

Staying true to profession

The second gathering of actuarial professionals and students organised by the Gulf Actuarial Society discussed the impact of the financial regulations. A *Premium* report.

The second meet organised by the Gulf Actuarial Society coincided with a visit by Nick Salter, president of the Institute and Faculty of Actuaries, UK.

The event featured three sessions: 'New Insurance Solvency Regulations in the UAE' by Shivash Bhagaloo, consulting actuary at Lux Actuaries and Consultants, 'The Role of Actuaries within the Banking Sector' by Chittaranjan Mishra, head of market risk and analytics, National Bank of Oman, and a presentation on financial condition reports by Ruan van Rensberg, executive director at Lux Actuaries and Consultants.

Giving a bird's eye view on the new financial regulations, Bhagaloo discussed the various sections of the new regulations with a particular focus on solvency margin. There was also a comparison of the new rules in the UAE with the Solvency II regulations and the Qatar financial regulations that are going to be passed by the Qatar Central Bank.

"The new regulations take the role of the appointed actuary more seriously," he noted. "It's likely and almost inevitable that the regulator will have actuarial regulations as a separate entity, the suggestion has

already been given. It will revolve around how the actuary is meant to function, best practice principles and so on. Primarily because this responsibility is being ceded to the actuary and there needs to be a degree of consistency between actuaries and how they are reporting."

He also spoke about the impacts of the new regulations, which included market consolidation especially in the Takaful industry, capital pressures to meet solvency requirements, asset sell-offs especially in the real estate segment, HR pressures because most companies may not exactly understand what needs to be done, and regulatory pressure from and to the Insurance Authority to handle the difficulties of the insurance companies. In the long term there would be improved confidence in the liabilities of insurance companies and their ability to meet them.

Mishra spoke about the industry of banking and niches that would prize the skillsets of actuaries such as pricing derivatives, investments, market risks, and credit risk.

Speaking on Financial Condition Reports, Rensberg pointed out that data was key. "An FCR is a bit of an uncertain process for everybody. But if the reserves are appropriate and issues are communicated upfront and understood, then there shouldn't be major surprises to the company when you deliver the draft report before the deadline. What you want to bring to the company is a summary document communicating the main issues, setting out the reserves clearly, pointing out the issues that should be addressed with action and also a summary to the board," he explained.

He warned attendees and students against handing in shoddy work to regulators. "If the client has to redo the work, then it reflects poorly on you and it doesn't reflect well on us as a profession.



Next you can be dragged in front of the regulatory and statutory bodies...People have been building this profession for about 200 years and we need to be true to professional standards," he said.

Speaking on the occasion, Salter said that associations such as the GAS were important to influence regulatory bodies, from a professional standpoint as opposed to an employee or consultant who might be confused with vested interests at heart. He also impressed upon attendees the need for continuous studies in order to avoid skillsets from becoming obsolete. "If you stop learning then people will go past you and you find that your role has less relevance," he reiterated.

"Diversity in general should be good for anybody who understands it. If you have a team that has members of the same

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background, it is much less effective than a team made out of all sorts of backgrounds," he opined.

Speaking about the profession and its ethical aspects, he said: "The second pillar I wanted to look at is the actuarial skillset and the diversity we have within that. Actuaries are different to everyone else. That's partly because of our training. We value consistency, and worry about the why and if the answer right. I think we're also excellent problem solvers. In other words we need to use our skillsets to help other people that don't have them to make decisions that are good for them in the world in which we work."

"This is also in the public benefit. We don't provide advice that benefits us. We don't manipulate markets, we don't seek to gain the regulatory system. Through our code, we seek to do the right thing. And I think that is the value of professionalism that we require from all our members. So in much the same way we champion diversity among our peers, so that we can recruit and retain the best talent, we should champion our diversity and skillset to open new doors and build opportunities for our members to flourish in both our traditional and new areas of business," Salter concluded. 

