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An interview with: **Nicholas Campbell**



CRO, Third Point Reinsurance Ltd

“My career path has been rather peripatetic. I started my career working for a pensions consultancy and then had the opportunity to move back to Bermuda and join a reinsurance company. I was there as a reserving actuary very briefly for their finite reinsurance lines and then moved into a pricing role in structured credit. I then worked in financial guarantee, firstly in a chief actuary role at a reinsurance company and then attempted to found a start-up. I worked with a couple of hedge funds for a few years and consulted for a while and then came back and joined what felt to me a more traditional reinsurance company

in an underwriting capacity. It was while I working for that company that the then CEO thought that with my kind of skillset and diverse range of experiences I would be a good fit for the position of CRO, which I did before then moving to my current employer where I joined again initially in an underwriting capacity but always with the intention of becoming the CRO.

There is no such thing as a ‘typical day’ when you are a CRO. It can be anything from producing standard reporting to brainstorming about emerging risks, discussing the company’s risk appetite with management, talking to the Board etc., so it is varied which is one of the attractions.

There are many challenges, as with any role, but I would say for a CRO one of the biggest challenges is getting hold of good information. We have got great analytic tools now, we can do an awful lot with data but it has to be good data and actually getting hold of data that is well structured, that is precise, that is timely, that can be used is a monumental challenge. More generally I would say that staying useful and relevant is a tough part of the job, particularly with the ever increasing amount of regulation. It would be very easy to devolve into being the person that produces the reports that keeps the external constituencies happy but you are there as CRO to keep the company effective and successful in a sustainable way. Making sure that that is your focus, and that you get the regulatory and external constituency piece done as a part of it, is a constant challenge as there is an almost overwhelming amount of work demanded but the regulatory work is not what it takes to run a company.

There are many skills that I believe to be important for a successful CRO. I would take the quantitative skillset as read although, that said, there a lot of people who are very good with a traditional actuarial approach, sitting down and crunching numbers in a sort of formulaic way, without necessarily being comfortable with some of the analytic tools required in risk. More broadly I would say you need to be a good communicator because you do spend a lot of time talking to people, such as the Board of Directors, who do not do this as part of their day job. Non-executive directors can come from all sorts of backgrounds and you need to be able to talk to them in a way that makes them recognise the value in what you are doing. Also I think a vivid imagination is good because once again it is all too easy to get locked into ‘honing’ and ‘polishing’ the risk profile that you have got in front of you, whereas you should be always trying

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to see what could be out there, what could be coming to bite you. The challenges the industry has faced have largely resulted from things that weren't anticipated so trying to be ahead of that is a constant.

The advice I would give to someone wanting to become a CRO is to encourage them to do it - it is a rewarding role. I think we are going through a bit of a dark period right now, as there is certainly a huge amount of red tape out there that I think a lot of people would find discouraging, but actually I'm an optimist and I do think that we are going to settle at a point where regulation is not so obstructive to the industry. Believe me, I am not dismissing the entire process, a lot of regulatory oversight is extremely valuable. We as an industry are probably better behaved as a result of it but I think that things could be taken to a level whereby you spend so much time pushing bits of paper around that you don't actually do the job.

I would also encourage people, and given my background I would say this, to try to be generalists. As actuaries we tend to be very good at the prime focus of our day job but ERM and the CRO in particular has to take a view of the entire organisation and whilst we may sit here and think that pricing and reserving are the be all and end all of the profitability of the business there is a lot more to it than that. I would also encourage people to try not always to be the person that is saying no. Being the CRO is about spotting opportunity as much as it is controlling risk. It is not about risk limits it is about risk appetites and it is way too easy to fall into that sort of trap.

I certainly feel that actuaries are as well placed as anyone to perform CRO roles in financial companies. There are probably certain companies where people who just come from a pure quant or analytic background may be better placed but one of the great strengths of the actuarial training, certainly in the UK, is its breadth and I think that when you move into an ERM function and ultimately maybe a CRO role that that is an enormous benefit.

ERM is clearly a growth area, it is pretty much guaranteed that it is going to stay important and relevant for a long time to come at a time when some of the more traditional actuarial roles may be weakening. It is going to be a while before computers have the vivid imagination you need to be good at ERM!”

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