

A person is silhouetted against a vibrant sunset over the ocean, juggling several red balls. The sky is filled with colorful clouds and a rainbow is visible in the background. The person is standing on a sandy beach with waves in the foreground.

The Actuarial Profession
making financial sense of the future

GIRO Conference and Exhibition 2012
Juggling uncertainty the actuary's part to play

Session Thursday 24th September 2012

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The logo for The Actuarial Profession, featuring a dark blue square above the text "The Actuarial Profession" and "making financial sense of the future".

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GIRO Conference and Exhibition 2012

Contractors: A necessary evil?
Will Gallimore
David Brown
Oscar Kitasoboka

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- Introduction and Contract Market Overview
 - Will Gallimore, High Finance Group
 - An overall introduction and a summary of the current contract market in the GI/Lloyds sector
- Are contractors a useful resource?
 - David Brown, Direct Line Group
 - The view of the employers and assessment of the resourcing options available
- Contracting, What's it really like?
 - Oscar Kitasoboka, Klarity Ltd
 - A practical assessment of contracting and the key points to consider

William Gallimore, High Finance Group



Will Gallimore

- 2007- Current – High Finance Group
- Researcher → Consultant → Senior Consultant → Head of Actuarial
- Leading consultant 3 years running
- Placed 112 Actuaries in the last 2 years

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Introduction and History to Contracting

- Long standing Contracting market in Life Insurance
- Three years ago no GI contracting market
 - Less than 10 professional contractors
- Non-Life vs Life- Geographical challenges

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Why has there been a need?

- Numerous reasons client needs a contractor
- Special projects, back fill recruitment, maternity leave, recruitment issues
- Issues with recruitment
- Flexibility and cost

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Different types of contractor

- Financial benefit
- Lifestyle- work/ travel/ flexibility
- Independent consultants versus Resources
- New experience/Skillsets

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Last 18 months and current market

- Primary driver has been Solvency 2
- Range of skillsets and salaries £300-£2000 a day
- Bubble Burst? Contract to Permanent
- Future of GI contracting market

David Brown, FIA, Direct Line Group



David Brown

- 2008 to present: Actuarial Director, DLG
- Pre 2008
 - HBOS General Insurance – Chief Actuary
 - Towers Watson – Consultant
 - Research Scientist
 - BP, London
 - Michelin, France



Are Contractors a useful resource?

Will focus on 2 aspects:

1. An employer's view
2. An assessment of the resourcing options

Are contractors a useful resource?

1. The global market place
2. Resourcing Options
3. How can Employers be more attractive?
4. Implications for employers

The global market place

- We live in turbulent times
- No respite from economic pressure
- Organisations drive for efficiency and effectiveness
- Organisation design implications
 - Core
 - Periphery
 - Temporary

Facts

- Actuarial professionals have always been difficult to recruit...
 - Skills are in shortage across the UK and internationally
 - General insurance specialists are even rarer – about a fifth of the total actuarial profession
 - 13,320 actuarial professionals registered with IFA, only 2,788 general insurance specialists*
 - Solvency II also increased demand for actuarial work
 - Highly competitive market, particularly in London area; lots of employers competing for small talent pool

Are contractors a useful resource?

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An assessment of the resourcing options

- Consultants
- Contractors
- Outsourcing/Off-shoring
- Permanents

Consultants & Contractors

Advantages

- Expert advice
- Recruit to need
- Confident
- Take on challenges at a pace
- Manage upwards
- Flexibility - not tied in
- Bring diversity

Challenges

- Time to induct
- Cost – value for money?
- May detract from development of permanent staff
- How productive?
 - Long standing relationships are most productive
- Impact on company culture
 - “us” versus “them”

But consultants and contractors are not the same

Offshoring or Outsourcing?

Advantages

- Access to new labour market
- Flexibility
- Cost

Disadvantages

- Requires
 - scale/structured work
 - Good IT and Risk infrastructure
 - Local expert management
- Loss of control and embedding

In-house Actuarial role is critical to organisation performance
so working at distance can be problematic!

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Achieving a “win / win” – Creating a great place to work

- Contractors want:
 - Financial Reward
 - Flexibility
 - Freedom – “footloose” !
 - To solve complex problems
- But don't employees and contractors want the same things?

Employer and Employee engagement – “the deal”

Employers Want

- A 2 way relationship
- Maximum engagement
- Discretionary effort
- Maximum productivity
- Increased organisational performance
- To create a collective sense of purpose – through shared values

Employees Want

- Integrity
- Fairness & equity
- To be supported in their work
- Stimulating work
- Their contribution to be valued
- Career development
- A clear set of values

How are we as one employer facing into this?



Building our own “USP”

Perceptions of Direct Line Group

- Interesting work, variety and challenge because of businesses coming together
- Working with lots of data volumes
- Good work-life balance
- Opportunity for development as company is expanding
- Project-based work – good learning experience for grads
- Merger / Expansion – vast experience
- Security / stability
- Bulk insurance provider
- Data rich = exciting to work with
- Well known / status
- History – telephone revolutionary

Direct Line Group – Our values



Are contractors a useful resource?

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Implications for employers

- PEOPLE ARE OUR GREATEST ASSET
 - We treat consultants and contractors as our own people
 - Our objective is to be 100% DLG employee team
 - ALL CORE ROLES PERMANENT – employing the best
 - PROJECTS DELIVERED BY CONTRACTORS
- Search globally for talent
 - The current supply/demand challenge will not last forever
- Need to recognise the value Actuaries bring
 - PROMOTE OUR PROFESSION

Oscar Kitasoboka, FIA, Klarity Ltd.



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Oscar Kitasoboka

- **2010 to present: Independent Consultant, Klarity**
 - RSA
 - Chartis Insurance
 - Advice to various Africa-based entities/organisations
- **2009 – 2010: Financial Services Authority**
 - Actuary (ICA reviews)
 - Solvency II IMAP design
- **2008 – 2009: AoN Benfield South Africa**
 - Reinsurance pricing and structuring Actuary for Africa Region
- **1999 – 2007: PwC (London & South Africa)**
 - Non-life Actuarial practice leader, South Africa
 - Senior Actuarial consultant, London

Contracting, What's it really like?

- ✓ Challenging
- ✓ Satisfying and rewarding
- ✓ Immediate and constant feedback loop => Quality is paramount
- ✓ Requires you to hit the ground running
- ✓ Clear demonstration of value for money
- ✓ Professionalism => understand the politics; don't get involved
- ✓ Time management, planning and administration overhead

An alternative career choice

Contracting, What's it really like?

- ✓ The Do's
 - Be clear about what your client expects of you
 - Be clear about what you expect out of the role/work
 - Integrate into the team quickly
- ✓ The Don't's
 - Discuss rates at work => unprofessional + unsettles team balance
 - Expect training and mentoring; expected to be up to speed already
 - Ignore your own personal development; it is what keeps you marketable
- ✓ Rates are not just about the headline. Consider: basic pay, bonuses, training costs, annual leave, sick leave, taxes, pension, risk premium, costs of running a business, other benefits

Align expectations; always be and work as part of the team

Contracting, What's it really like?

- ✓ International demand for Actuarial Skills
 - Solvency II
 - Project work (World Bank and Development Agencies)
 - Developing world is where the growth is and local partnerships are important
 - Building networks with other consultants around the world
 - Work can be lumpy but it is there if you look for it
 - Requires experience, patience and perseverance

It is not all about Solvency II and usually requires wider skills than just non-life

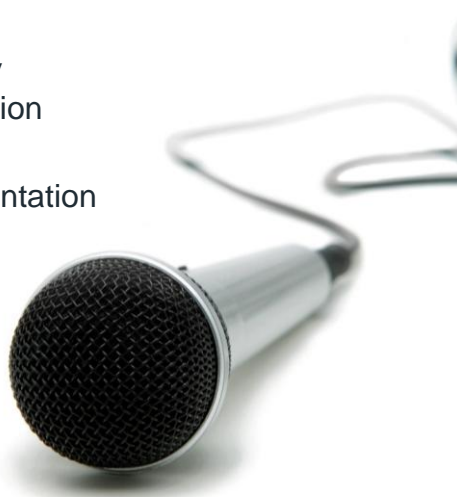
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Questions or comments?

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