



Institute  
and Faculty  
of Actuaries

## GIRO40

8 – 11 October, Edinburgh



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and Faculty  
of Actuaries

## Communicating with the Board

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erlise  
 nsorship  
 Thought leadership  
 Progress  
 Community  
 Sessional Meetings  
 Education  
 Working parties  
 Volunteering  
 Research  
 Shaping the future  
 Networking  
 Professional support  
 Enterprise and risk  
 Learned society  
 Opportunity  
 International profile  
 Journals  
 Support

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# Why are we all here?

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# Diversity

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## When do we think we want to communicate?

### Traditionally:

- Hold regular meetings with the Board on key issues
  - Reserving
  - Pricing
  - Capital

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## When do we think we want to communicate?

### Perhaps obviously?

- Flag new developments of interest to the Board
  - Risk measurement and management more generally
  - Changes in factors directly related to company performance
  - Department specific e.g. Office expansion (?)
  - Technology advances e.g. New software implementation
  - Regulation changes
- Explain their relevance.

## When do we think we want to communicate?

But how easy is this in practice and do we have access?

If not, how do we get it?

## What works and what may not work

### Tables – example 1

Class of business	Year	Number of written policies	Gross Written Premium	Earned Premium	Paid claims	2012 and prior						Gross Loss Ratio	Gross Written Premium	Earned Premium	Paid claims	Gross outstanding claims	Total Gross Incurred claims	Net Incurred claims	Incurred But Not Reported	Claims reserves	Ultimate claims	Gross Loss Ratio
						Gross outstanding claims	Gross Incurred claims	Net Incurred claims	Incurred But Not Reported	Claims reserves	Ultimate claims											
Motor Bodily Injury	2013	604323	126876	115889	97126	20539	117665	102843	8542	29081	126207	109%	148652	138665	100373	29390	129763	117647	12654	42044	142417	96%
Home Catastrophe	2013	115986	12277	9763	3865	2011	5876	4676	3754	5765	9630	99%	14435	12764	4983	2882	7865	5875	5986	8868	13851	96%

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## What works and what may not work

### Tables – example 2

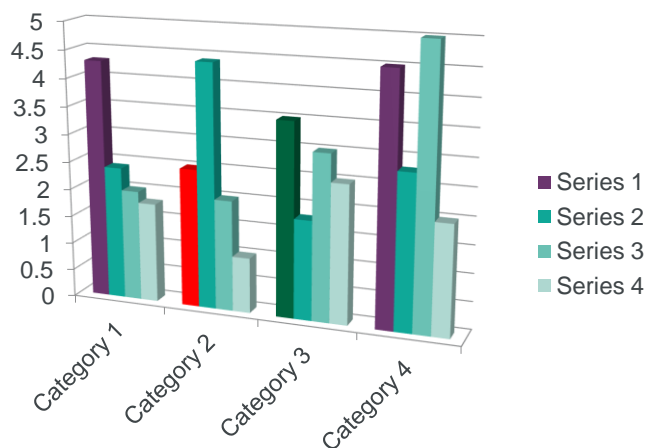
Motor Bodily Injury as at 31/12/2012, net of reinsurance and commission (£000)						
Accident year	Earned premium	Incurred	IBNR	Reserves	Ultimate	Ultimate loss ratio
2008 and prior	52,412	45,875	2,757	8,643	48,632	93%
2009	6,437	5,453	1,370	2,654	6,823	106%
2010	8,745	7,442	443	1,076	7,885	90%
2011	7,647	5,368	1,607	2,865	6,975	91%
2012	9,845	7,548	1,497	3,654	9,045	92%
<b>Total</b>	<b>85,086</b>	<b>71,686</b>	<b>7,674</b>	<b>18,892</b>	<b>79,360</b>	<b>93%</b>

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## What works and what may not work

### Graphs – example 1

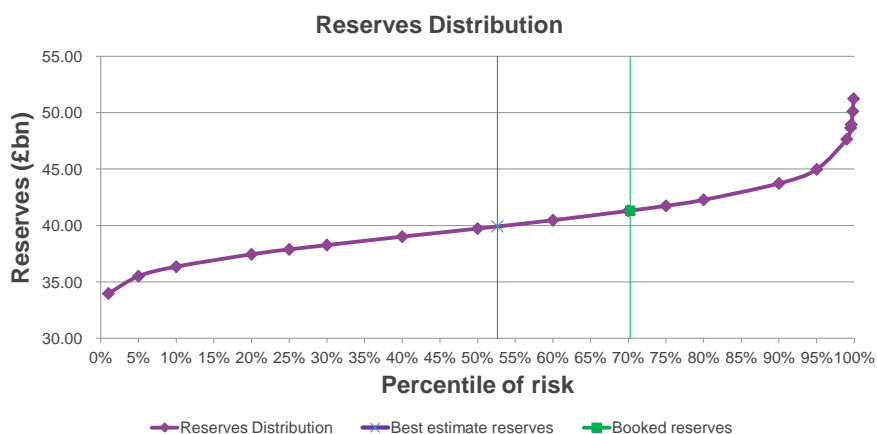


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## What works and what may not work

### Graphs – example 2



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## What works and what may not work Using Slides

- This may be teaching you to suck eggs but.....

Aim to:	Try to avoid
Keep things simple	Cramming large volumes of text
Take the Board through a short story	Too much detail at the beginning
Use consistent style throughout	Small number text
Use graphics to illustrate points	Reading the slides out
Use a conclusion slide	

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## What works and what may not work

- Our Working Party's five "Jules":
  1. Why are you here?
  2. What do you want people to do following this presentation?
  3. Presentation should focus on where the money is
  4. Presentation should focus on what can kill you
  5. Proportionality

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## What works and what may not work

### Some other obvious points

- Is the data relevant?
- Are column titles accurate?
- End results vs showing methodology
- Formatting considerations
  - Include a title
  - Use a key
  - Font size must be legible
  - Column and row width
  - Appropriate decimal places
  - Shading and borders
  - Check units

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## Presentations - Harold's Handy Hints

Produce Board contributions bearing that in mind and also:

- Board packs are often very big.
- Keep your main written content short and focussed and put the rest in Appendices
- Board meetings can be very lengthy
- Make sure that when you speak it is focussed on what needs to be said.

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## Presentations - Harold's Handy Hints

- Boards much prefer short focussed presentations
- If your Board has a 7 day cut off for Board papers you can assume they have been read and do not need to be gone through again, though make certain that main content is understood
- Consider how to get feedback on what you presented.
- Just because it looks simple to you doesn't mean it's simple to the Board
- Can you read this?

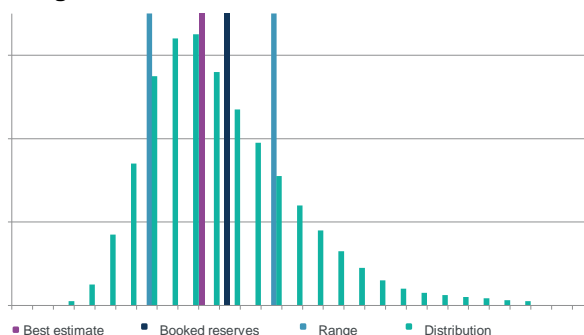
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## Presenting – Further Examples

- Explaining uncertainty:

### 1. Best estimate, booked reserves, best estimate range and distribution



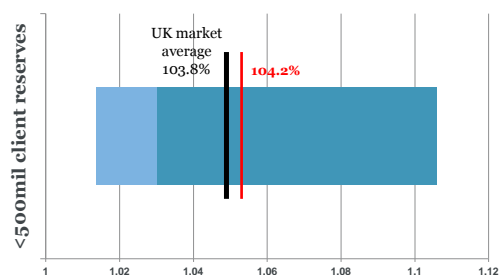
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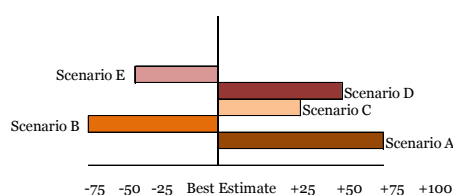
## Presenting – Further Examples

- Explaining uncertainty:

### 2. Booked Reserve as a proportion of the Best Estimate



### 3. Variation around the Best Estimate under different scenarios



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## Example: Suppose a CAT Event Occurs

### Balance Sheet Considerations

#### Immediate Impact

- Claims
  - Recovery
- } ↑

#### Future Impact

- Future recovery
  - Rates
- } ↑

- How to articulate to the Board?
  - In a table?

Key concern: needs to be **attention-grabbing**.

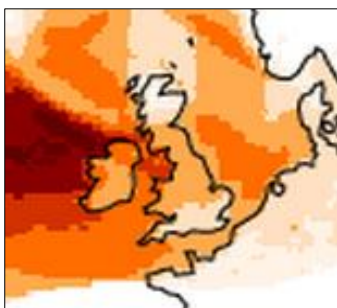
  - In a graph?

Example on the next slide

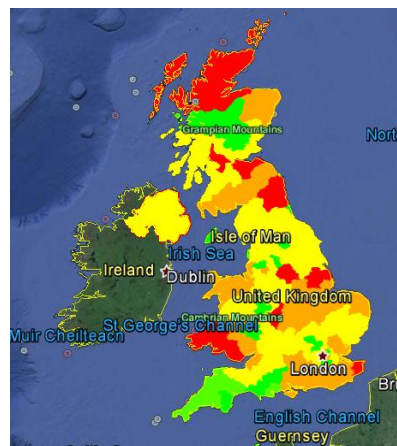
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## Example: Suppose a CAT Event Occurs



Taken from Extreme Wind Storms Catalogue  
(<http://www.met.rdg.ac.uk>)

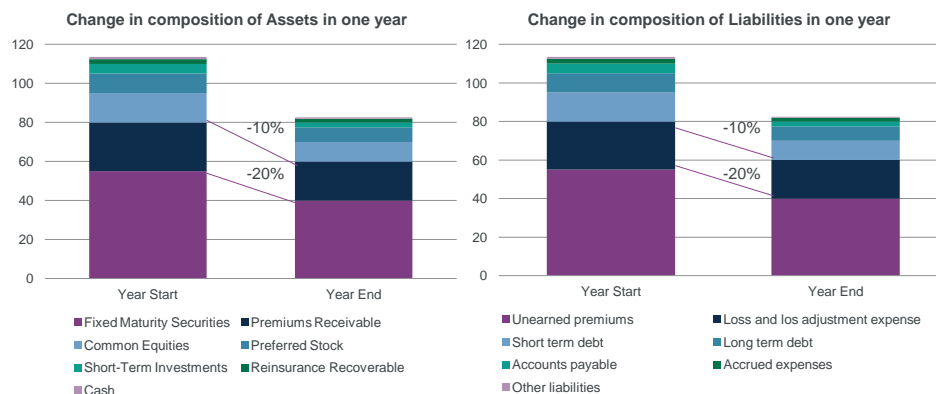


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## Example: Suppose a CAT Event Occurs

### Balance Sheet Considerations



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# Questions

# Comments

Expressions of individual views by members of the Institute and Faculty of Actuaries and its staff are encouraged.

The views expressed in this presentation are those of the presenter.