner
27th June	-	A.G.M.

The Presidents Dinner is a new event which is likely to present the Society in a favourable and professional way to many of the institutions/professions with which we deal. The President, Paul Kelly, will host a dinner to which senior people from areas such as the Accountancy bodies, General Insurance, Banking, Government and Law are invited. Each of the 20 guests will be accompanied by an actuary.

Notices in connection with the A.G.M. will be sent separately.

Montreal 1992

The World Congress of Actuaries held every 4 years is due for Montreal in June 1992. Bruce Maxwell our Congress Correspondent reports that 36 places have been provisionally booked through him by actuaries resident in Ireland. The Society is likely to present two papers and a National Report.

Groupe Consultatif Summer School

A reminder that the Groupe Consultatif Summer School takes place in Edinburgh from 10th-12th July. The subject is "The Actuarial Management of a Life Office" and is considered particularly suited to recently qualified actuaries. At the time of writing there have been no applications from Ireland which is disappointing.

People In The News

Pramit Ghose joins Friends Provident as Investment Manager. He was previously with New Ireland for 5 years. Pramit will present a paper on "Asset Allocation" to the Society during the next session (probably September).

Ian Veitch has joined International Health Benefits (Ireland) Limited, a company recently set up in the Financial Services Centre dealing with health-care products. The company's parent is in Washington D.C. Ian was previously with Caledonian/G.R.E. Life and came to Dublin in 1989 from Caledonian's head office in Edinburgh.

GROUPE CONSULTATIF DES ASSOCIATIONS D'ACTUARIES

DES PAYS DES COMMUNAUTES EUROPEENES

The Groupe Consultatif was formed in 1978 and consists of representatives of the 14 national associations of actuaries in the 12 countries of the European Community. Luxembourg does not have a national association but there are two representative associations in the UK, France and Italy. The Groupe's primary function is to reply to requests for opinions from the institutions of the EC, and in particular the Commission, on actuarial matters. Although unanimity on certain issues is achieved with difficulty and after much debate the ability of the Groupe to present a unified EC wide actuarial stance to the EC institutions has led to a situation where its views are increasingly canvassed and indeed where it has been in a position to influence developing legislation.

As well as its mainstream activities the Groupe has published a number of reports of interest to the profession in the EC and it has organised colloquia aimed principally at the younger members of the profession.

The Society of Actuaries in Ireland is represented on the Groupe by Paul Kelly and Bruce Maxwell and they have recently presented their report to Council on the activities of the Groupe over the last year. The report is reproduced below.

GROUPE CONSULTATIF REPORT, YEAR TO 28TH FEBRUARY 1991

The last year has seen a significant increase in the activity of the Groupe Consultatif. This arose from a combination of a surge of activity at EC Commission level on matters affecting actuaries and actuarial work and the restructure of the Groupe involving the creation of real working committees.

The three main committees of the Groupe are Insurance, Pensions and General Purposes. The Insurance Committee met four times during the past twelve months, in Brussels and London. It's main focus was the Annual Accounts Directive and the proposed Life Framework Directive. The Groupe achieved a significant input into the latter with its development of actuarial principles governing the calculation of technical reserves for life offices.

The draft Life Directive has just been published and the Groupe will be further involved in commenting on it directly to the EC. Such activity acts as an incentive for national associations to liaise with their own supervisors who will be involved in the EC wide discussions on the Directive. It has been a very instructive exercise achieving consensus among the twelve member states on actuarial matters. This also applies to the Diplomas Directive mentioned below. It is notable that when dealing with our own national supervisors we have tended to address aspects which go beyond a strict actuarial brief, whereas the Groupe restricts itself to purely actuarial matters.

The Groupe has been far less successful in achieving its main aim in respect of the Annual Accounts Directive. This was the apparently minor but we feel very important point of including a definition of an actuary in the Directive.

This was because an actuary was held responsible for supervising the calculation of technical reserves for life offices, but no definition of an actuary was included. The Groupe is now attempting to include such a definition in the Life Directive.

The Pensions Committee was active during the year and held one formal meeting in Cologne. It responded to an informal query from the EC on the question of EC wide transferability of pension rights and other issues on EC wide pension arrangements. The Groupe argued strongly against the introduction of any such arrangements at this time due in the main to the very different pension and social security systems currently in place in the member states. The Committee is currently considering the Groupe's response to the Commission working paper 'Completing the internal market for private retirement provision' and it is clear that pension matters will feature highly in the Groupe's works as progress is made towards a pensions directive.

The General Purposes Committee met twice, in Rome and Paris. It finalised an agreement between all the national actuarial associations in the EC which will enable any EC actuary who is a full member of his own national association and who is involved in actuarial work in another member state to become a full member of the local association. The member will be subject to the local code of conduct. The agreement is a response to the Higher Diplomas Directive which came into full force on 4th January 1991 and allows for the free movement of professional and other qualified persons throughout the EC. The agreement was ratified at the Annual Meeting of the Groupe in Paris last October. It is due to come into full effect on 4th January 1992 by which time all national associations should have established codes of conduct where none existed beforehand. The rules of the associations have also to be amended to allow for entry into full membership of such persons. This has implications for the Society and adds urgency to our progress on completing our own code of conduct.

The Annual meeting was held in Paris at the invitation of the French Institute of Actuaries, one of the two actuarial associations in France. The meeting included a discussion, indeed criticism of the Society in Ireland and its action in sending a submission on its own behalf to the EC last year in respect of the Life Framework Directive. The UK and Dutch associations also sent in submissions.

The Society strongly defended its actions and explained at length the background to its submission. The meeting agreed however that where an association wished to make such a submission in future on actuarial matters that it would be preferable if at least the Chairman of the Groupe had a chance to comment beforehand. The main concerns expressed were that national actuarial submissions might undermine the relationship which has developed over the past twelve years between the Groupe and the Commission. The Society's arguments recognised this relationship and the likelihood that individual submissions would have much less weight than a Groupe report.

The coming year is likely to be as busy as 1990 with an Insurance meeting already arranged for March and a Pensions meeting later in the year. There is a summer school, on life assurance matters, planned for Edinburgh in July and a one day colloquium on pensions will be held in Lisbon next October. The 1991 annual meeting will be hosted by the Greek association in Athens in October.

PAUL KELLY
Membre Titulaire
28th February 1991

BRUCE MAXWELL
Membre Suppleant

STUDENTS SOCIETY SECTION

Written by David Roberts

(a) Education

On May 9th last both Chris Daykin and Ken Gardener arrived in our fair land to present the education committee's "Consultation Document on the proposed new syllabuses prepared by the Education Strategy Working Party". Both myself and Eugene Quinn were invited along in our capacity as members of the students committee and made every attempt to keep the student flag flying if only in our ability to consume more sandwiches than anyone else.

A copy of the consultation document in question will have reached the fellow members at this stage and any student short of something to read in their brief exam free period can obtain a copy from anyone on the students committee.

For those of you only casually interested I have attempted to summarize the main proposals below.

The number of subjects should be reduced to nine two-paper exams categorised as follows:-

A	<i>Fundamentals of actuarial mathematics</i>
B	<i>Economics and finance</i>
C	<i>Applied statistics</i>
D	<i>Actuarial mathematics</i>
E	<i>Investment</i>
F	<i>Life insurance (ordinary)</i>
G	<i>General insurance (ordinary)</i>
H	<i>Pensions (ordinary)</i>
	<i>Specialist level subject</i>

Under the proposed system it will be necessary to sit each of the three final subjects at the ordinary level as well as obtaining the specialist subject. Other proposals worth mentioning are the suggestions

- (a) To cut out extra material from the course thus cutting down on the amount of irrelevant learning involved.
- (b) To define more clearly, to both the student and examiner, what should be known in order to continue on the next level.
- (c) To limit to four the number of times a student may sit the first four subjects.
- (d) To consider the introduction of an institute aptitude test to assist in the selecting of candidates appropriate for the profession.
- (e) To reduce the time necessary to qualify "enabling the holder of a good honours degree in mathematics, economics or statistics to complete the examinations within four years".

- (f) To introduce a defined structure of Continuing Professional Education (CPE) as under the proposed syllabus "the newly qualified actuary should be seen as a professional in embryo rather than the finished product. CPE should play a major role.
- (g) To have two sittings a year for all exams.
- (h) To consider the replacement of double-marking all scripts with a much more tightly controlled quality control system.
- (i) To reduce "the burden of tutoring and examining on practicing actuaries"
- (j) To make greater use of the universities
- (k) To look at the introduction of alternative methods such as dissertations, and the like, for examining students.

The proposed syllabus aims to lay out the exams in a methodical and practical manner beginning by giving the student an over view on the various facets of the actuarial profession and then progressing to provide the student with the "tools" of his/her profession.

The investment subject will no longer be a subject to be sat at specialist level as the inclination of this subject will be more away from an investment analysis style subject to cover more actuarial type investment topics relating to the three subjects obtainable at specialist level.

Whilst the consultative paper proposes to have a choice of three specialist papers (Life Insurance, General Insurance, and Pensions) on his recent visit Chris Daykin was suggesting that the probable course of action would be a general specialist paper in which the student would have a choice of questions on three subjects thus endeavouring to allow, say, a Life Insurance Actuary to obtain the same social standing as a Pensions Actuary.

The proposed transitional arrangement would be as follows:

Those with the present subject 4 will be exempt from the proposed subject B and those with subjects 1 and 5 will be exempt from subject C. Subjects 2, 3 and 6 will be required in order to be exempt from subjects A and D. Partial exemptions will be granted to those who have not passed all the exams necessary to be entirely exempt from a subject.

An ordinary level pass in subject 7-10 will result in exemptions from the relevant subjects G to H and a specialist level pass in any subject (including Investment) will give exemption from the specialist paper in whatever form it should materialise under the new syllabus.

I hope I would not be incorrect in saying that the majority of people at the meeting felt that the paper was a well presented and researched proposal containing suggestions varying from the quite new to the long overdue. However some of the points raised included concern that

- (i) in their efforts to get students thought the exams more quickly standards would drop.

- (ii) the fact that the proposed syllabus was written with graduates in mind would levitate against school leavers joining the profession directly.
- (iii) the use of an institute aptitude test would unjustly exclude people from the profession.
- (iv) while the number of exams was being reduced the actual number of papers was being increased from 16 to 18 leading to little, if any, reduction in the time needed to qualify.
- (v) the proposed changes were nothing more than the almost quinquennial syllabus shuffle and contained little that couldn't be included in the present system without the need for a major restructuring.

The date for the first of the new exams has been pushed back to April 1994 to allow for consultation with the Faculty of Actuaries as regards the amalgamation of exams. This will undoubtedly lead to more proposals and suggestions and indeed it is important that those who have any views on the subject should make them known to Tom Barry or Frank Downey in writing, so that they may be included in the forthcoming Society's letter of recommendations to the working party. If you prefer you may write individually. "Silence is the virtue of fools" wrote Francis Bacon so let us finally have three actuaries who qualify under the same set of exams, let us have a generation of students who don't have to wonder do they actually have the exam they have just passed and let us end the quinquennial revival of the syllabus shuffle.

(b) 5-A-Side Soccer

It is hoped over the summer months to set up a 5-a-side soccer league within the profession. Both student and fellow members are invited to get a team together either within their own company or with members from other companies. Female members are, of course, welcome. Teams (or partial teams if interested in joining with another partial team) should be sent to Eugene Quinn of Eagle Star with the £10 entry fee per team. The league is limited to members.