Newsletter
November 2001
The Society of Actuaries in Ireland

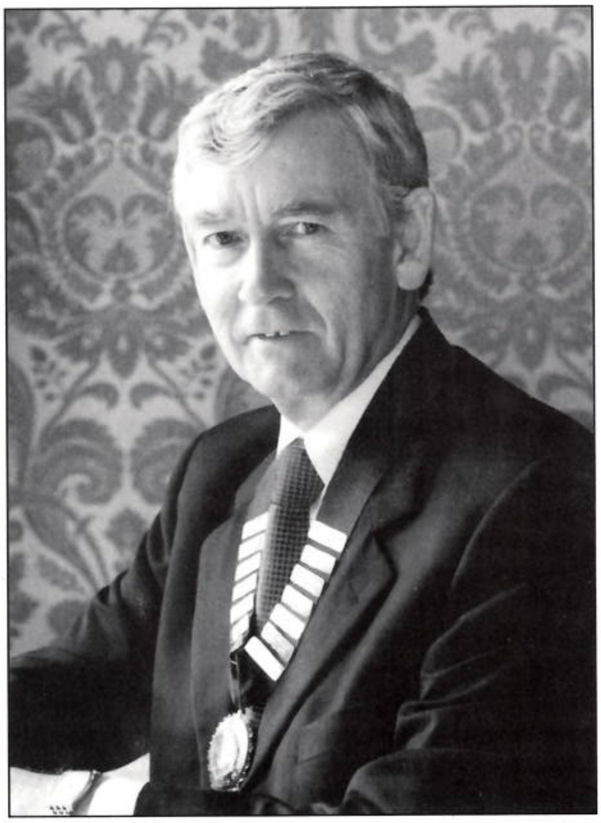
Editorial

Welcome to the November 2001 newsletter. The Society's autumn schedule kicked off on the 18th of September with the President's address and the new qualifiers' reception in the St. Stephen's Green Club. We have included a brief review of Eamonn's address in the newsletter and a full copy of his paper is enclosed with this mailing.

The main feature of the newsletter this month is the Healthcare Seminar, which was held in the Conrad Hotel on the 9th of October. Once again, we had a very successful seminar which received a lot of press and media coverage of some very topical issues. The large number of delegates from outside of the profession was very noticeable. Further details can be found on the web site (www.actuaries-soc.ie).

You will also find, within the next week on our website, a quiz to test your *general* knowledge.
New Ireland have, once again, been kind enough to sponsor the prize *(a magnum of champagne)* for the first correct entry to be drawn at the Society's Christmas drinks on Wednesday, 12th of December in the St. Stephen's Green Club. (Apologies for mentioning Christmas when we have barely got over Halloween!)

Articles for the future editions of the newsletter are always welcome and can be sent to either Frances Kehoe, Michelle Roche or Mary Butler. The next issue will be in December, 2001.



Eamonn Heffernan

Presidential Address

18 September 2001

The meeting opened with the new President, Eamonn Heffernan, noting that he had conveyed condolences to the American Society of Actuaries on the events surrounding the destruction of the World Trade Centre. The meeting then observed one minute's silence as a mark of respect to those affected in the tragedy.

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Presidential Address
continued...

The President welcomed the many new qualifiers and also the new honorary members who were present. He then outlined the broad theme of his address as *"the role of the Society in Irish society in 2001 and beyond"*.
Having briefly traced the history of the Society, the President questioned the current standing of the profession, its reputation and how well it currently serves the public interest. In considering how others view the Society, reference was made to a paper by Walter Merricks, the Financial Services Ombudsman in the UK, on what the public expects of actuaries. While this cast the profession in a less than favourable light, Eamonn said that it echoed in part his own more recent experience in dealings with a number of other representative bodies on The Pensions Board. He felt this reflected a loss of confidence in institutions generally and that consumers were now demanding greater openness and accountability.

The President noted that the Society was responding to these challenges by strengthening the self-regulation process, by reaching out to other professions and wider bodies and by actively developing its public interest agenda. A strengthening of the education and CPD process would also form part of the Society's response. The Society was also responding to more immediate current issues across the range of disciplines which would require significant commitment from all members.

The President asked that members use the initials FSAI, Fellow of the Society of Actuaries in Ireland, in signing any statutory certificate or report. He also questioned whether the Society should collectively give something back to society and suggested a number of ways this could happen. Finally he thanked his predecessor, Jimmy Joyce, for his enormous contribution to the development of the profession during his tenure.

Jimmy then opened the discussion by congratulating Eamonn on his address and, in particular, he welcomed its outward focus and the emphasis on how the profession is viewed externally. Bruce Maxwell urged members to read the Walter Merricks Paper. He said there were a number of current issues which needed to be addressed by the profession, including the expectations of clients in defined contribution schemes and the level of commutation factors currently being used. Bill Hannan noted that while the importance of collective professional judgement was now more widely recognised than when the issue was first raised, he did not feel that the debate between individual and collective judgement was yet finalised.

Chand Kohli noted that his own accounting profession also had to face the issues of communication, increasing regulation, and management of the external image of the profession. These were all challenges not to be underestimated. Paul Duffy considered that all professions were now under scrutiny with the increase in the consumer agenda. He urged newly qualified actuaries to become involved in advancing the profession through research, working parties and other avenues. Duncan Robertson said that increasing the involvement of the new members would be a priority for the Education Committee.

Jim Kehoe found the address self-critical but in a constructive manner. He suggested that the Society could be more involved in the formation of social policy. Closing the discussion, Pat Healy noted the challenge that commercial pressures were placing on the profession's mission to represent the public interest but felt we were well placed to respond to that challenge.

Note : The Presidential address is enclosed with the Newsletter and is also available on the Society's website www.actuaries-soc.ie

Sean Casey

Towards a Better Healthcare

Seminar - Conrad Hotel - 27 September 2001

The recent Healthcare Seminar hosted by the Society attracted a large attendance including many from outside of the profession. **Dr. Garret FitzGerald**, former Taoiseach, chaired the seminar. Speakers included, **Liz McManus, T.D.** and Member of the Oireachtas Joint Committee on Health and Children; **Siobhan Kennan** from the Department of Health and Children; and **Joe Durkan**, senior lecturer in the Department of Economics at University College Dublin. Overseas speakers included **Professor Bradford Kirkman-Liff** of the School of Health Administration and Policy at Arizona State University and **Robert-Jan Hamersma** and **Sebastiaan van den Dries** from Andersen in the Netherlands.

Tony Jeffery, Aidan O'Donnell and David Harney, from the Society's Healthcare Committee, reviewed the presentations.

Dr. Garret FitzGerald

Chairman of the seminar, Garret FitzGerald, spoke at the outset about the recently-published survey undertaken by the ESRI. The survey indicated that 96% of Irish people believed that public waiting lists should be brought into line with those for private treatment. Most of those who now take out private insurance do so because of delays in treatment - 72% cited these delays as the reason they would not give up private insurance.

On the question of whether we could afford to increase public spending on health, Dr. Fitzgerald said this would not be possible in 2002, and perhaps not in 2003 either, due to the present economic downturn. However, he was confident that the subsequent growth cycle would provide opportunities to improve the health system and, in the meantime, he felt that major inefficiencies could be eliminated which would have the effect of improving service in advance of significant additional funding.

Finally, he addressed the issue of the mechanism by which a health service should be funded, free of the existing discriminatory elements. He saw advantages to a single, compulsory, national insurance scheme in which premiums for the less well-off would either be paid or subsidised by the State. Such a system could eliminate the class distinction inherent in the current system and could be made to yield sufficient resources to allow everyone to be treated without delay. However, he saw difficulties with this system including the difficulties in finding an equitable form of means-testing and the reluctance of governments to sanction necessary premium increases.

Siobhan Kennan -

Siobhan Kennan from the Department of Health & Children spoke on the development of the soon-to-be-published Health Strategy 2001. The approach adopted to the formulation of this strategy was:

- to take lessons from the ESRI critique of the previous 1994 Health Strategy;
- to develop and test a vision, principles and themes;
- to involve all participants, and lastly, to achieve a broad consensus.

The chosen vision is of a health system which 'helps you to be healthier, is fair, is one you can trust, and is there when you need it'. Four principles guided their work - equity, quality, accountability and people-centredness. Examples of the types of themes considered were funding, eligibility, service delivery, e-health, quality, health promotion, public-private mix, etc. Ms Kennan described the various groups established to develop the strategy including a National Consultative Forum, an International Expert Panel and an Interdepartmental Working Group.

The many recommendations and ideas generated by the process have now been distilled into a number of high level goals and decisions will be made on what actions/policies are required to support the pursuit of these goals. The national goals are:

- healthier people
- fair access
- more appropriate and responsive care delivery
- high performing health system

The emerging messages for strategy cover the whole range of healthcare, e.g. equity/eligibility, population health, primary care, consumer empowerment, funding, human resources, voluntary/statutory interface, information systems, implementation, etc.

The focus is now on drafting a document based on the emerging messages with publication to follow as soon as possible.

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Towards a Better Healthcare

continued...

Robert-Jan Hamersma and Sebastiaan van den Dries

Robert-Jan Hamersma and Sebastiaan van den Dries from Anderson in the Netherlands gave a presentation on the structure of the Dutch healthcare system. There are 3 parts to the healthcare system;

- AWBZ - A national health insurance scheme which covers all residents for long-term care and exceptional medical costs
- ZFW - A national health insurance scheme which covers those on lower incomes for basic medical care
- Private health insurance.

The AWBZ covers the entire population for long-term care and exceptional medical costs. It also covers costs relating to preventative medical care. Premiums are collected through the tax system and are 10.25% of earnings up to €27,000.

The ZFW covers employees earning below €30,000 and self-employed people earning below €19,000 for basic medical care including GP visits, medicines, essential dental care and childbirth. Cover continues after retirement. The ZFW costs €50 plus 1.7% of earnings. The employer pays an additional 6.25% of earnings.

Although the ZWF is a national insurance scheme, cover is arranged through commercial insurance companies. The insurance companies offer supplementary cover in addition to the ZFW.

ZFW may arrange private health insurance through the insurance companies. Individuals are underwritten and are charged individual premiums. Individuals who are not accepted at standard rates must be offered a "Standard Policy". This will be more expensive than a policy accepted at standard rates but less than the true cost of the policy. All private health insurance policyholders pay a solidarity premium to subsidise the cost of the "Standard Policies".

Liz McManus, TD

Liz McManus was speaking as a member of the Joint Oireachteas Committee on health but her speech naturally reflected her position as the Labour Party's spokesperson on health. Liz drew attention to the very high take up rate of PMI in Ireland and the very long waiting lists. These she felt might be understated with many people waiting for appointments with consultants simply to get on the lists.

Liz felt that there was far more to be gained in health terms from targeting the less well off in our society. However the structures in place currently targeted the better off! With the population growth that Ireland has experienced and continues to experience we need more health resources. Nevertheless she believes that the current system does not do enough to give incentives for doctors to treat increasing numbers of public patients. In favour of universal health insurance she believes that such a system would lead to equity of treatment and a greater feeling of "ownership" of

Professor Brad Kirkman-Liff

Brad Kirkman Liff of the School of Health Administration and Policy at Arizona State University gave an address packed with ideas and relevant comments, having first said that he wouldn't normally comment on a country's health system without spending many months there first.

He drew attention to the dangers of transplanting ideas that work in one system to another system without understanding the context in which they work. He too drew attention to the unique Irish feature of high proportions in private medical insurance combined with a State system.

He produced a list of eight problems that he felt most first world countries have with their healthcare systems but then went on to list six more unique to Ireland. These included some familiar to us actuaries, notably high incidences of cancer and heart disease and the lack of preventative work, as well as the more public issues around waiting lists.

He then went on to generate a series of ideas and options which approached medical care in a far more proactive way than many of us are used to thinking. Disease management and case management were mentioned. He outlined options for insurance based systems.

Most significantly he sketched the history of two initiatives in changing financial systems delivering healthcare in the UK and New Zealand. Neither of these have been a great success which is a warning

Joe Durkan

Joe Durkan senior lecturer in the Department of Economics at University College Dublin discussed the possible implications of introducing a compulsory health insurance scheme in Ireland.
Joe suggested that a compulsory scheme might be considered more preferable than the current voluntary system because it would be more stable in the long run and it would be more effective at guaranteeing entitlement for the whole population. Introducing a compulsory health insurance scheme would have implications for the following areas;

- coverage
- hospitals
- public finances
- patients

A compulsory health insurance system guarantees full coverage and as medical entitlement derives from the ability to pay via insurance this results in better medical care for those on low incomes. Integration of GP services, pharmacists, clinics and hospitals should be considered.

Under compulsory health insurance hospital income is determined by activity. Hospitals would be forced to compete for business and all patients would become private patients.
The system would raise issues on the ownership of hospitals, increase the importance of regulation and information via government and also increase the role of insurance companies in monitoring costs.

Introducing a compulsory health insurance scheme would have a big impact on the public finances.
It would result in savings to the exchequer but would also require substantial changes in tax to subsidise the cost of healthcare for those on lower incomes. In theory it may mean that the exchequer can focus more on health promotion and health awareness.

The costs of a compulsory health insurance scheme would be substantial and would need to be subsidised for those on lower incomes. However elective treatment would become available to all patients and competition would more than likely lead to an effective patients' charter.

The Irish Times 5|10|01
State should invest further in primary healthcare - expert

The Irish Independent 28|09|01
Dependency on state health care to rise, experts warn

The Irish Times 28|09|01
Compulsory health insurance could cost £1,500 a year

The Irish Medical News 28|09|01
Economist calls for limited extension of health insurance to whole population

Ireland's First Actuaries

1848 Is Mar Sin[i]

Shane Whelan, October 2001

There is never a good time to be made penniless, but some times are worse than others. To be made penniless during one of the world's great famines must rank as one of the worst times.[ii] Yet in 1848 two savings institutions failed due to the criminal behaviour of the actuary - in what became known as the Tralee Savings Bank Fraud and the Cuffe Street Fraud. The actuary to the former, Mr Lynch, made away with £36,000 before being prosecuted and sentenced to 14 years' transportation. The Cuffe Street Fraud is named after the Dublin street where the actuary, a Mr Dunne, defrauded the St. Peter's Parish Savings Bank of £20,000 before he absconded in 1831. This latter savings bank attempted to trade out of its difficulties but only magnified its deficit, which amounted to £56,000 when it finally closed its doors in 1848.[iii]

Neither Mr Lynch nor Mr Dunne would be termed an actuary in the modern usage of the term: they were not fellows of a professional body. Indeed there was no professional body to join as the Institute of Actuaries of Great Britain & Ireland was only founded in 1848, the Faculty dates from 1856, and an independent Irish body existed only in the final decades of the twentieth century. The term 'actuary', though, was in widespread use before the Institute was founded. Indeed even after the Institute was in existence one of its early Presidents remarked: 'at present every little clerk of a Savings Bank called himself an actuary and the public has no means of discriminating between the qualifications of the two'.[iv] Perhaps the term 'actuary' would not have been adopted as a promising appellation for a new profession if Irish considerations prevailed.

Ireland's first actuary, on the criteria of being a fellow of a professional body and resident in Ireland, was Joseph Todhunter. He appears as a fellow in the Institute listings in the year following its foundation. However, outside of this notable distinction, little else is known of Mr Todhunter. His career was with the National of Ireland Life & Fire Insurance Company where he was Actuary and Secretary up to 1870. We can surmise (given the 3 College Green address of his last membership listing in 1873) that Mr Todhunter remained connected with the National, perhaps on pension until his loss to the profession in 1873/4.

Something more is known of the second actuary in Ireland. William John Hancock was the first Irish actuary to go through the examination system and Ireland's first consulting actuary. He was born in 1836, the youngest in a family of six. At the age of 19 he began his actuarial studies with the Patriotic Assurance Company of Ireland. His career progressed rapidly: he was made Assistant Secretary some 5 years later, and a couple of years after that, Secretary. His family's history might account for his choice of the Patriotic - a company of green hue - as one of his grandfathers was Samuel Neilson, an 18th century Irish nationalist imprisoned for his views. Mr Hancock qualified as an actuary in 1864. He resigned from the Patriotic in 1878 but was retained as their consulting actuary, also adding friendly societies and other Irish provident associations to build up a large consulting practice. He lived at 23 Synnot Place with his wife, Annette Dickson Bowdler, and five surviving children and kept an office at 24 Anglesea Street. He styled himself an 'actuary, accountant, and auditor' although his only qualification was FIA.[v]

Mr Hancock was made a Council Member of the Institute by the age of 31, where he served the profession until 1873. He made a small contribution to the Journal of the Institute of Actuaries when he engaged in a discussion on the use of the Arithmometer, an early mechanical calculating machine.[vi] He entered the debate on the opposite side to that formidable computer of the Faculty, Edward Sang.[vii] Dr Sang took a very Aristotlian view when he contended that:

"Thus, on the whole, arithmeticians have not much to expect from the aid of calculating machines. A few tables, otherwise very easily made, comprise the whole extent of our expected benefits; and we must fall back upon the wholesome truth that we cannot delegate our intellectual functions, and say to a machine, to a formula, to a rule, or to a dogma, I am too lazy to think, do please think for me."

JIA XVI (1872), p. 265.

Mr Hancock had practical experience of the Arithmometer and took a different - and we can say with the advantage of 130 years hindsight - a more correct view when he contended:

"No doubt there are many calculations in which the machine would not give assistance: but that does not make it less useful where it can be applied. A sewing machine is not condemned because it will not sew on buttons. On the whole, I think the balance of the argument is in favour of the arithmometer; and I have no doubt that with more extensive use improvements will be made in construction and workmanship."

William John Hancock also played a role in the intellectual life of Dublin, where he was a Council Member of the Statistical and Social Inquiry Society of Ireland (SSISI). He delivered a paper making suggestions on how to make friendly societies more secure and three papers on the regulation of US life assurance to SSISI. He also authored at least six pamphlets, most of which are held in the library of the Faculty of Actuaries. However, his contribution to SSISI was dwarfed by that of his brother, William Neilson Hancock, who was Whately Professor of Political Economy at Trinity (the chair now held by Dermot McAleese): W. Neilson Hancock read almost one hundred papers to SSISI.

A mystery surrounds the last days of Mr Hancock. His surviving great grand-daughter Mary Mullins says that "family lore has it that due to some financial incident or difficulty, he declared he was off to America to follow his literary interests and what followed is not known other than his wife and surviving children sailed for Australia to start a new life around 1885/86." Based on the annual listing of fellows of the Institute, we find that he remained in Dublin until September 1884, his last address being Stock Exchange Building, Anglesea Street, Dublin. The next entry, for September 1885 has him based at Poste Restante, Melbourne, Australia, and from 1886 he is not listed as an FIA.

i It gives me pleasure to acknowledge the assistance of Christine Morgan, Faculty Librarian, and David Raymont, Staple Inn Librarian, in researching this article.

ii The Great Irish Famine of the late 1840s killed about 1 million or one-eighth of the population. In terms of the absolute number of deaths this puts it in the league of a handful of famines in modern times - Ethiopia in mid-1980s, Biafra 1968-70, the Great Leap Forward Famine in China 1959-62, Great Bengali Famine 1943-44, the Ukraine Famine 1932-33, the Soviet Famine 1918-22, the Great Finnish Famine 1866-68. In relative terms - that is, the number of deaths as a proportion of the total population - it ranks in the top three with the Soviet Famine of 1918-22 and a previous Irish famine in 1740-1 [See, Ó Grada, C. (1999) *Black '47 and Beyond*, Princeton University Press, p. 5 and Ó Grada, C. (1989) *The Great Irish Famine*, Gill & MacMillan, Dublin, p. 1].

iii See Scratchley (1860) *Scratchley on Associations for Provident Investment*, Longmans', Division I, Part II, pp. 61-65. To get a feel for the size of these swindles, the daily wage of an unskilled Dublin labourer was about 16d for a long day and about 60d for a Dublin craftsman such as a carpenter or plumber. A loss of £36,000 would thus equate to the annual wage bill of 1,800 unskilled labourers at that time. [D'Arcy, F.A. (1990) *Wages of Skilled Workers in the Dublin Building Industry*, 1667-1918, Saothar 15, pp. 21-36; D'Arcy, F.A. (1989) *Wages of Labourers in the Dublin Building Industry*, 1667-1918, Saothar 14, pp. 17-31]

iv Simmonds, R. C. (1948) *The Institute of Actuaries*, 1848-1948. University Press, Cambridge, p.32.

v Sources: Walford, C. (1878) *Insurance Cyclopaedia*, Vol. V, Charles & Edwin Layton, London, p. 633; Thom's Directory 1882; membership listings of the Institute, especially 1867, 1884, 1885, 1886, 1887; private correspondence with his surviving great grand-daughter, Mary Mullins.

vi JIA Vol. XVI (1872) pp. 265-269.

vii See, for instance, Whelan, S. (2000), *Edward Sang: Actuary of the Millennium?* The Actuary (UK), April 2000.

Hedge Funds presented by John Caslin on Tuesday 9 October 2001

John presented his paper on hedge funds to a packed and eager audience (a record attendance in the Society's history). The paper was an original and topical piece of research into the world of hedge funds.
The presentation examined the possible uses of hedge funds in institutional portfolios and the and monitoring hedge funds.

Hedge Fund Definition

Hedge funds are multi-faceted creatures not capable of universal definition. John tackled this problem by defining a hedge fund as an investment vehicle that had some or all of the following features:

- precluded access to the general public
- high ticket entry amounts
- **possible lack of transparency on investment strategy**
- long and short positions are possible
- positions may be leveraged
- possible capacity constraints
- **lack of regulatory supervision**
- annual management and performance related fee structures
- **long lock-up periods**

John emphasised that when a hedge fund had the three features highlighted in bold above an alarm bell ought to ring in investors' minds.

Though John's presentation used hedge funds based on trading equity securities to illustrate points about hedge funds, he said that many of the concepts apply equally to other asset classes including currencies, bonds, commodities, etc.

Hedge Funds Benefits and Screening

John aroused our curiosity about hedge funds by showing us an example of how adding a hedge fund to a traditional balanced fund gave a significant reduction in investment risk and an increase in investment return. This is not a universal truth and does not apply to any hedge fund chosen at random and combined with a balanced fund.
The improvement in risk and return is achieved when the risk and return of the hedge fund are sufficiently uncorrelated to the balanced fund.
This is the key issue in choosing the appropriate hedge fund; the characteristics must be such that when added to the main portfolio of assets the risk of the combined portfolio is reduced. John illustrated a screening process to find hedge funds with the desired characteristics.
Fundamentally this means screening on the basis that the hedge fund has a higher return than the existing portfolio and a very low correlation with the existing portfolio.
The correlation analysis must be cognisant of worst and best returns and consider extreme conditions under which returns may be correlated.

Understanding the Investment Strategy of a Hedge Fund

Failure to understand a hedge fund's investment strategy is potentially catastrophic. It is not safe to rely on past performance as a reliable guide to future risk or return unless the underlying strategy and risk control is clearly understood. John illustrated this process with some specific examples (long / short equity, convertible arbitrage and merger arbitrage). He also pointed out that in choosing a manager there are also many qualitative factors to be considered. This is critical in choosing the hedge fund that best fits one's needs.

Fund of Funds

The hedge fund world also has its equivalent of managed funds – funds of funds. There are obvious attractions in terms of diversification and professional management. This may come at a cost however and the costs may wipe out the diversification gains. The institutional investor has a number of critical questions to ask of the fund of funds concerning selection criteria, measurement and monitoring of risk, cost structure, performance, transparency, liquidity and lock-up terms. If an institutional investor is selling a fund of hedge funds to its clients then it has a duty to see that the fund of hedge funds manager is on top of all the issues mentioned above.

Clearly hedge funds offer many challenges and opportunities to actuaries. This was reflected in a vigorous debate on several aspects of John's paper. The diverse appeal of John's paper was reflected in the differing contributions from investment managers, consulting practitioners and pensions and life specialists. There was common ground in the audience on the pervasion of hedge funds in today's world. (Institutional investment in hedge funds total $100bn.)

There is also known to be at least one pension fund, two non-life offices and one life office in the domestic market which have made investments in hedge funds. Debate centered on a number of major themes:

- capacity
- risk & return
- funds of funds and fees

Capacity

Some concerns were aired on capacity constraints. These concerns centred specifically on merger arbitrage funds outlined in John's presentation. John countered that while there may be capacity if the totality of funds available were chasing finite opportunities in the corporate merger world, there are arbitrage funds outside of M&A such as convertible bonds. In addition, he said that there were plenty of hedge funds that did not depend on arbitrage to generate their returns – for example trend-following strategies.

Risk and Return

Here John and his presentation challenged a number of 'sacred–cow' ideas among the audience. The premise is that increased return is achieved at a price of increased risk. John's presentation showed that increased returns can be achieved by adding an uncorrelated asset to the existing portfolio. This premise raised a number of issues for debate:

- does increased risk lead to increased return?
- if part of a manager's strategy leads to his shorting the market at a particular moment in time, does this not increase the risk and instead of reducing the risk of the combined portfolio, actually exacerbate the risk?

The issue seemed to boil down to what one speaker described as the psychological difficulty people have with shorting stocks. Shorting is the mirror image of buying long and not necessarily any more risky than buying long. The important issue it was agreed was the control of risk and the requirement to understand how the fund manager varies risk. Some speakers suggested that the risk could be controlled through a stop loss strategy. John emphasized throughout his presentation the importance of understanding the risk management procedures in place at a hedge fund. Daily forecast risk numbers and valuation numbers ought to be sought from the manager, weekly risk analyses and regular meetings with the manager are also vital.

Fund of Funds

There was some debate on the merits and demerits of funds of hedge funds. While the concept does offer diversification it is usually at a higher cost and possibly a less transparent risk profile.

More to Come on Hedge Funds

Hedge funds also raise issues for the appointed actuary on policyholders' expectations and disclosure of charges inter alia. This is the subject of a Society working party which expects to present its findings in the near future. We can only hope that this report will generate the same robust debate that the members enjoyed on this night.

Fergal O'Shea

New Qualifiers with Eamonn Heffernan

Stephen O'Kane, Linda Kerrigan, Colin Manley, Sinead Lane, Michael Bryson, Eoin Kennedy, Anna Kinsella, Don Browne, Mark O'Dea, Aidan Kennedy, Jonathan Daly, Padraic O'Malley, James Deegan, Tom Gallagher, Dermot McCarthy, Brian Murray, Andrew Hodnett, Dermot Marron

Absent from photo:

Noel Garvey, Craig McCulloch, Eamonn O'Lideadha, Noel Coughlan, Paul Melling, Nicholas Tickner

Pass Rates for Irish Students Improve

An analysis of the pass rates for Irish students in the April 2001 examinations is shown below. Overall the Pass Rates for Irish students improved to 48%, from 40% April 2000. Generally speaking, the pass rates for the earlier 100 series exams were poorer than the UK equivalent. This is the second year in a row where the earlier exams showed significantly poorer performance than in the UK.

Perhaps this indicates a need to examine the underlying reasons for the poorer results in Ireland and take steps to reverse the trend.

On a more encouraging note, in the later exams the Irish students significantly outperformed their UK counterparts, with pass rates generally above 50%.

Irish and UK Pass Rates in Actuarial Exams Compared, April 2001

Subject	No. Sitting in Dublin	Dublin Pass Rate (%)	UK Pass Rate (%)	Ratio of Dublin to UK Pass Rate
101	16	69	59	1.17
102	36	36	61	0.59
103	19	26	53	0.50
104	24	21	28	0.74
105	10	70	48	1.46
106	19	32	61	0.52
107	18	50	77	0.65
108	17	71	79	0.90
109	13	31	44	0.69
201	74	47	44	1.09
301	58	57	43	1.33
302	48	58	56	1.04
303	50	48	36	1.32
304	43	35	41	0.85
401	8	63	63	0.99
402	25	48	37	1.29
403	10	50	42	1.20
404	15	67	49	1.37
Overall	**503**	**48**	**51**	**0.93**

In last year's analysis, Shane Whelan reported that the Irish results were significantly worse than in the UK and that this was a change to the previous trend of Irish results being better than in the UK. Overall this year's results provide a welcome bounce back. Congratulations to all those "bouncing" and better luck to the rest next time.

Duncan Robertson

Working Party on Risk Equalisation in the Irish health insurance market

The Healthcare Committee of the Society has set up a Working Party to prepare a paper for presentation at an Evening Meeting early next year on risk equalisation in the Irish health insurance market. The Terms of Reference of the Working Group envisage:

- an analysis of circumstances in which the introduction of risk equalisation is necessary or desirable and whether such circumstances currently exist in the Irish market;
- an assessment of potential positive and negative impacts on the introduction or non-introduction of risk equalisation;
- an assessment of forms of risk equalisation proposed for regulations with recommended amendments, if any, to enhance the scheme.

The Working Party is chaired by Joyce Brennan (who also chairs the Healthcare Committee). Joyce would be delighted to hear from any member with views on any aspect of the issues encompassed by the Terms of Reference.

Question Time

Career Summary
Pramit Ghose is currently Managing Director and Chief Investment Officer of Hibernian Investment Managers. In the early part of his career he worked in the Investment Department of New Ireland Assurance. He left New Ireland to head up the investment arm of Friends First before taking up his current position in 2000.

Pramit Ghose

Full name:
Pramit Ghose.

Family:
Married to Catherine, daughter Isabel (7) and son Simon (3).

Year of qualification:
1988.

Current employment:
Managing Director & Chief Investment Officer, Hibernian Investment Managers.

Time you start work:
8.15.

Do you regularly take your work home? Yes, mainly investment research that I haven't had time to study in the office.

If you weren't an actuary what would you be?
A motoring journalist.

What is the worst thing about being an actuary? The assumption that you must be intellectual in all aspects of life, e.g. I much prefer a good thriller to a Booker prize book.

Pet hates:
Poor customer service.

Favourite actuarial joke:
(I think I came up with this one)
Q What's the difference between an actuary and an accountant ?
A £50,000 a year.

Would you recommend the actuarial profession to someone leaving school now?
Yes, definitely.

Favourite Holiday location:
In Ireland, we like Rathmullan in Co. Donegal. Abroad, we love practically anywhere in France that has nice hotels and good restaurants.

What do you do to relax?
Driving, swimming, cinema.

Last book you read:
A P.D. James mystery.

Favourite tipple:
A glass of good Gevry Chambertin.

Favourite Dublin hostelry:
Merrion Hotel.

What famous person from history do you most admire ?
Alexander the Great.

Favourite TV / Radio programme:
Once and Again.

What car do you drive?
During the week, the 'family Ferrari' ; at weekends a 1967 Volvo P1800 S coupe.

Most embarrassing moment:
Saying to a pension consultant that I hope we don't get a particular pension fund as a client to be then told we'd won the beauty parade !

Favourite music:
Genesis, David Gray, Mozart.

Dying words:
'Where's the Nasdaq ?'

P.S. For the quiz lovers, I am offering a free copy of Hibernian's forthcoming publication,

'A Guide Through The Hedge Fund Maze' for the first correct email to the following teaser :

What is the connection between one of my replies above and a Hibernian investment product ?

Newsletter

www.actuaries-soc.ie

Recent additions to the site:

- The Guidance Note GN24 (ROI) on the Actuary as Expert Witness has been added to the Handbook area.
- The Pensions Committee's excellent paper on the Role of the Pension Scheme Actuary is now available. This is a very well laid out paper, of wide interest.
- Papers and presentations from the Health Care Seminar.
- Most recently, John Caslin's well received paper on Hedge Funds.

Pat O'Sullivan

A Request to Members from the President

In my recent Presidential Address to the Society, one of my requests was to ask members to use the designatory letters of the Society. Our Articles of Association state that *"a Fellow may use after his name the initials FSAI, an Associate may use after his name the initials ASAI, and an Honorary Fellow may use after his name the initials Hon. FSAI"*.

Actuary is now defined in statute as a Fellow of the Society of Actuaries in Ireland so it seems totally appropriate that, in signing any statutory certificate or report, we should show our qualification as a Fellow of the Society by using the initials FSAI. Even in the case of non-statutory work carried out in Ireland I believe that there is a strong case for using FSAI rather than our original qualification, such as FIA or FFA. In particular, I would urge members to include FSAI when showing their qualifications on, for example, their business cards.

Eamonn Heffernan, President

Actuaries Run Riot

Not a headline you see often and no it has nothing to do with G8 summits. The headline relates to this year's golf outing in St. Margarets. As usual, there were two main focuses to our activity – the match play competition and the outing. At last Piers Segrave-Daly managed to get his name on the magnificent match play trophy for a second time - this time as the winner. The initial 25 entrants were whittled down to 2, and in the final, Piers prevailed against Brian Murphy in Dun Laoghaire. Our congratulations go to both Brian and Piers.

The winners of Captain's Day were:

1st	Dermot O'Hara	(46)
2nd	Neil Guinan	(42)
3rd	David Harney	(42)
B9	Jonathan Goold	(23)
F9	Ronan Morris	(23)
Guests Prize	Enda Walsh	(38)
Ladies Prize	Edel O'Connell	(40)
Longest Drive	Ronan Morris	
Nearest the Pin	Phelim Kelly	

The main outing thankfully coincided with one of the few sunny days of Summer. We had a record 57 entrants including 10 guests. Gone are the days when you subtracted 5 from the leading guest's score to find the winner of the Captain's prize. Some of the scores and tales from the day were truly remarkable. For example, 23 points won one of the nine holes despite a blank on the last; 38 points would have got you a share of eighth place; a 1 under par gross was returned (7 shy of the lead) and didn't even get a mention and of course the magnificent winning score of 46 points from Dermot O'Hara.

It has been a privilege to Captain the Golf Society and I thoroughly enjoyed my few minutes of fame. I am delighted to pass the baton to Bryan O'Connor for 2002. I wish Bryan the best of luck with his year. **Maurice Whyms, Captain.**

On the Move

Fellow Members

James A. Maher has moved from QBE-Europe to **Cologne Reinsurance Co. (Dublin)**
Pat O'Sullivan has joined **Coyle Hamilton** from Lifetime Assurance
Michael Bennett has joined **ESG Re**
Kate O'Reilly has joined **B & W Deloitte** from AXA Ireland
James M. Maher has moved from St. Paul Re in London to **St. Paul Re in New York**
Sinead Lane has joined **Life Strategies Ltd.** from Scottish Provident
Tom Bashford has moved to **Gerling Gobal Reinsurance, London** from Guardian Life
Ronan O'Connor has moved to the **National Treasury Management Agency**
Niall Kavanagh has joined **Caledonian Life**
Keith Burns has moved to **Watson Wyatt Partners** from McKinsey & Co

Students

David O'Connor has moved from Irish Life to **Ernst & Young**
Mary Cahill has joined **Canada Life International Re** from Mercer
Suzanne Cummins has moved to **Prudential Europe** from Scottish Provident

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