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## Death by actuarial reports

Kim Durniat  
Amit Lad

Barnett Waddingham LLP

24 November 2017



### Motivation

Breaking the stereotype

Reading other people's reports

Day 1 Actuarial Function Report

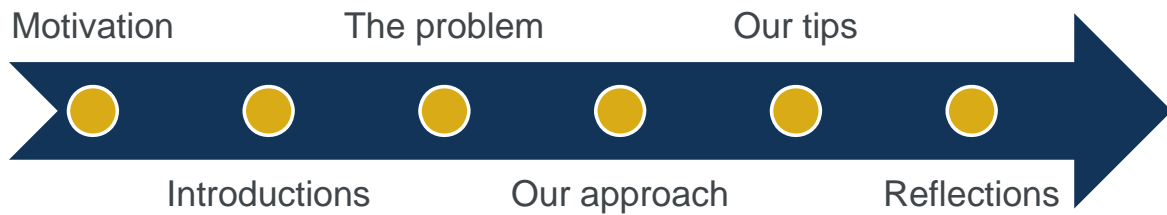


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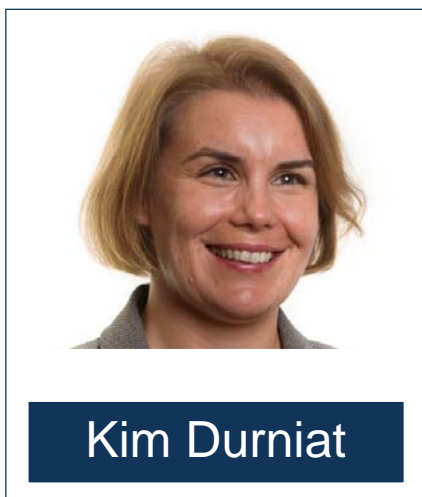
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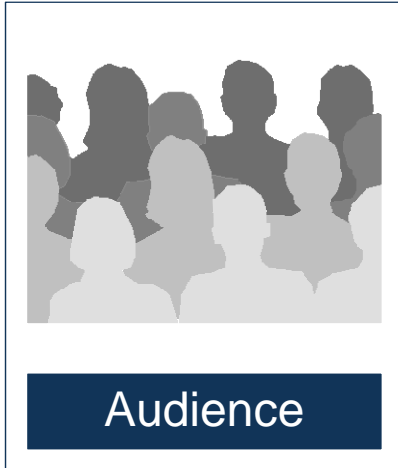
## Agenda



## Introductions



## Introductions



What do you do with reports?

Where do you work?

How frequently are you involved with reports?

When did you last receive formal report writing training?



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## Introductions



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## Introductions



Audience

What do you do with reports?

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## Introductions



Audience

What do you do with reports?

Where do you work?

How frequently are you involved with reports?

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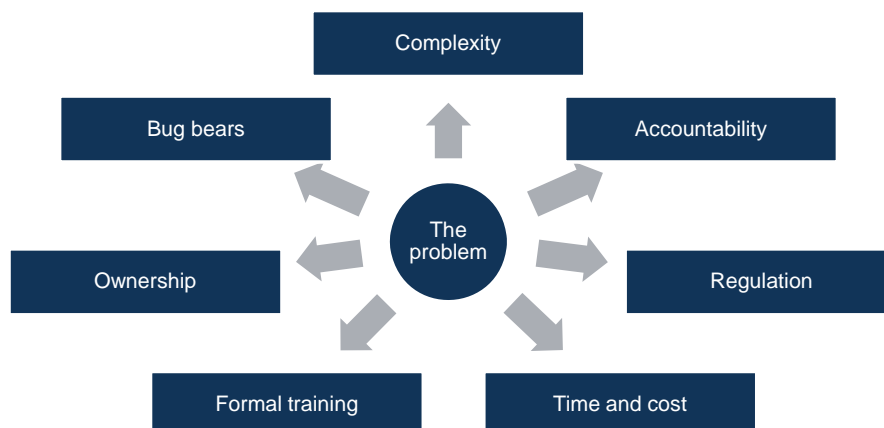
## The problem

“If you are unable to understand the cause of a problem, it is impossible to solve it.”

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## Why does poor report writing exist?



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## Why does poor report writing exist?



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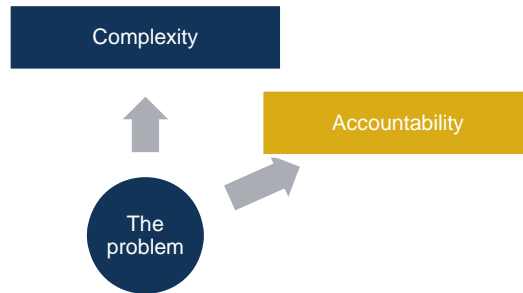


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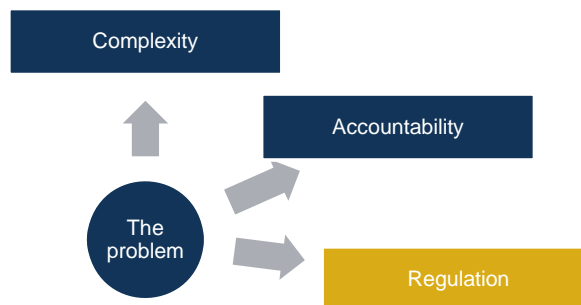


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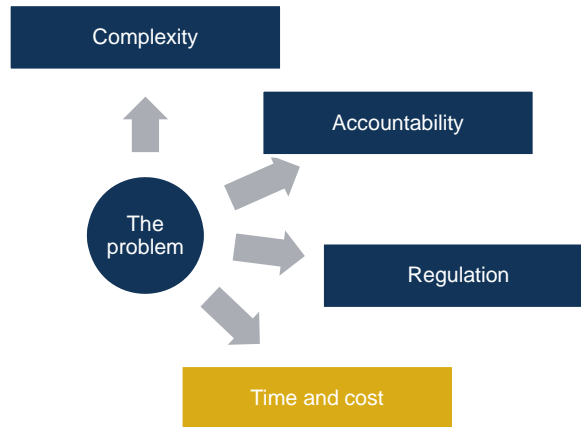


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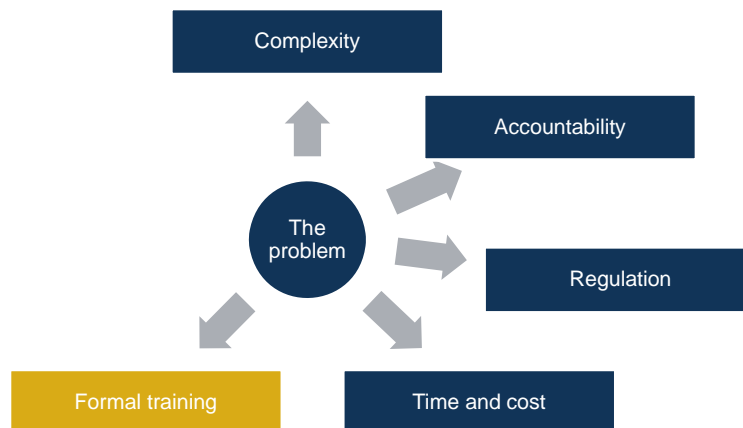
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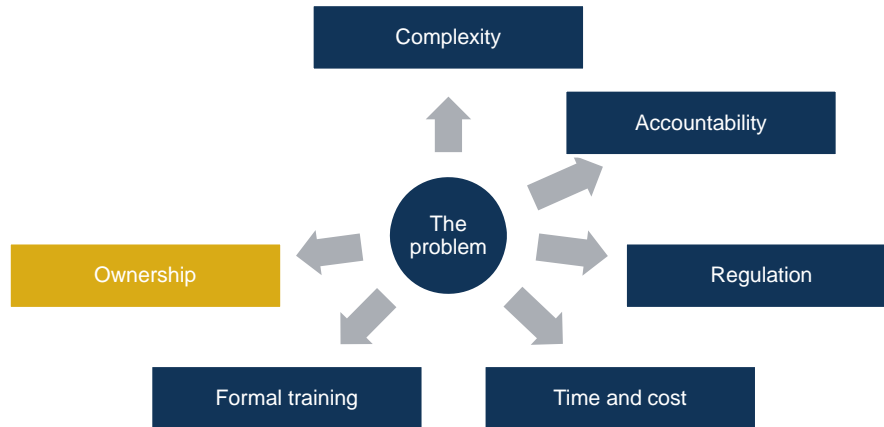


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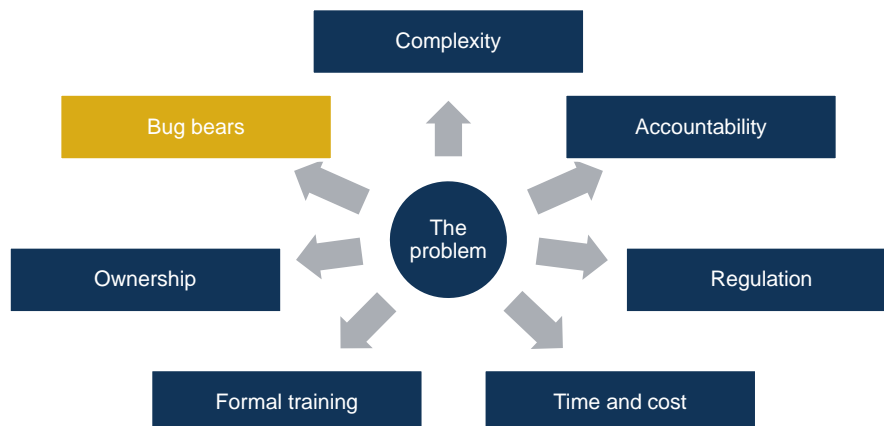




## Why does poor report writing exist?



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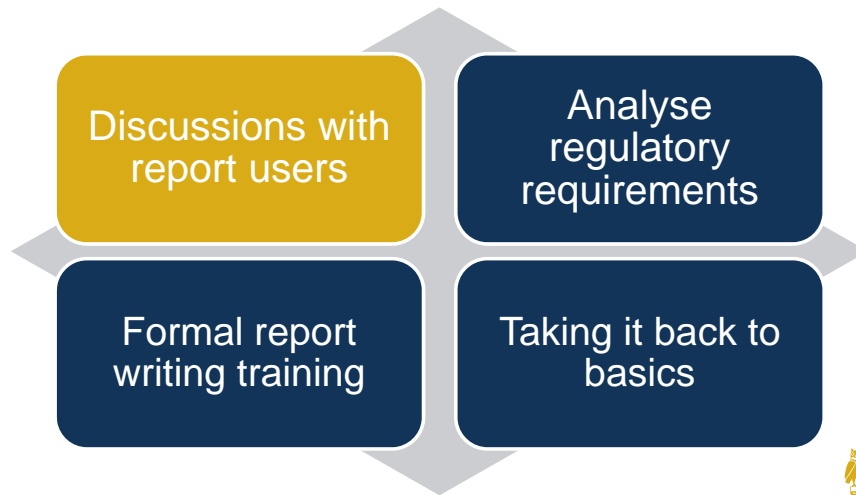
## What does the problem mean?



## Our approach

“Stop looking for solutions to problems and start looking for the right path.”

## Our approach to developing our solutions

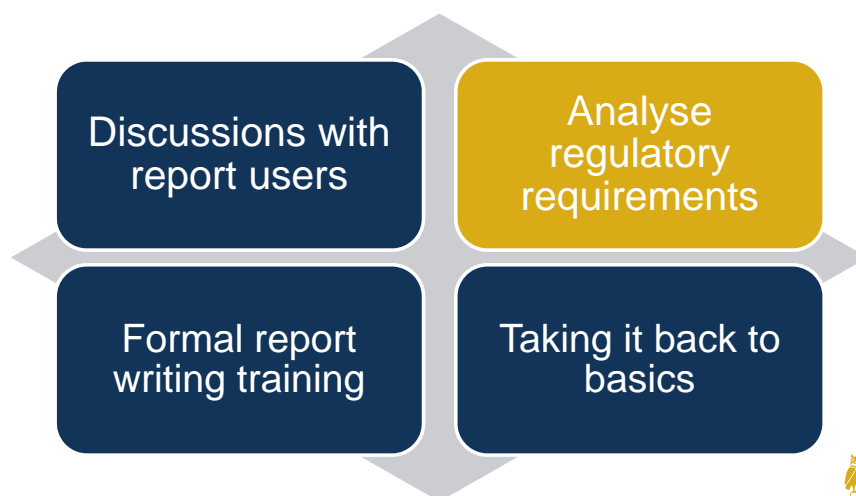


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## Our approach to developing our solutions

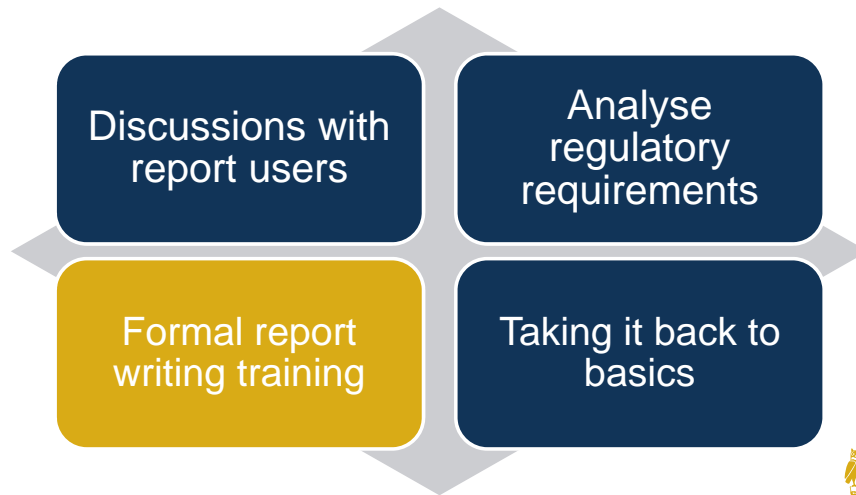


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## Our approach to developing our solutions

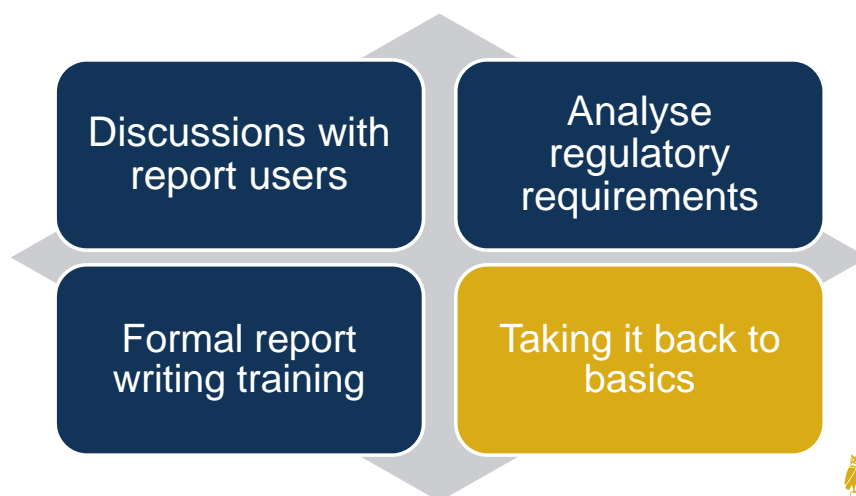


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## Our approach to developing our solutions



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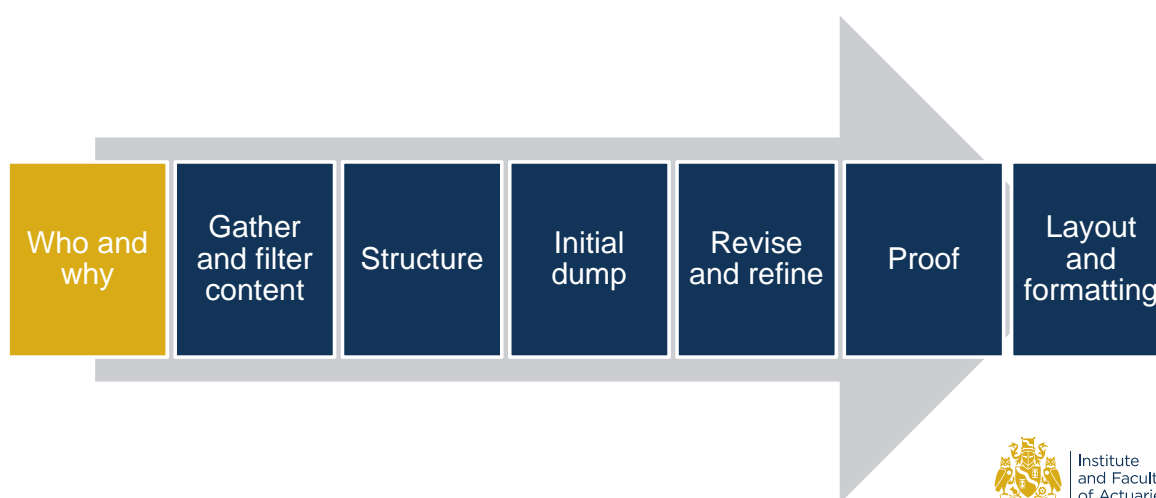
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## Our tips

“In a tailor-made service, you fit the cloth according to the size and taste of the customer; not just the taste and strength of the designer.”

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## Report writing framework in 7 steps



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## How will reports be presented?

### Report users

Committees

Boards

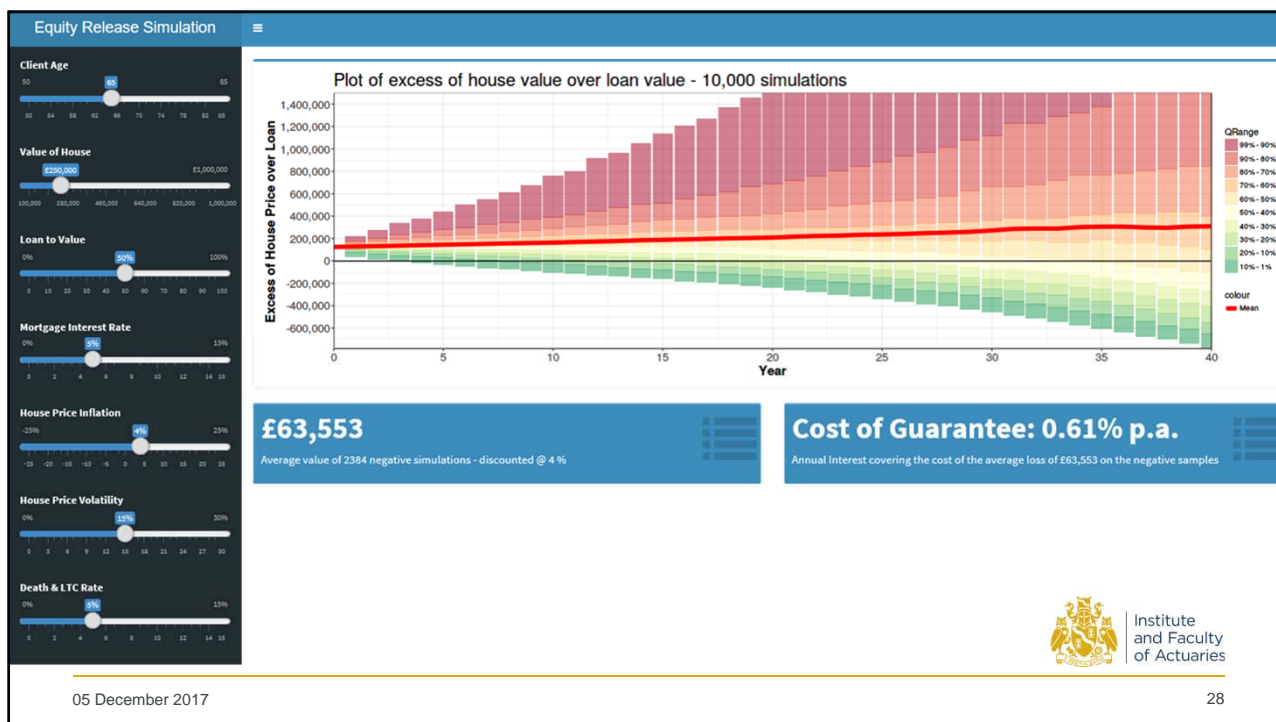
- Report stands independently
- Presentation enhances key messages
- Time available at meetings
- Walk-through or discussion
- Understanding user needs
- Is a report the right tool?



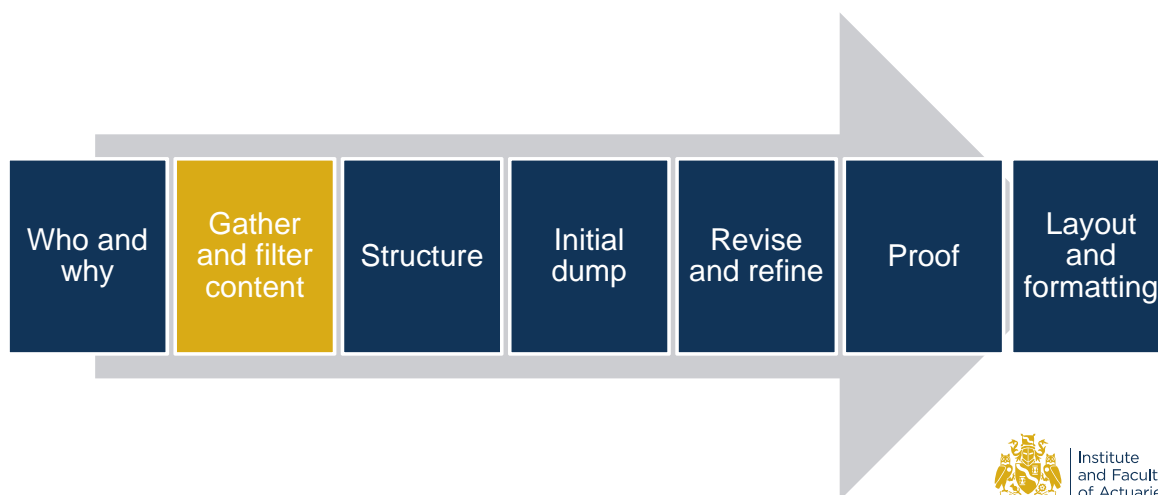
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## Report writing framework in 7 steps

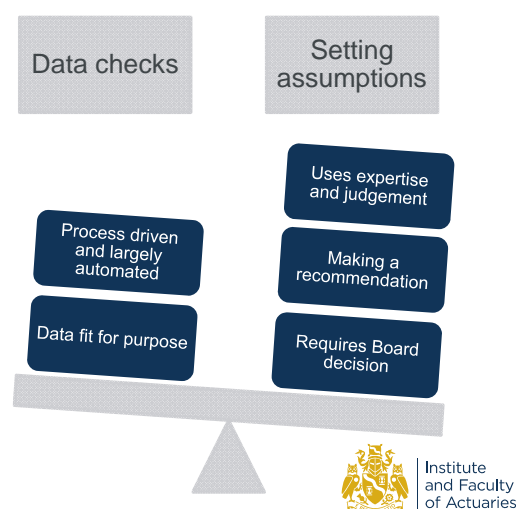


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## Identify what took most expert time

- Expertise and technical ability adds value and needs to be conveyed in reports
- Example – valuation report
- How should report address changes in key issues over time?

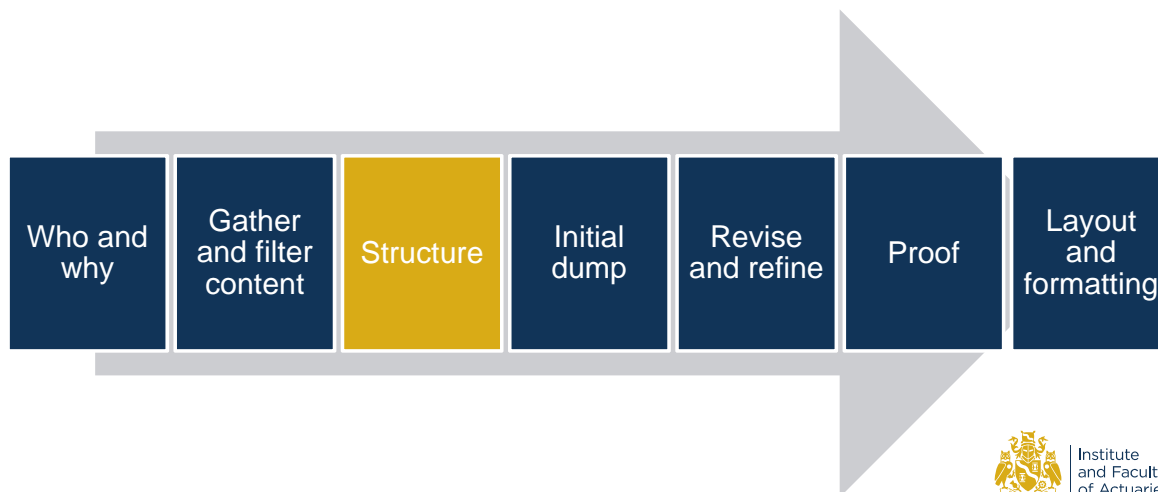


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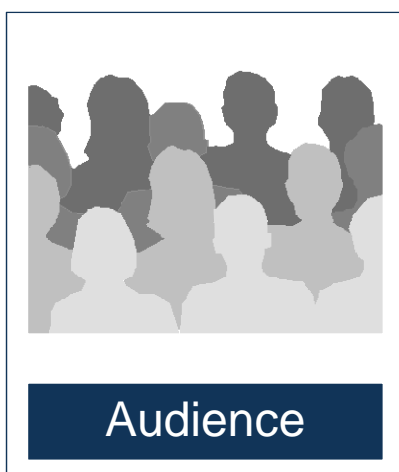
## Report writing framework in 7 steps



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## Executive summary is paramount



Do you read  
more than the  
Executive  
summary?

Do you read all  
of the main  
body?

Do you read all  
of the  
appendices?

What influences  
how much of the  
report you read?



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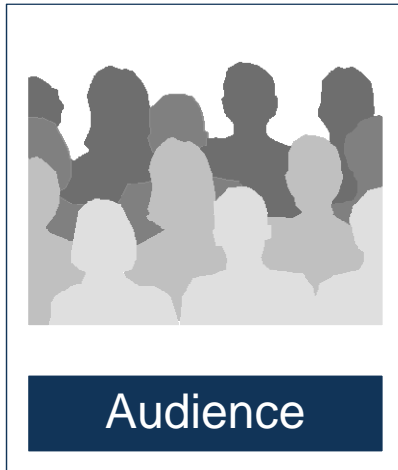


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## Executive summary is paramount



Do you read more than the Executive summary?

Do you read all of the main body?

Do you read all of the appendices?

What influences how much of the report you read?



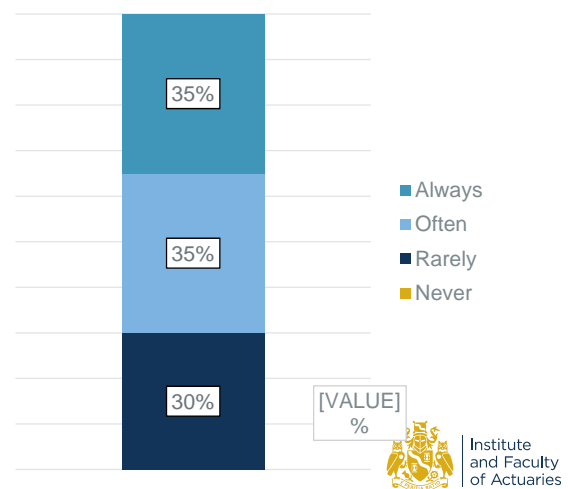
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## Executive summary is paramount

**How often will you read more than the Executive Summary?**

**Source:** The Good Actuarial Report Working Party – Interim Report (2014)



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## Executive summary is paramount

### Closest scrutiny as most read part of report

- Must highlight:
  - Decision and action points
  - Key points
  - Key changes
- Signposting?
- Optimum length?
- Write first? Or last?

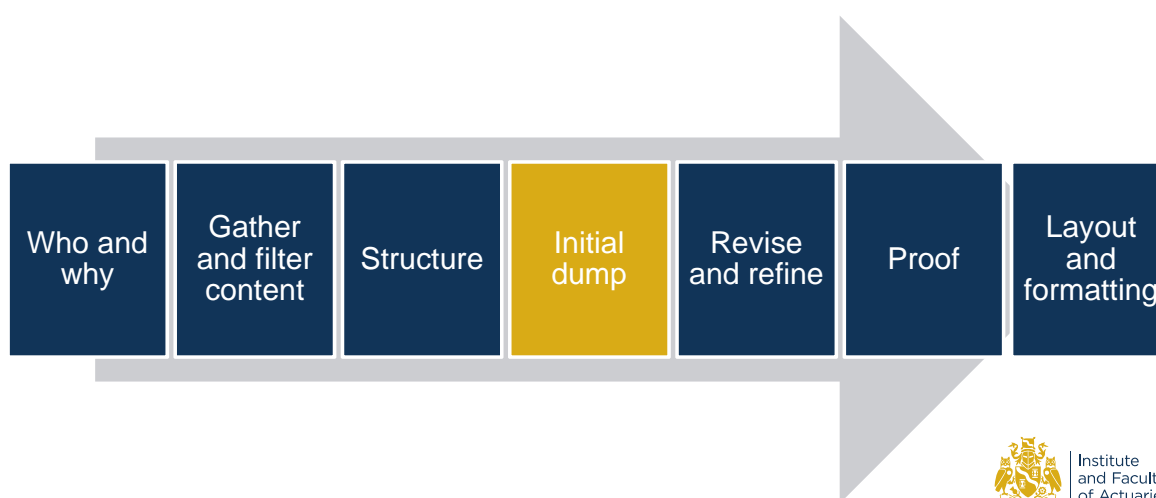


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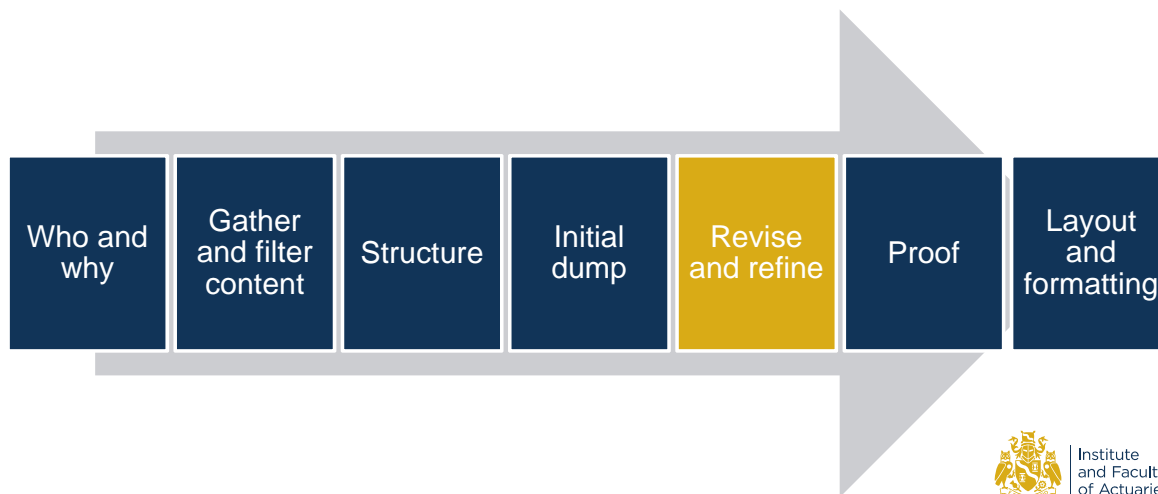
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## Report writing framework in 7 steps



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## Charts and tables

### Capital (£000) held against various risks

| Ref   | Risk Type            | LOB1 | LOB2 | LOB3 | LOB4A | LOB4B | Counterparty | Operational | Total |     |
|-------|----------------------|------|------|------|-------|-------|--------------|-------------|-------|-----|
| 001   | Market 1             | 123  | 234  | 56   | 67    | 89    | N/a          | N/a         | 400   |     |
| 002   | Market 2             |      |      |      |       |       | N/a          |             | 100   |     |
| 003   | Market 3             |      |      |      |       |       | N/a          |             | 69    |     |
| 004   | Insurance1           | 23   | 60   | 42   | N/a   | N/a   | N/a          | N/a         | 190   |     |
| 005   | Insurance2           | 54   |      |      | N/a   |       |              | N/a         |       | N/a |
| 006   | Insurance3           |      |      |      | 11    |       |              | N/a         |       | N/a |
| 007   | Counterparty1        | N/a  | N/a  | N/a  | N/a   | N/a   | 412          | N/a         | 412   |     |
| 008   | Counterparty2        | N/a  | N/a  | N/a  | N/a   | N/a   |              |             |       |     |
| 016   | Counterparty3        | N/a  | N/a  | N/a  | N/a   | N/a   |              |             |       |     |
| 017   | Operational 1        | N/a  | N/a  | N/a  | N/a   | N/a   | N/a          | 213         | 213   |     |
| 025   | Operational2         | N/a  | N/a  | N/a  | N/a   | N/a   |              |             |       |     |
| 026   | Operational3         | N/a  | N/a  | N/a  | N/a   | N/a   |              |             |       |     |
| TOTAL | (no diversification) | 200  | 305  | 98   | 156   |       | 412          | 213         | 1,384 |     |



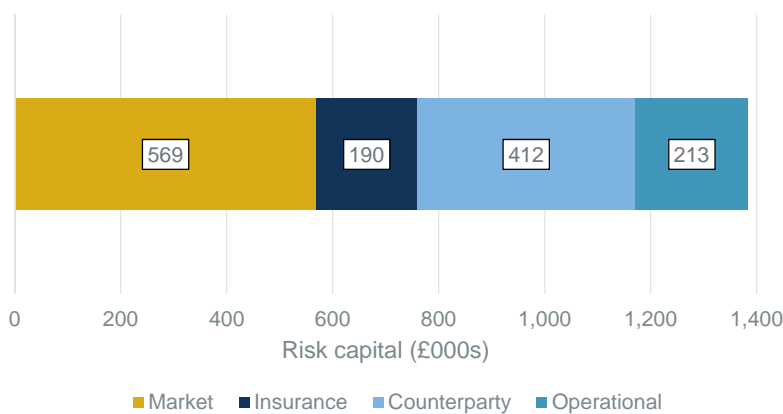
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## Charts and tables

Risk capital (£000) held against various risks



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## Top-down approach for highlighting key points

- Main point first followed by supporting information
- Easy to navigate
- Reader only reads what they need



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## Top-down approach for highlighting key points

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## Top-down approach for highlighting key points

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## Top-down approach for highlighting key points

"The Company's assets mainly comprise of liquid cash funds and short term deposits. The liabilities are mostly long duration annuities. This is a mismatch and makes the portfolio very sensitive to changes in interest rate. The capital held against this risk is also very high. We recommend that the Company better matches its assets and liabilities."

"We recommend that the Company invests in longer dated assets to better match its long duration annuities. This will make the portfolio less sensitive to changes in interest rates, and will reduce the amount of risk capital that needs to be held. The existing risk arises as the Company is currently backing its annuities with liquid cash funds and short term deposits."



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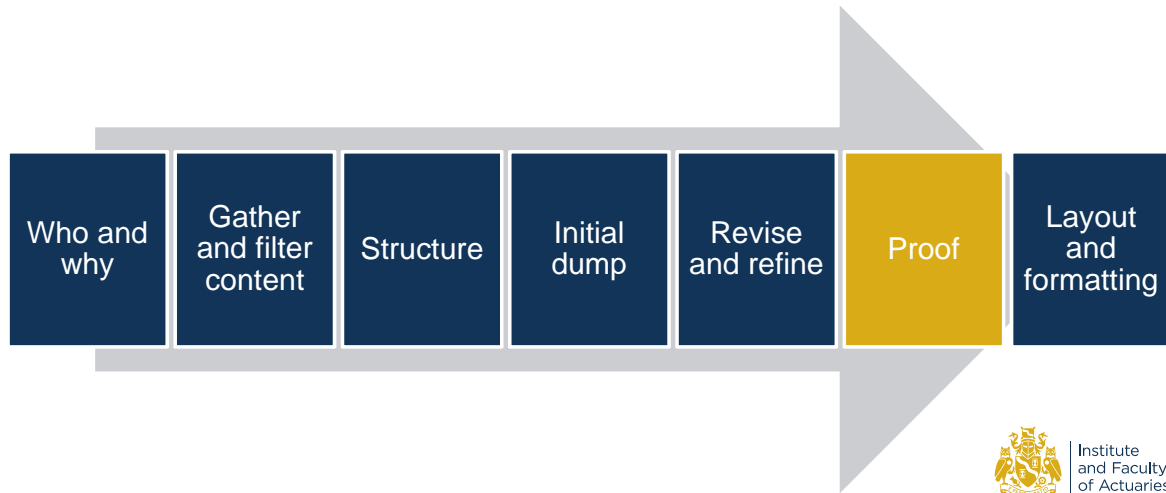


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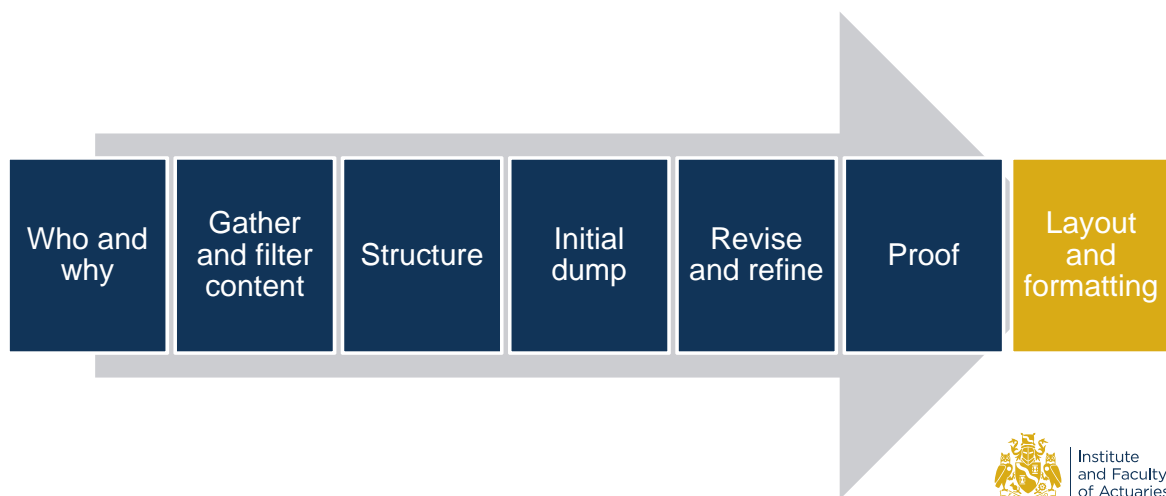
## Report writing framework in 7 steps



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## Report writing framework in 7 steps



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## Checklists

- Checklists save lives – literally
- Overfull brains can make ‘silly’ mistakes
- Does not replace experts
- Allows creativity
- Better teamwork
- Powerful tool... but only works if embedded



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## Checklists – example items

- ✓ Report writing framework
- ✓ Formatting, client name, font/style, headers/footers, numbers
- ✓ What are the key messages? Is this clear?
- ✓ Are the recommendations and actions clear?
- ✓ Are scope and regulatory requirements set out?
- ✓ Changes over the year set out and explained?
- ✓ Anything detracting from the key message?



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## Reflections

- Every report, owner and user is different
- Everything sounds obvious....
  - ...but easy to forget and...
  - ...can be difficult to implement...
  - ...in the time available
- Continually improve and challenge the status quo



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## Questions

## Comments

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