The Actuarial Profession making financial sense of the future

The Opportunities and Hazards of being a lone actuary

Richard Winter and Steve Gardner

35TH ANNUAL GIRO CONVENTION SORRENTO ITALY

Why are we here?

Professional issues

Lessons we have learnt

Strategies for overcoming some issues

Most points are relevant to any actuary

Thanks to Graham White and Dermot Marron and all those interviewed

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Definition

Either working on your own, or with only a small, very junior team

No one who can effectively peer review or challenge work being done



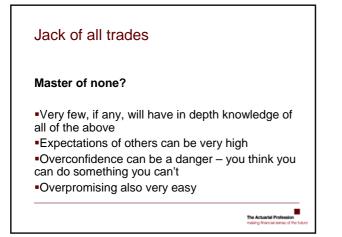


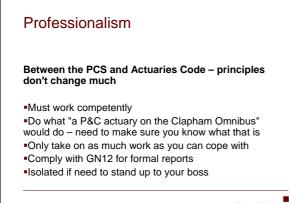
Variety

Typical job descriptions contain most or all of the following

Pricing
Reserving
ICA
Risk Management
Liaison with regulators, rating agencies, reinsurers, brokers, auditors..

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Conflicts of Interest

 Reserving v Pricing – hard to admit you got it wrong

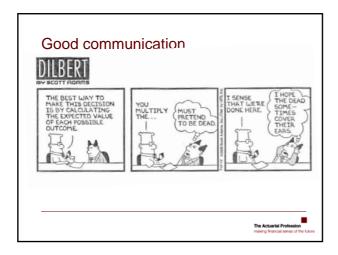
 Reserving v ICA – Measuring how far out your work can be

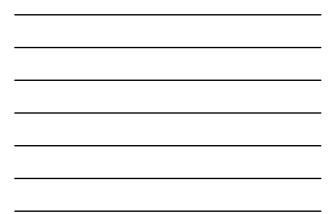
ICA v Pricing

 Bonus linked to results – you are in a strong position to change the results

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Communication

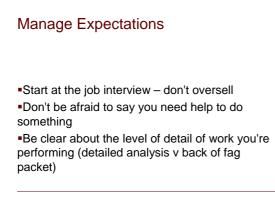
- Use plain language
- Put in supporting explanations
- Explain key assumptions
- Scenarios make more sense than numbers
 Betting odds may be better understood than percentiles
- "A picture is worth a 1000 words"



Are you getting your message across?

Is what you say challenged and debated? If not, then

You are "practically perfect in every way"
The lights are on but there's no one home (or the wheel is still spinning but the hamsters dead)
Your audience hasn't got a clue what you are talking about



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Peer support

You don't have to spend a fortune on formal peer review
Find out who was reviewing external actuarial support before you started

- •Experienced MD, FD, Chief Underwriter will all be useful sounding boards
- Maintain and strengthen a good network GIRO, LMAG, working parties, consultants meetings
- •Use actuarial teams in group head offices or sister companies
- •Talk to reinsurance brokers, auditors, maybe even regulators
- Have a look at the Lloyds website

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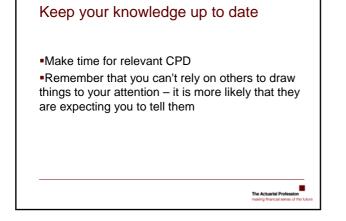
Get immersed in the company

•Find out who everyone is and roughly what they do

Ivory tower approach won't work

•Be prepared to help others with their work – and ask them to help you with yours





Summary

Positives vastly outweigh the negatives
Don't be afraid to ask for help – either for extra resources or for someone to review work
Good communication is absolutely essential

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Any questions?

Have we missed anything important?Should the profession be providing more

support?

•Should lone actuaries be regulated or approved in some way?

