IACA Newsletter No. 4

CHRISTMAS
2020

December 2020
This festive season is different to all previous such! Too many fell victim this year to Covid-19. Much of the world is in lockdown or restricted and usual seasonal celebrations aren’t possible.

Consulting actuaries, like others, have had to learn how to organise remote working whilst ensuring that client relationships are maintained. ... and still, it goes on! The world has changed and we have to face new uncertainties with no reliable statistics to guide us.

Our purpose as actuaries though is “to make certainty out of uncertainty”. Consulting actuaries are the interface between the profession and the real world. We face difficult times but also have an unrivalled opportunity to apply all of our skills in uncharted territories. We must take full advantage of this and ensure that our unique professional skillsets are deployed imaginatively – and that we communicate these well.

IACA exists to provide a mutual support association and network for consulting actuaries, in large or small firms wherever. (Some of our members are currently enduring hugely difficult conditions and I am aware that IACA is a vital link for them.)

At a time when we can’t meet up, our webinar committee has launched our series of webinars on the theme of helping consulting actuaries to be consulting actuaries, concentrating on themes which will help our members run their practices. This is in addition to our participation in online local and international virtual meetings and colloquia.

We are now launching our much improved Tender Warehouse offering, which will provide tailored, focused new work opportunities to subscribers at low cost.

IACA membership is increasing, despite the pandemic. This will help us to provide a more varied range of offerings - business support, opportunities for collaboration on international cases, peer review and relevant CPD, either independently or with the other IAA Sections and other consulting actuarial associations.

I thank everybody who responded to our member survey. The Board will be taking account of the views expressed and will try to put members’ wishes into effect. We were really pleased that many of you offered to help with the work of IACA. We look forward to working with you.

Our now more frequent newsletters, produced by our excellent editorial team of Léon Zijlmans and Gerd Warnke, with considerable help from Juan Laverde of IAA, will link and inform us all.

I thank all the members of the Board, the Officers, the Chairmen and members of the various committees for all their work over the last few months. As a result IACA is “une idée en marche”.

We have a lot to look forward to. Vaccination has now commenced and so with good reason I hope that 2021 will be a better year for all of us. To every member and friend of the IACA family, I send my best wishes that you will enjoy Happy Holidays and a healthy, enjoyable, exciting and prosperous New Year.
Just like everywhere else in the world, Australian actuaries have been significantly affected by the pandemic. At a personal level we have had to learn to work remotely, embrace Zoom meetings, and scramble to adapt to a new normal in terms of how we work. We have been fortunate that proactive government action here has almost eliminated community transmission of the virus without ruining the economy. From a professional perspective, Australian actuaries have been making a significant contribution to government, industry, and the public on COVID-19. I will highlight a few of the more interesting professional contributions below.

The Actuaries Institute has set up a COVID-19 blog containing a number of articles of interest. There are articles on risk scenarios, travel insurance, healthcare, nonfinancial risks in Financial Condition Reports, motor injury schemes, cyber risk, mental health, and periodic updates of important news. There was also an innovative study done proposing a “Susceptibility Index” which joined demographic data and studies on significant co-morbidities in the population to rank post codes by the number of vulnerable individuals. At the Institute’s main membership event, the Actuaries Summit, there were several sessions on COVID-19.

Actuaries from my firm, Finity Consulting, produced a study for the Insurance Council of Australia entitled “Insuring for Pandemics” which identified insurance related options the Australian Government might undertake to mitigate the effects of future pandemics. It described why some types of pandemic risk (such as Business Interruption) is not currently “insurable” using traditional frameworks and ways government may be able to partner with the private sector to improve how future pandemic risk is managed.

It should also be noted that despite the focus on what is not being insured during the pandemic, many types of insurance have continued to provide protection, including life and health insurance. Actuaries working in those lines have had to adapt to the pandemic and understand the risk posed to these products. Actuaries have also needed to react to an evolving legal environment, such as when the insurance industry recently lost a test case on exclusions under Business Interruption coverage which could involve billions of dollars in additional claims if not reversed on appeal.

The Institute activity and Insurance Council study are examples of how actuaries in Australia have been at the forefront of public policy discussions surrounding the pandemic. They illustrate opportunities for the profession, and consulting actuaries, which can arise from the pandemic.

One key question the pandemic poses for actuaries is how we will handle the major discontinuity in our data caused by the economic fallout from COVID-19. The Institute sponsored a webinar on this question in September at which I was a presenter. The webinar was entitled “Dealing with Discontinuity – How History Teaches Us”. We reviewed examples of past crises such as abandoning the gold standard in the 1970s, the oil shock and inflation of the late 1970s, Hurricane Andrew and the problems in the Florida property insurance market, 9/11, and the Global Financial Crisis of 2007-2008. These past crises showed that financial systems are resilient and how actions taken to mitigate risk can transform it from being unmanageable into something insurable. For example, in late 2001 it did not seem that terrorism would ever be insurable in the private market, but after a long period or risk mitigation (such as airport security) military action, better intelligence gathering, and the creation of government reinsurers) we now see a return of private (re)insurance capacity in many parts of the world. This is an example of how risk can be transformed by concerted action.

There is no question that we will learn a lot from the traumatic experience of COVID-19. There is significant room for improvement in how the world develops vaccines, performs testing, and manages pandemic outbreaks which may lessen the risk of future events and even allow for some private insurance capacity to return. Actuaries have an important role to play in helping build a new risk management framework for future pandemics. In some ways the challenge is similar to climate risk, which actuaries have also been focusing on. Our skills in tail risk, managing uncertainty, considering costs and benefits over multi-decadal time horizons, and extreme events are well suited to tackling these major challenges.

Rade Musulin is a Principal at Finity Consulting and was a former member of the IACA Committee.
IACA Members Survey

Hearing from our existing and prospective members is the only way we will be able to improve our services. Our initial 2020 member survey had 39 responses, which is not a bad start.

Of these, the majority were from the USA, Europe excluding the UK and the UK:

This type of information is very useful in tailoring our services. More details will be in the February 2021 Newsletter.

Marc Slutzky

IACA Organized Webinars

IACA has held three well attended webcasts on practice management for our members in August, October and December 2020. We are planning a continuing series of webinars for our members every other month starting in February 2021. The webinars are currently in development, and the topics will be chosen from a list including the following, but we also welcome your suggestions:

- Starting a new practice
- Growing your practice
- Defining and developing a corporate culture
- Ownership structures
- Reward
- Succession planning
- Managing issues when things go wrong
- Professionalism/Ethics
- Quality Systems (ISO 9001 and other certifications)
- Diversity and Inclusion
  - Recognizing and managing unconscious bias
- Information Security:
  - GDPR
  - ISO27001
- Marketing:
  - Strategy
  - Networking
  - PR
  - Digital
  - Events
  - Data visualization
  - What buyers of actuarial services are looking for

Kyle Rudden
Individual Subscriptions to the Tender Warehouse

For the past year, IACA members have been receiving a weekly list of actuarial procurements (Tenders and RFPs) through a service that IACA purchased for its members. The weekly listings have also been posted on the IAA website in the IACA Section under Actuarial Consulting Opportunities, so members could access the listings in the event their email address had changed and it was not yet updated with IAA.

Feedback from the recent member survey as well as specific suggestions we received from members indicated preferences to limit the listing to just the country or region in which they worked, refine the list of key words used to search for opportunities, and importantly, gain earlier access to Tenders and RFPs. Members who had been reviewing the weekly listings had found some opportunities were included on the weekly list just days before the bid closing date.

Based on the suggestions we received from members for improving the service the IACA Board has negotiated a deeply discounted personal subscription for those IACA members who wish to use this service. This will replace the weekly listings members were receiving. The individual service will cost CAD150 and members will be able to purchase the subscription on the IACA website. This subscription is valid until December 31, 2021.

Process for current IACA members

If you are already an IACA member, then simply Login to the IAA website at actuaries.org and use the horizontal navigation bar to choose Sections and click on IACA.

Next, on the vertical navigation bar select Actuarial Consulting Opportunities. This will navigate your browser to the IACA Consulting Opportunities page where the option is displayed to purchase the subscription for 150 Canadian dollars. Click on PROCEED TO CHECKOUT and enter your Payment Details then click on SUBMIT ORDER as shown below.
Process for those who are not current IACA members

For actuaries who want to subscribe to the Tender Warehouse service but are not currently an IACA member (or whose membership has lapsed), simply go to the IAA home page and click on Sections then JOIN A SECTION. Complete the form to become a member and after choosing to join the IACA section the shopping cart will include the option to purchase the Tender Warehouse subscription and the process will be the same as above – after the purchasing is made your email and name will be sent to TendersInfo and you will receive your personalized Login ID and Password. Please also check your spam box.

Diversity has the potential to transform the actuarial profession.

Experience originality! Diversity stimulates variety in thinking and offers alternative perspectives!

Episode 4 at the Virtual Paris Colloquium IACA track engaged our audience with an interactive discussion about The Power of Diversity of Thought: Next Chapter, where the panel debated “How the actuarial profession can bridge the divide between individual and collective choices”, as the IAA transforms its culture with more member association drivers while forging stronger partnerships with supranational organizations focused on financial security worldwide.

Our aim is for the IAA to increase its relevance and value to both internal and external stakeholders, offering meaningful support and resources that address pressing issues that impact global markets, finances and the populations we serve.

Having just completed Episode 6 Promoting Inclusion in the Actuarial Profession we investigated bias and barriers in the context of The Black Lives Matter movement receiving global coverage and unearthed critical questions about equality in society at large and within organizations. In this series of conversations, we uncovered areas of structural bias that exist across different geographies and debated how the actuarial profession can work together to create an inclusive and supportive environment where all can succeed.

Informal mini-conferences on Diversity ran alongside the 2010 Capetown and 2014 Washington DC Congresses. Since then the Diversity of Thought world series bringing more insight to decision making has got more traction on the programs of most conferences and colloquia like Berlin, Cape Town, CAA in Curacao, Virtual in Paris, Actuview Online and recently the 2020 Virtual Caribbean Conference with plans for another two episodes in 2021.

The underlying objective of this series is that Diversity of Thought in the actuarial profession achieves growth and relevance for actuaries as we speculate the profile of The Modern Actuary having more reach thereby generating more jobs and more recognition for actuaries. The IACA Board has great potential to leverage the diversity of consultants in all walks of actuarial services to build an impressive association with accompanying glory and pride.
Created in November 2020, “Actuaires du Monde” (Actuaries of the World in English) is a non-profit organization registered in France that provides temporary and voluntary assistance to emerging countries in need of resources in the fields of actuarial and risk management in order to help their social and financial development. “Actuaires du Monde” (hereafter AdM) supports these missions in the general interest with the help of its many volunteers around the world. Recipients of these services include, among others, public entities, governmental organizations, non-governmental organizations, associations, schools, universities and other stakeholders that lack these services and/or the financial resources to obtain such services.

AdM is created to continue the activities of the ‘Actuaries without Borders’ Section of the International Actuarial Association (‘IAA’) after the section’s dissolution on 31 December 2020 as per IAA Council vote on 18 November 2020 with an enhanced mission emphasizing social & financial development. AdM activities include
• advice & assistance in the financial and social development through financial literacy building,
• development of actuarial and risk management capacity adapted to the social-economic, regulatory, cultural, political and religious environment of the recipient.

AdM aims to be a trusted advisor for its stakeholders and a committed partner for its local programs or projects.

AdM is also aiming to provide a vibrant network for its members, facilitating an international exchange of experience and expertise, and sharing of practical information among “actuaries of the world” and interested persons supporting AdM’s mission in emerging & developing countries.

AdM wishes to provide a contribution to financial inclusion strategies and policies to enhance people’s life and support inclusive and social responsible change.

Please join us and visit our bilingual website (French/English): www.actuairesdumonde.org

Personal additional note, by Douglas Carey

As most of you know, in addition to my IACA role, I am very involved with AWB (Chair 2015-2019 and current Treasurer). On a personal level, I ask each of you to consider joining AdM. If you are a current AWB member (self-declared), you can get a 30% reduction in your 2021 dues to EUR 70. If you join before December 31, you can participate in our AGM on 31 January. You can learn more here: https://www.actuairesdumonde.org/en/accueil

Renata de Leers
For a laugh:  
Not a cheating actuary!

An actuary, an accountant and a lawyer are sitting in a bar discussing the pros and cons of having a mistress. The fiscal lawyer explains that his wife is unknown of his mistress and all legal documents are already made so he doesn’t have to worry about the house and his other assets if his wife should discover his cheating. The accountant also states that his wife is unaware of him having a mistress and that there are many tax benefits in having a mistress so in the end, a mistress is not expensive at all.

Finally, the actuary admits that he also has a mistress but that he has mentioned it to his wife. The accountant and the lawyer are astonished and call the actuary he is a fool and he will get a lot of trouble by his wife. However, the actuary explains: ‘If I am not at home my wife thinks I am with my mistress. If I am not at my mistress’ place, my mistress thinks I am at home. Meanwhile I can go to the office and do my calculations.’

Call for articles to share

If you like to share an article or your thoughts with your fellow IACA members, please feel free to contact us by email at iaasections@actuaries.org

HAPPY HOLIDAYS AND BEST WISHES FOR THE READERS AND THEIR FAMILIES OF THE IACA NEWSLETTER. HOPE TO MEET AGAIN IN 2021!