

# My Experience in Government and what this might mean for the actuaries of tomorrow, their training and how academics can add value.

Trevor Llanwarne

Government Actuary

14<sup>th</sup> July 2011



# AGENDA

- 
- GAD and the work We've Done
  - Growing Influence of GAD/Actuaries in general
  - The Future – Skills & Values
  - The Future – Collaboration
  - The Future – Research – How – What
  - The Future – Profession's Strategy



# WHAT TYPE OF WORK DO WE DO?

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UK SOCIAL SECURITY

POLICY ADVICE – DWP/TREASURY

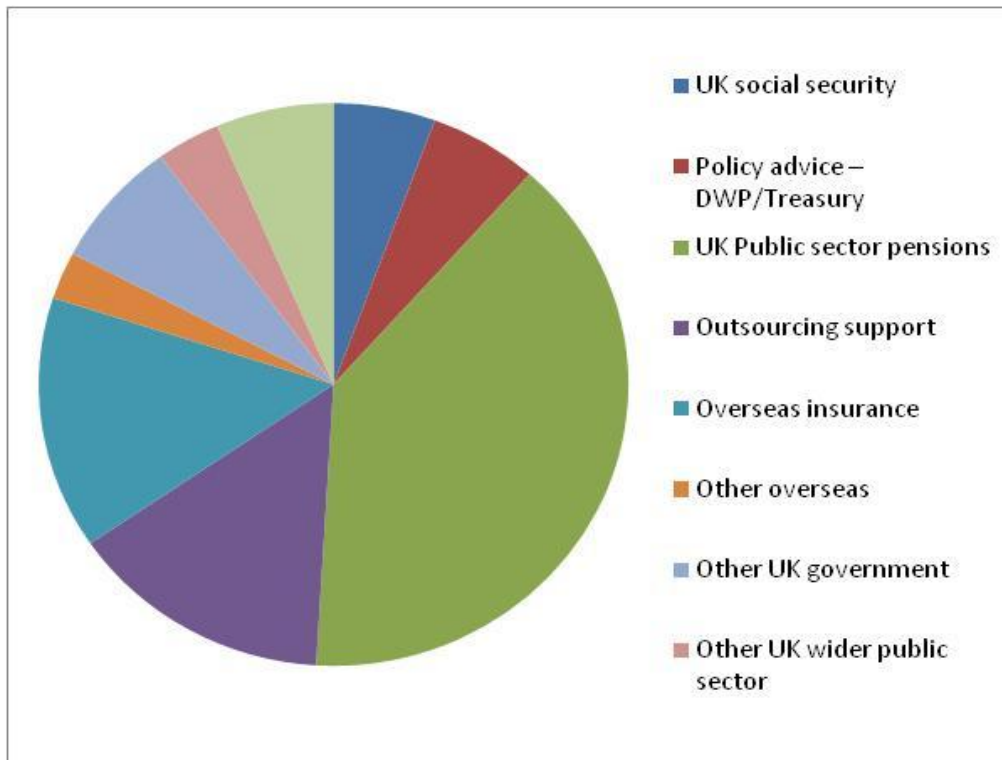
UK PUBLIC SECTOR PENSIONS – INCLUDING OUTSOURCING

OVERSEAS INSURANCE

OTHER OVERSEAS

OTHER UK INCLUDING MODELLING/ASSURANCE





# OUR JOBS







**DWP** Department for  
Work and Pensions

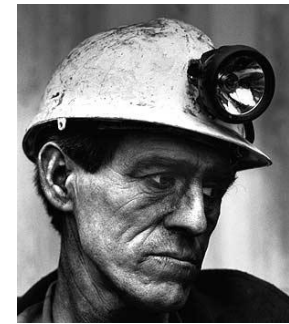
# A state pension for the 21st century

Presented to Parliament by the Secretary of State  
for Work and Pensions by Command of Her Majesty  
April 2011

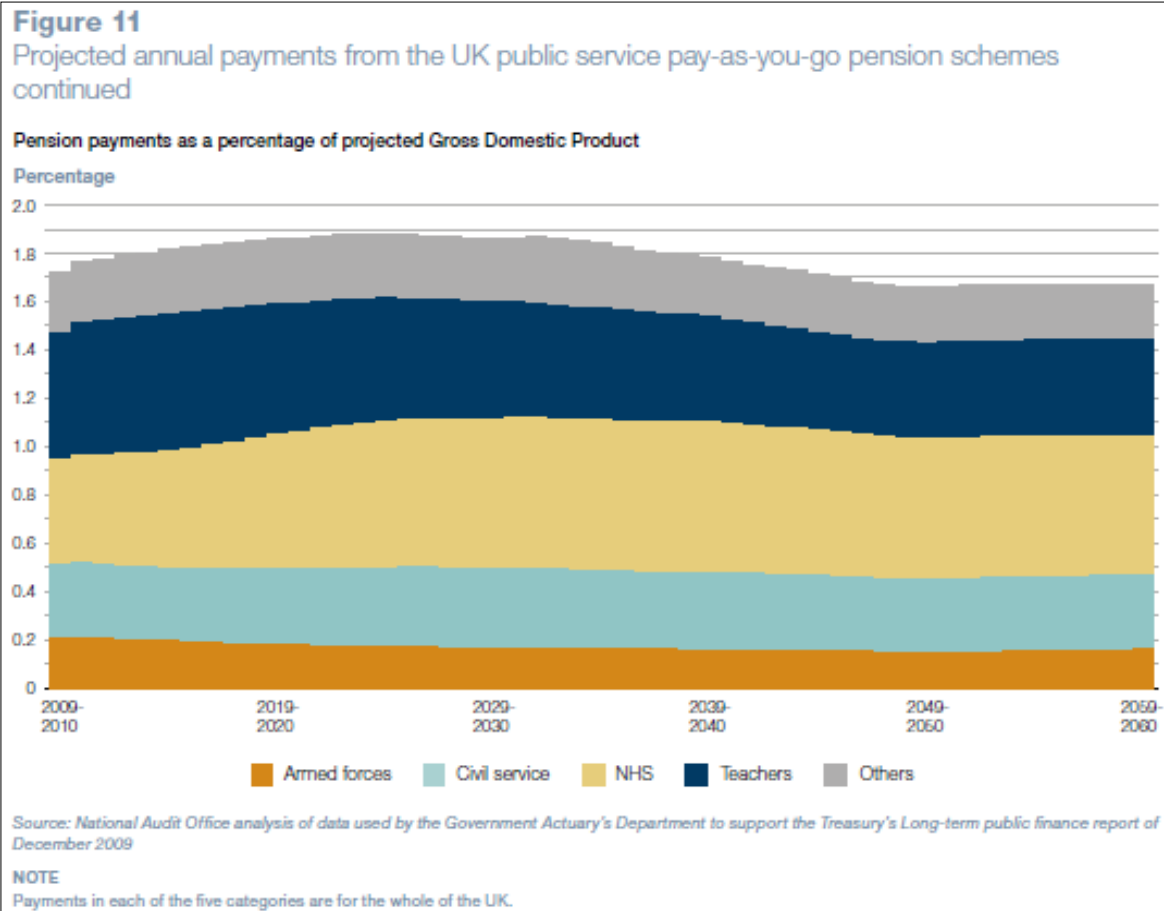
Cm 8053

£10.25





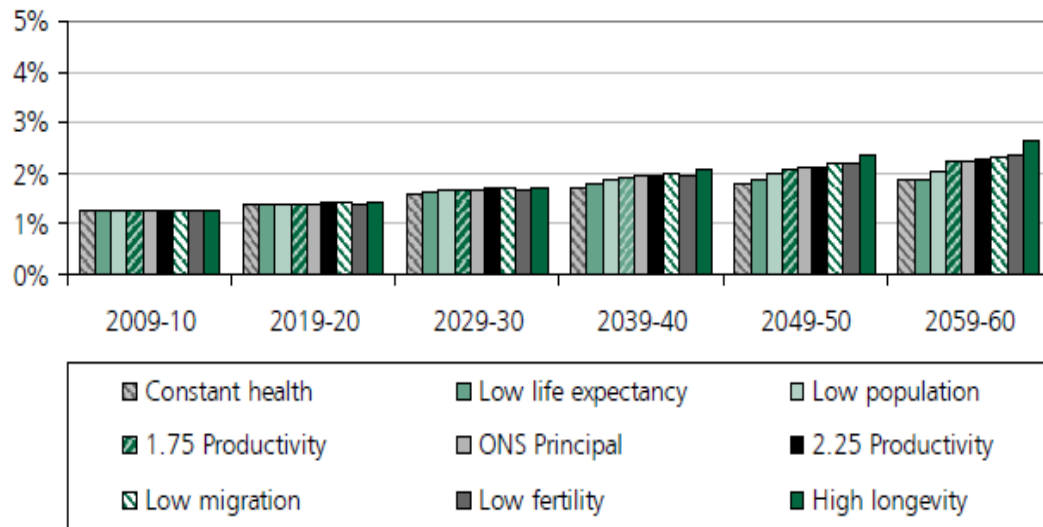
# PUBLIC SECTOR PENSIONS





# LONG TERM CARE

Chart 6.C: Long-term care spending (% of GDP)



Source: HM Treasury















## GAD RECENT WORK

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ERNIE  
PUBLIC SECTOR PENSIONS  
STATE PENSIONS  
SINGLE TIER GREEN PAPER  
CONTRACTING OUT  
LONG-TERM CARE  
RISK + MODELLING  
SOLVENCY II/OVERSEAS INSURANCE  
HIGH EARNERS PENSIONS TAX  
FINANCIAL CRISIS – APA  
TREASURY (DISCOUNT RATES; LATEST WGA)  
INFLUENCE



# CONCLUSION – WHAT IS AN ACTUARY?

- 
- UNCERTAINTY AND RISK
  - MATHEMATICAL/STATISTICAL
  - LONG-TERM FINANCIAL
  - MODELLING & ANALYSIS, CERTIFICATIONS
  - &
  - PROFESSIONAL CODE & STANDARDS
  - ASSURANCE
  - QUALITY AND CONSISTENCY



# WHAT IS AN ACTUARY?



# INFLUENCE

## MY 3 MISSIONS

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**SUCCESS**



**NEW FIELDS**



**BRAND**

GOOGLE v NEWS OF THE WORLD



# EVIDENCE

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GAD INCOME ↑ 50%

GAD STAFF ↑ 50%

TURNOVER ↓ <5%

CLIENT SATISFACTION ↑

EMPLOYEE SATISFACTION ↑

EVERYTHING LOST → NOTHING LOST IN PUBLIC SECTOR

USUAL EXCLUSION → ALWAYS INCLUDED ON PENSIONS

REPUTATION OF PROFESSION VERY CLOSELY RELATED TO GAD



# LESSON 1 BECAUSE

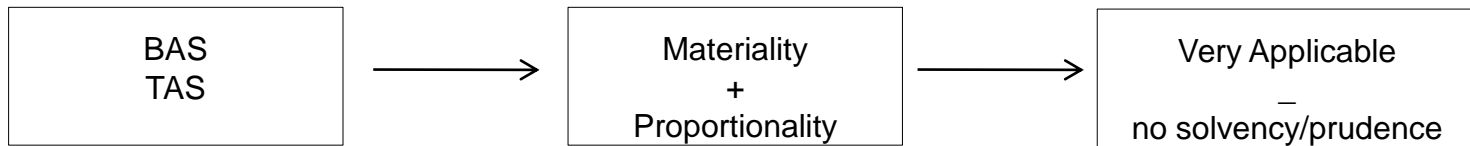
NO TO	YES TO
RECOMMENDATIONS	ASSURANCE & CERTIFICATIONS
UNSUBSTANTIATED STATEMENT OF JUDGEMENT	DISCLOSURE/TRANSPARENCY & USE OF EVIDENCE
ADVICE EXCEPT IN LIMITED CIRCUMSTANCES	PROCESS WITH CLARITY AND OPTIONS + ANALYSIS
POLITICAL	POLITICAL FOR POLITICIANS

CHALLENGE: IF THIS RIGHT HAND STYLE ALSO GAINS HOLD IN MAINSTREAM PRIVATE SECTOR, THEN HOW DO OUR EXAMS AND EDUCATION SYSTEMS NEED TO CHANGE?

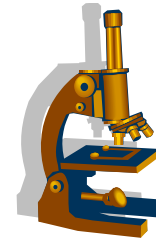


# LESSON 2

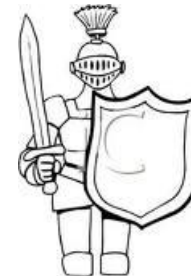
## GETTING THE JOB DONE PROPERLY – “WHAT’S THE EXAM QUESTION”



v



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# LESSON 3

## RESEARCH & EVIDENCE

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# LESSON 4

## TEAMWORK

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# LESSON 5

## RELATIONSHIPS

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TRUST, RELIABILITY, PROFESSIONALISM

# LESSON 6 NETWORKING

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# LESSON 7

## PROCESS



SO WHY DOES THE PROFESSION THINK THE REVERSE?



# SKILLS & VALUES

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## THE 5 BIG PROBLEMS:

EQUITABLE

LONGEVITY

COMMUNICATIONS

ARROGANCE

VESTED INTEREST



# SKILLS & VALUES

## PROFESSION'S NEW STRATEGY – VALUES

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### Core Values

- |              |                                      |
|--------------|--------------------------------------|
| Trustworthy  | - Reliable                           |
|              | - Demonstrating Integrity            |
| Professional | - Delivering quality and consistency |
|              | - Evidence-based                     |

### Behavioural/Aspirational

- |               |                              |
|---------------|------------------------------|
| Collaborative | - Working in partnership     |
|               | - Team player                |
| Engaging      | - Open-minded                |
|               | - Valuing others opinions    |
|               | - Insightful and challenging |
|               | - Transparent                |
|               | - Accessible                 |
|               | - Confident and robust       |



# CHALLENGE

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FOR EDUCATIONALISTS

WHAT ARE YOU GOING TO DO TO GET ACTUARIES  
BETTER ON THESE CRITICAL SOFT  
SKILLS/VALUES?



## Deloitte boosts risk practice with four appointments

by Rose Orlik

07 Jul 2011

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DELOITTE HAS APPOINTED four new partners to its [Enterprise Risk Services](#) practice, which boasts around 1,000 professionals UK-wide.

# COLLABORATION - ERM

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ALONE YES

ICE OK FOR PROMOTION

ICAEW NO



# CHALLENGE

## FOR EDUCATIONALISTS

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What Training/Behaviour Change do we need to do to get an automatic answer for ERM of

Alone

No

ICE

Fine for many types of project risk

ICAEW

Yes



WHO'S HEARD OF.....

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CHALLENGE

WHY IS THIS AUDIENCE AS NARROW AS IT IS?

DO WE DO ENOUGH CROSS-DISCIPLINE RESEARCH?

WHAT DO WE DO ABOUT IT?



# RESEARCH



Why is it 800 years old?  
Why is it Global Top 10?  
Why is it No. 1 in UK Maths at present?  
What lessons for the Actuarial Profession?

# RESEARCH



What is Research?

Inspiration/Perspiration. Which is 99%/1%?

What is the view of our Members/Council?

# CHALLENGE

## FOR RESEARCH AND ACADEMICS

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Is Our Research Effort Focussed 99% data gathering (perspiration) 1% thought leadership (inspiration)?

If not, why not?



# CHALLENGE

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IF WE'RE DOING MORE THAN 1% INSPIRATION,  
THEN HOW DO WE JUSTIFY?  
IS IT THE PRICE FOR SUSTAINABILITY



# RESEARCH – GOVERNMENT NEEDS

- 
1. DATA & MODELLING & MENUS (OF IDEAS)
  2. NOT ADVICE, OPINIONS, THOUGHT LEADERSHIP, SOLUTIONS

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## 2. PERSONAL SUGGESTIONS :

- (A) CLIMATE CHANGE – MONETARY INCENTIVE IDEAS
- (B) INFLATION (LONG-TERM)
- (C) HEALTH – MONETARY CONSEQUENCES OF GENE TECHNOLOGY
- (D) FORMULAE FOR VFM ANALYSES (MENU NOT SOLUTION)
- (E) RISK TOOLS (NON INSURANCE)

# CHALLENGE

## FOR RESEARCHERS

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1. ARE YOU UP TO DELIVERING
2. AND CAN YOU BRING YOURSELF TO MAKE IT 99% DATA/MODELS.





Government  
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**Science**

## The importance of evidence based policy in regulation

*“All substances are poisons, there  
is none which is not a poison. The  
right dose differentiates a poison  
from a remedy.”*

*Paracelsus, 1493-1531*



**Risk = Hazard x Exposure**



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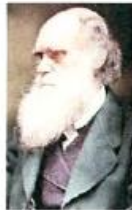


*"People are entitled to their own  
opinions but they are not entitled to  
their own facts"*

*Stephen Chu US Secretary of Energy*



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*"In the long history of humankind (and animal kind, too) those who learned to collaborate and improvise most effectively have prevailed"*

*Charles Darwin*

# THE FUTURE – PROFESSION’S STRATEGY

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	PERSONAL VIEW OF WHAT THE STRATEGY IS
1. EDUCATION	MAKE MORE GLOBAL
2. LICENSING/REGULATION	MAKE MORE EFFICIENT
3. PRESS/PR	DO MORE; DO DATA
4. MEMBER SUPPORT	DO ENOUGH
5. GLOBAL POSITIONING	DO
6 LEARNED SOCIETY	DO MUCH MORE (CRITICAL FOR SUSTAINABILITY)