



“A vital skill for an actuary in a CRO or other senior risk role is to be able to translate analytical and quantitative findings into actionable messages.”

An interview with: **Peter Telford**



Enterprise Risk Director, Legal & General

“As L&G’s Enterprise Risk Director, I report to the Group CRO and I am in charge of one of the major risk management functions. My position came about through directed use of opportunity. I was involved in L&G’s Solvency II project from 2010, and by 2012 it needed my full time attention. That role developed into a business as usual job overseeing the Group enterprise risk management framework, which includes overseeing our internal model and how it is used in running the business.

Some important skills for a CRO or senior risk manager are: a lot of listening, the ability to think and respond quickly making sure the thinking is grounded in good business sense, and then to follow up and formalise what has been discussed and agreed. The role calls for a blend of three styles of thinking: analysis of problems, synthesis of different insights, and intuitive decision making. A good solution will be founded on the right theoretical and actuarial basis for addressing the problem at hand, it is often important to build diverse facts and views into a broad solution, and the answer is often strongly influenced by what will work and by what the firm is already doing.

Another vital skill for an actuary in this role is to be able to translate analytical and quantitative findings into actionable messages. The key difference between ERM and classical Life practice is that one is dealing with higher level and more summarised outcomes, typically in order to support strategic decisions. A key skill to support the transition to ERM is the ability to communicate effectively and in the right terms for a strategic audience. For example, when we are asked to deliver training to our Board, we can’t read them 10,000 pages, we have to get the message onto 50 slides.

The analytical strength of an actuary is an essential ingredient for an insurance risk management team. It is not necessarily a must-have for the CRO in person, but the CRO has to know that the actuarial work is being done well. So an actuary coming into the CRO role has a native advantage.

One challenge for an actuary in this role is that the best decisions in running a business are often not wholly rationally driven; in my experience of working with CEOs they are the most effective when they make intuitive leaps or go by gut feel. So an analytically based person has to accept that their carefully prepared and carefully communicated advice will sometimes draw the reaction ‘yes, but I just feel that we’ve got to do this’. At that point, if the CEO has understood the analysis and is deciding to take a risk with their eyes open, then the analyst has done their job well – but may not feel that way!

A great differentiator and opportunity about ERM is that it isn’t limited to the financial sector. Actuarial CROs and risk practitioners can and do share insights with other professional sectors such as engineering and project management, and with other long-term industries such as energy. The high-level principles of ERM are to understand the business’s goals, then to identify and manage the risks to success, and those principles are very portable outside the financial industry.”

CRO