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

Session Thursday 24th September 2012
Contents

• 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
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

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
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

Different types of contractor

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

- 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 processonals 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?

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

Are contractors a useful resource?

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

Say it like it is

Take ownership

Aim higher

Do the right thing

Bring all of yourself to work

Work together
Are contractors a useful resource?

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

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

- **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**: AoNBenfield 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

Questions or comments?

Expressions of individual views by members of The Actuarial Profession and its staff are encouraged.
The views expressed in this presentation are those of the presenter.