

## New Society Offices

Over the last six years, the Society has changed from a regional actuarial association to recognised national professional body. One of the most important, and for many members, one of the most visible and useful elements of the change was the Society finding a permanent home and professional help for its activities.

We were lucky to be able to arrange with the Irish Association of Pension Funds to share their offices, facilities and staff - they already had a similar arrangement with the Society of Investment Analysts. This arrangement has worked very well for the last three years. However, the increasing complexity of the Society's activities led to the decision to open offices of our own.

On 1st December, the Society's offices opened at 5 Wilton Place, next door to our former offices with the IAPF. Also on the same day, Mary Butler started work as the Society administrator. Mary's background is in hotel sales and marketing in Ireland, the US and New Zealand. In the chaos that accompanies any office move she must have occasionally wondered what she did to end up working for a crowd of actuaries. Nonetheless, she says that she is looking forward to working with us. Mary will be in the office each day from 9.30 a.m. to 1.00 p.m., and can be reached by fax or answerphone at other times. The details of the new office are:

5 Wilton Place      Phone: 6612422  
Dublin 2            Fax: 6622489

## Camilla

The greatest benefit of our link with the IAPF was getting access to the experience and talents of Camilla McAleese. Camilla would have been of great assistance at any time, but we were particularly lucky to benefit from her knowledge as we changed from an amateur society that had previously had to rely on the efforts of the Honorary Secretary and whatever assistance his or her employer could give. Particularly useful has been her help in arranging functions such as the Annual Dinner and the President's Dinner, which achieved a much higher standard than anything we had managed previously. All in all, the Society owes a large debt to Camilla, and also to Rosemary Sherry, who looked after a lot of the Society work.



*Reserving for Critical  
Illness Guarantees*

*Continuous Professional  
Development*

*Pensions Seminar*

*Calendar*

## Newly Qualified

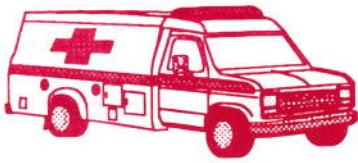
Seven new actuaries qualified in Dublin this December:

Ann Dalton  
Elaine Fennessy  
Brian Griffin  
Chris Mahon  
Colm Parkinson  
Catherine Redmond  
Peter McDade (Faculty)

Many congratulations to each one!



# Reserving for Critical Illness Guarantees



*Anthony Brennan reports on the Working Party's paper presented on 30th November.*

*Mr. Jim Kehoe (President of the Society) introduced the Working Party representatives to a packed meeting.*

*Tony Jeffery (Chairman) and Tom Barry (Secretary) spoke on behalf of the Working Party and summarised the main points and practical implications of the lengthy paper.*

*Tony Jeffery outlined the approach taken to set up the best estimate Incidence Rate Table (IC94) and then identify the parameters which will require prudent margins for reserve purposes. The Working Party concluded that it was perfectly acceptable to offer guarantees, as long as the reserving basis allowed fully for the lack of conclusive data on current incidence and future trends. The main aim was to develop a common and consistent approach to calculating the reserves and the Working Party came up with a tentative suggestion to add 35% to IC94 for current variability and to allow a 1.5% per annum increase to IC94 rate to allow for future trends.*

*Tom Barry worked through an example and demonstrated the potential large increase in reserving strain for offices issuing Guaranteed Critical Illness policies. Tom also discussed current rates and stated that IC94 was below the current charge rates and that the proposed new reserving basis was, on average, within current bases which simply load reinsurers' rates.*

The presentation was then followed by a lengthy and detailed discussion, chaired by Bruce Maxwell.

In response to a question, Tony Jeffery explained that the Working Party felt that the factors which had helped to improve mortality experience (e.g. nutrition, sanitation) would not necessarily lead to a reduction in CI incidence rates. Tony also suggested that improvements in early diagnosis could improve mortality experience but disimprove CI experience.

Many of the contributions addressed the issue of benefit design. Among the suggestions was that the dangers of elective surgery could be reduced if the definition included a "reduction in quality of life" requirement. Another suggestion was the introduction of non-guaranteed benefit definitions in order to keep pace with medical developments. However, several contributors felt that PRE, Consumer Protection Legislation and the pending EC Directive on Unfair Contract Terms would make it difficult to market and enforce variable benefit definitions.

One contributor stated that he had compared the recommended reserving basis to Term Insurance Reserves and concluded that there was greater reserving strain on the standard Term Insurance. Tony Jeffery replied that this may be a function of over-reserving for Term Insurance but advised that the Working Party fully accepted that there were arguments for higher or lower ranges to their recommendation and was looking to this discussion for guidance on the required reserving parameters.

The Working Party acknowledged that some offices had issued, in effect, guaranteed business because the policy could 'bomb out' due to an increase in risk charges before a defined review date. This guarantee would have to be reserved for in the same way as business issued with fully guaranteed risk charges and could also apply if there was a time delay in introducing revised risk charge rates.

The Life Committee now intends to produce guidance for Appointed Actuaries on reserving approaches for CI guarantees. This should be in place for the 1994 end year valuations.

Jim Kehoe then thanked the Working Party for their excellent report, particularly in view of the tight reporting deadline, and thanked all the contributors to the discussion.

Further copies of the report are available from the Society.



# Continuous Professional Development

*The 1994-95 Programme of Events opened on 12th October with an evening meeting on CPD. The speakers were Dr Elisabeth Goodwin, Chief Education Executive of the Institute of Actuaries, and Frank Downey, the Society's Council Member with responsibility for CPD.*

*The new Joint CPD Committee of the Institute and Faculty sees CPD as being essential to improving both the knowledge and the skills of the actuary. The Committee distinguishes between the needs of the newly-qualified actuary seeking practical experience and the longer-qualified actuary taking on increasing responsibility in his/her career. It sees the acquisition of non-technical skills which are relevant to the actuary's work as an important part of CPD. No exams can cover all the detail of every area - some knowledge is most effectively acquired through post-qualification experience - and through the practice of CPD, the profession is seen to be keeping up-to-date.*

*The members of the Society's CPD Committee are Paul Kelly (Chairman), Colm Fagan and Frank Downey. In their report to Council last May, they considered whether the Society should adopt the Institute's CPD scheme, whether and for whom CPD should be mandatory and the extent to which the Society is able to provide activities through which members can achieve their CPD requirements. The exams are intended to be the 'initial training' of the actuary; a CPD scheme puts a formal structure on acquiring the experience necessary to assume professional responsibilities. Council's opinion is that CPD is vitally important to the development of the individual actuary and to the reputation of the profession; it now seeks the views of members before proceeding with a CPD scheme.*

The discussion from the members generated many ideas and observations:

- 📖 There was support for a proposal that CPD be mandatory for all actuaries, but on a two-tier basis, with the full 15 hours of CPD applying for actuaries signing in a statutory capacity and perhaps 10 hours for others.
- 📖 Members should take responsibility for generating formal CPD activities. In particular, the more senior members should provide CPD opportunities for the younger members.
- 📖 The Society should make more use of workshops.
- 📖 The Joint CPD Committee's recognition of the importance of non-technical skills was welcomed.
- 📖 Is it not expected that actuaries will carry on CPD as a matter of course - so is a formal scheme really necessary? Will it add any real value? The public will not judge an actuary's competence by the number of evening meetings he/she attends. The DEE expects appointed actuaries to carry on CPD and will take this into account when considering whether a person is suitable for that role.
- 📖 A formal scheme encourages CPD and helps to put a structure on acquiring essential experience and professionalism. It may also encourage employers' support for CPD.
- 📖 The Society's CPD requirements must be no less stringent than those of the Institute - the actuary working in Ireland must be seen to be as up-to-date as his/her UK counterpart.
- 📖 If the Society is to be accepted and recognised as the body regulating actuarial activities in Ireland, we must be strict about how we implement the CPD scheme.
- 📖 CPD should be on a self-assessment basis but members should have to verify to the Society yearly that they have met the requirements. It improves the credibility of the scheme if there is at least such verification.

Closing the meeting, Jim Kehoe said that it had been very useful to hear the views of members on this important topic. There seemed to be a consensus in favour of being more formal about CPD by introducing a scheme to codify best practice in the area and impose more structure and discipline into it. He thanked everyone for their attendance and participation in the discussion. Following the meeting, a dinner was held, at which Jim welcomed as guests the speakers and our newly-qualified actuaries.

**Yvonne Lynch**





## Calendar

*Full details of each meeting will be circulated to members beforehand.*

25 January 1995

Evening meeting: '**Guaranteed Equity Products**'  
*Mahilesh Dodhia and Tim Sheldon.*

15 February 1995

Evening Meeting: Report of the Working Party on '**Health Care Products**'  
*Aisling Kennedy*

15 March 1995

Evening Meeting: Address by the President of the Faculty of Actuaries  
*Malcolm Murray*

April 1995

Evening Meeting: **Investments** topic.

April

LIFE ASSURANCE SEMINAR

5 May 1995

Annual Dinner Dance

24 May 1995

AGM, following by evening meeting on General Insurance topic.

## New Student Committee

The Student Society AGM was held on 23 November and a new committee was elected. Congratulations to:

Andrea Doyle  
Jennifer Richards  
Ciaran Murphy  
David O'Dowd (UCD)  
Cormac Lane (DCU)

Senan O'Loughlin  
Ciara Regan  
Patrick McDonald (UCD)  
Catherine Maldee (DCU)



**Brian Duncan** is leaving Irish Life after 30 years with the company.

**Adrian Daly** will be taking up the reins as Chief Executive of the Hibernian Group with effect from April 1995.

## Pensions Seminar

The Society arranged a seminar on pensions, which was held on Friday morning, 4th November 1994 in the Conrad Hotel, Dublin. The seminar was well attended, and was opened by the Minister for Social Welfare, Dr. Michael Woods, T.D.

The speakers were:

**John Feely**, AIB Investment Managers (UK), who spoke about likely changes in asset distributions of pension funds in Ireland and the UK over the next 10 years.

**Harvie Brown**, William M Mercer (UK), who discussed some of the implications of the proposed new minimum solvency requirement for UK pension schemes:

**David Collinson**, Watsons (UK) who outlined how provision for retirement benefits is made in other European countries;

**Brendan Johnston**, Eagle Star, who offered some views on current and future developments in the pensions scene in Ireland.

A lively question-and-answer session followed. Closing remarks were made by Society President, **Jim Kehoe**, and followed by lunch. Delegates agreed that it had been an interesting and stimulating seminar.