



Message from the President



Richard Beauchamp, President

It was my great pleasure recently to join friends and colleagues, and of course special guests from the Actuaries Institute, the NZ Insurance Council and Victoria University, for our annual winter dinners in Auckland and Wellington. What a pleasure it is to be part of a community of professionals, willing to speak out on important matters but also aware of the importance of measured, objective opinion.

The winter dinners gave me an opportunity to do a number of things. First and foremost they gave me, and others from the NZ Society, a chance to engage with Estelle Pearson, President, and David Bell, CEO, of the Actuaries Institute. Of course we have an open and effective dialogue with our colleagues from across the Tasman. However, it is clear that, while the Australian profession and industries may be at a different stage of development to those in New Zealand, our two professional bodies have a similar view on the key issues and opportunities we face and where we should focus our attention. This means we should take the opportunity to work more formally and regularly with our sister organisation in Australia, and I am delighted that Estelle and David are eager to help us take the next step.



Andrea Gluyas, Vice President

It was also a genuine pleasure to host friends of our profession from key stakeholder bodies, namely Tim Grafton from New Zealand's Insurance Council and Peter Donelan, Head of Mathematics and Statistics from Victoria University. Tim's organisation is the flag bearer for NZ's General Insurance industry and has been so during its most difficult time in recent memory, ensuring clarity and objectivity for insurance customers and stakeholders

caught up in the aftermath of the Canterbury earthquakes. Peter has been the impetus and drive behind Victoria's new Actuarial Study programme, which will offer students a new way towards qualification in NZ, within a strong and well respected university.

The winter dinners also gave us the opportunity to acknowledge significant achievements made recently by our members. Jessica McCreary and Marina Hall, recently qualified fellows from Auckland, received their qualifications in person from the President of the Actuaries Institute. I also had the pleasure of awarding the Richard Bruynel prize for the best paper presented to the NZSA's November 2014 conference to Christine Ormrod, Allison O'Connell, Catherine Edgar, Daniel Mussett, Jonathan Eriksen and Mark Channon. The award celebrates the legacy of a former member, Richard Bruynel, who was eager to encourage actuaries to carry out and share in a formal way high quality research. This year's award winners, and several other highly commended papers, certainly have achieved this goal.

The winter dinners confirmed for me that NZ's actuarial profession is in good shape and good heart. Our members are busy and their advice is well respected. However, it also highlighted that we have many opportunities to pursue and we must urgently press on, on a number of fronts, to ensure we remain the relevant and valued advisors to our community that we are today.

In that vein I wish to mention some of the initiatives that Council is working on with our practice committees. Our focus is on just a few key strategic areas. These areas, or

pillars, which are not dissimilar to the Actuaries Institute's Strategic Goals, include:

- Capability, or ensuring the profession has the skills it needs going forward;
- Communication, or getting our message across; and
- Influence, or being the "go to" people for key stakeholders.

We are still at an early stage but, at the very least, we have the beginnings of a mechanism to tackle the key issues we face now and for the foreseeable future.

Our opportunity, which we should embrace, is to equip ourselves and our profession for the challenges of the 21st century, just as our forebears did 100 years ago, or more. This may mean being able, for example, to implement ways of interpreting "big data", in our existing or as yet untested ways. It may mean relying on first principles as we consider the impact of societal changes on our currently core industries (life, GI, retirement, health, investment and so on).

In any event it means being confident in our knowledge and expertise, through our training and our professional code, to step forward when asked or when needed to provide new insight and valued opinion for the good of our customers, our principals, our industry stakeholders and, ultimately, for society as a whole.

Enjoy the latest newsletter.

All my best,
Richard



In memoriam – Jonathan Nicholls, 21 May 1983 – 10 March 2015



It was with great sorrow that we learned of the illness and eventual passing of member Jonathan Nicholls earlier in the year. Jonathan was born with Cystic Fibrosis, and knowing he had a much shortened life expectancy because of it, Jonathan wasted no time in reaching for the heights, including a bachelor's degree in two and a half years, qualifying as an actuary by age 28, gaining a senior management role as Head of Actuarial Services

at ACC by 30, and becoming a member of Council in November 2014 at 31.

Jonathan's funeral was held at his alma mater, Tawa College, and attended by many of our members, including Paul Rhodes, who spoke of Jonathan's career, and Andrea Gluyas, who spoke on behalf of the profession. The eulogy Andrea read is below. A number of Jonathan's friends took the time to thank Paul and Andrea for illuminating his professional life for them. Jonathan is buried at Whenua Tapu cemetery, just north of Porirua.

The Society set up a Givealittle page in Jonathan's memory to provide an avenue for members to contribute in Jonathan's memory to his chosen charity, Cystic Fibrosis New Zealand. Including corporate donations, approximately \$5,000 was contributed.

On behalf of the president and members of our Society, I would like to express our deepest sympathy to Sharon, Keturah, Margaret, Trevor and family on this sad occasion.

Actuaries are financial professionals, usually employed by insurers, and typically charged with making sure clients' benefits are priced and funded properly and protected until they are safely paid out. Jonathan was a Fellow of the Institute of Actuaries of Australia and a Fellow of the New Zealand Society of Actuaries and a very fine actuary at that.

Actuaries tend to be good with numbers and facts, and Jonathan was no exception. Actuaries are, however, not generally known for being outspoken or, indeed, particularly witty conversationalists, and in this case Jonathan was somewhat different. He will be remembered by all those he ever encountered for his razor-sharp wit, huge intellect, deep knowledge on a wide range of subjects and fabulous debating skills, no matter the topic.

Jonathan was very involved in the affairs of the New Zealand Society of Actuaries for many years. He sat on the General Insurance Practice Committee and made a significant contribution to its work; making submissions on regulatory matters; guiding the development and updates of the

Society's professional standards; supporting the planning and execution of the Society's biennial General Insurance workshops; and generally being on top of the main issues that might affect our profession.

Jonathan also served on our Education committee, helping new actuarial students coming through the exams.

Jonathan was one of the original contributors to the Society's "Future Pathways" seminars, a series of presentations made each year by nearly or newly qualified actuaries to their peers. He moved from being a contributor, to a convener, to an instigator of new speakers each year and helped to make these seminars the well-attended member forums that they are today. We remembered Jonathan at the two seminars in Auckland and Wellington this week.

Jonathan was a regular paper author and speaker at the NZ Society of Actuaries conferences, held every two years. He wrote or co-authored papers on topics including the setting of risk margins, and insights from being the Appointed Actuary of a small insurer.

In recent years Jonathan had become very concerned about climate change and our profession's response and role in dealing with it. Jonathan co-authored a paper, with our President Richard, on climate change

for the 2014 conference, hoping that it would be an important work that resulted in a call to arms for our profession.

Jonathan was elected to the New Zealand Society of Actuaries Council in November 2014, for a two-year term. He attended his first meeting in December and helped make light work of the inevitable procedural matters discussed, as well as getting behind the ideas of a newly elected Council. Sadly his life was cut short before he had the opportunity to unleash the full power of his unfailing optimism and drive on his fellow Council Members.

Jonathan has made a huge contribution to our profession and Society. And he had really only just got started. He will be missed terribly by his friends, colleagues and fellow actuaries.

Abraham Lincoln said: "And in the end, it's not the years in your life that count. It's the life in your years."

The life in Jonathan's years has certainly counted and he will be remembered as an outstanding member of the New Zealand actuarial profession.



News from Council and Committees

Council positions

Following the AGM, the following roles have been confirmed on Council:

President: Richard Beauchamp

Vice-President: Andrea Gluyas

Secretary: John Smeed

Treasurer: Anne Lord

Immediate Past President: Paul Rhodes

General Council Members: Greg Bird

Following Jonathan Nicholls' death, Adam Follington has been seconded as a General Member of Council for the remainder of Jonathan's term, as provided for under the Rules of the Society.

Professional standards

The Society's professional standards have all been renumbered and slightly reformatted to provide a better structure going forward. You can check the correct numbering on the Publications page of the website.

General Insurance Practice committee

An informal discussion around the solvency standard catastrophe charge and issues that actuaries have with the standard was held. The outcome of the discussion highlighted a need for the industry to clearly detail any concerns with the standard and allow the RBNZ to formally respond.

The next step is for a survey of views on the Solvency Catastrophe Charge to be completed by Appointed Actuaries to assist with clarifying the issues.

The 2015 General Insurance Seminar is to be held on Friday 23rd October at the Novotel Auckland Airport. There is a diverse range of topics to be presented and the committee is very pleased to confirm the Honourable Paula Bennett MP as the keynote speaker.

Treasury has released a discussion document following the EQC Review. The committee has been working on providing a submission to the discussion document.

There have been some changes to the committee membership with John Feyter resigning and Mat Jensen and Anita Samu joining the General Insurance committee. We thank John for his time and input on the committee and will continue to work with him in his new role as convenor of the Health committee.

Life Insurance committee

Reviews of PS20 (formerly PS3) and PS21 (formerly PS13) are in progress. Draft revised standards will soon be published for consultation with members. Members should note the new numbering of Professional Standards. These can be found on the Publications page of the website.

During the year Nina Herries and Nick Smart have resigned from the Life Insurance Committee. The committee would like to thank Nina and Nick for their contributions, and welcome Richard Johnson and Darren Fleming who have both recently joined.

The committee would like to take the opportunity to remind members of the upcoming Financial Services Forum on 16 November

2015 at Rydges Hotel in Wellington. Please save the date and keep an eye out for the registration flyer out soon.

Earlier this year, the Actuaries Institute Life Insurance Risk Appetite Working Party released a paper to give practical assistance to a life insurance business operating in Australia in developing or reviewing its Risk Appetite Framework. It is a guide to possible approaches and is not meant to be prescriptive. The paper gives both a general background to setting a Risk Appetite Framework within an institution's Risk Management Framework, as well as specific life insurance examples for Risk Tolerances and Risk Limits. Feedback from NZSA members is that it is a very good paper.

www.actuaries.asn.au/Library/Reports/2015/LifeRiskAppetitePaper.pdf

Review of Human Rights Guidance Note

The Human Rights Guidance Note sets out considerations that bear on the actuary's professional work in relation to the exceptions allowed under the Human Rights Act 1993 for either Insurance or Superannuation Schemes. It was first issued in April 1997, and modified in August 2002.

We have now formed a team of Anne Lord, Jessie McCreary and Craig Davis to review the note and update it to non-mandatory status. This review has started, and members will be given the opportunity to comment in due course. However, any member with pressing concerns they think the review should address is welcome to contact Anne Lord: anne.lord@amp.co.nz.

Committee vacancies

The Events committee would like another Wellington based member. Please contact Adam Follington if you are interested in helping with this. Email: afollington@deloitte.co.nz.



International Actuarial Association Events

In August the Actuaries Institute hosted the ASTIN|AFIR/ERM|IACA Colloquia in Sydney. This was a great opportunity to meet actuaries from around the world, and hear a range of interesting papers and presentations on topics as diverse as the effect of climate change on longevity, transmission formulae for ebola, advances in claims triangle techniques, and the new approach to managing disability claimants in Australia. However, a number of members of the NZ profession don't know very much about what all those acronyms mean, so perhaps haven't considered attending events such as these.

The International Actuarial Association (IAA) is committed to research, education and the development of the profession and of actuarial associations. In order to encourage actuarial research and development in particular areas of practice, and to provide suitable international forums for discussion among individual actuaries, the IAA created specialised Sections for various categories of members. Currently, the IAA has seven Sections: AFIR/ERM, ASTIN, AWB, IAAHS, IAALS, IACA and PBSS. Or in English:

- SECTIONS**
- AFIR/ERM**
Financial Risks and ERM
- ASTIN**
Non-Life Insurance
- AWB**
Actuaries Without Borders®
- IAAHS**
Health
- IAALS**
Life Insurance
- IACA**
Consulting
- PBSS**
Pensions, Benefits and Social Security

- AFIR/ERM:** Actuarial Approach for Financial Risks/Enterprise Risk Management
- ASTIN:** Actuarial Studies in Non-life Insurance
- AWB:** Actuaries Without Borders®
- IAAHS:** International Actuarial Association Health Section
- IACA:** International Association of Consulting Actuaries
- IAALS:** International Actuarial Association Life Section
- PBSS:** Pensions, Benefits, Social Security

To learn more about the Sections which are relevant to you, have a look at the IAA's brochure: www.actuaries.org/ABOUT/Brochures/Sections_EN.pdf

Membership of a Section is not expensive at CA\$50 per year, which can usually be paid with your overseas membership subscription, or directly on the IAA website. This amount can generally be recovered through the membership discount from attending an event.

The International Congress of Actuaries (ICA) is held every four years, and combines all of the Sections. The next ICA is in Berlin in 2018, but if that is too far for you to go, in 2022 it will be in Sydney, a wonderful opportunity for our members to meet hundreds of actuaries from around the world.



Upcoming IAA events you might like to attend:

ASTIN Colloquium
Lisbon, Portugal
31 May – 3 June 2016
www.actuaries.org/lisbon2016



Joint IACA, IAAHS, PBSS Colloquia
Jointly hosted by the International Pension and Employee Benefits Lawyers Association (IPEBLA) St John's, Newfoundland and Labrador, Canada
27 June – 29 June 2016
www.actuaries.org/stjohns2016

31st International Congress of Actuaries
Berlin, Germany
4 - 8 June 2018
www.ica2018.org



32nd International Congress of Actuaries
Sydney, Australia
2022



Event reports

Actuaries' Christmas Lunch

Back in December, we had a wonderful lunch at Zibibbo in Wellington and Wine Chambers in Auckland. In Wellington, the weather was unusually poor, with the rain coming in side-ways, but everyone still made it and most even put on their silly Christmas cracker hats and read out their not-always-humorous jokes. This lunch was organised in part as a thank you to all the volunteers who were involved in running the NZSA throughout the year; without you the NZSA wouldn't function.

The NZ Fraud Scene in 2015

In February, Ian Tuke and James Cowan from Deloitte Forensic talked to us about fraud in New Zealand. The presentation started with us getting the opportunity to spot the very obvious deficiencies in a fraudulent invoice which a company actually paid, from the GST being incorrectly calculated, the bank account not having enough digits, to the invoice being dated the 29 February (and not in a leap year). It seemed bizarre that it was possible to get money out of such an unsophisticated fraud, although in this particular case the fraud was uncovered, but it did make us wonder the level of unsophisticated fraud that doesn't get picked up.

Ian and James shared some of their stories of working on fraud, for example the fleet manager who would sell the vehicles he had purchased for his company, and then keep the proceeds for himself.

The presentation covered what fraudsters typically look like, the combination of conditions required for someone to actually undertake a fraud and effective counter fraud programmes. The presentation has been uploaded to the NZSA website for those who are interested.

Future Pathways – Fresh perspectives from actuaries of the future

By Sam Segal

The fifth annual Future Pathways sessional meetings took place this March. The sessions in Auckland and Wellington are presented by and targeted at students and recently qualified actuaries to give them the opportunity to learn more about the different areas of actuarial practice and where our profession may be heading in the future.

This year was another success, with around 90 attendees between the two sessions. The good turnout shows that this event meets an important need for fledgling actuaries and it was nice to see so many attend and contribute with insightful questions and discussion at the end of each presentation.

This year the three topics were:

Big Data: Is it too big for New Zealand?

Presented by Andrea Fuehrer & Sarah Yates

Andrea and Sarah explained ways that Big Data is transforming how businesses monitor activity and target new customers. Telematics is an example from the insurance industry of how technological developments enable us to learn more about policyholder behaviour and allow for more precise claims forecasting. As companies accumulate more and more data about their customers (whether customers know about it or not!) privacy and ethical concerns must be taken into consideration when it comes to how that data is used, something which is likely to become more of a hot topic in the future.

An actuarial approach to welfare

Presented by Jonathan Valois and Jacky Sung

In recent years the Ministry of Social Development has begun to take an actuarial approach to estimating its future benefit payments using the same techniques and methods as an insurer estimating its unpaid claims liability. Jonathan and Jacky discussed how this way of looking at things has influenced operational decisions at the Ministry and helped it towards its goal of reducing long-term benefit dependency in New Zealand. While the estimated liability does not appear on the Ministry's balance sheet, it can still be a useful metric for evaluating performance and for making policy decisions.

ERM in practice for two companies

Presented by Anagha Pasche and Jinning Zhao

Enterprise Risk Management is important for organisations in both the public and private sector alike, even though they may face different risks. Jinning shared her experience of working in the actuarial team at ACC, a Crown entity, and Anagha spoke about her role in risk management at Sovereign, a private insurer. One common characteristic is that both companies employ the "three lines of defence" framework which calls for direct involvement on a day-to-day level as well as continual, vigilant oversight. While this field may not be seen as traditional actuarial work, Anagha encouraged the audience to become more involved in ERM by completing the requirements for the CERA designation and by seeking out risk management roles.

Copies of all presentations, including those from prior years, are available on the NZSA website. Thank you to this year's hosts, Deloitte and PwC, and to the NZSA for continuing to sponsoring Future Pathways. If you are interested in helping to co-ordinate or present at the 2016 Future Pathways, please contact Sam Segal: sam.segal@acc.co.nz.



Event reports

Crown Asset and Liability Management

with Adrian Allott

Adrian Allott, in his role as a Senior Risk Analyst for the Treasury, gave us an insight into the CALM (Crown Asset and Liability Management) project. Currently in its development phase, the CALM project is designed to provide a risk-focussed perspective on the Government's financial position and to assess the potential impact of a wide variety of risk events.

Adrian highlighted the need for the project through a comparison drawn between the Napier earthquakes of 1931 and the Canterbury earthquakes of 2010-2011. In the 1930's, New Zealand was burdened with debt and the world was in depression, so the people of Hawke's Bay were basically left to fend for themselves. In 2010-2011, the world was again in crisis, but as New Zealand had no core net debt we were in a better position to respond to the disasters.

If we were to summarise the project in one sentence, it's basically applying ERM through an all-of-government lens. The project involves quantifying the impact of a range of adverse scenarios on the government's books, and therefore on us as taxpayers. It is not restricted to just looking at the GAAP balance sheet, but will extend to the fiscal and contingent balance sheets as well. Once the potential impacts are understood, a risk tolerance to each event can be set and appropriate mitigations can be explored.

Going forward this ambitious project will increase the awareness around risk, with the aim of preparing the Government and its departments to better mitigate and manage the impact of adverse events.

Pub Quiz - May

The Pub Quiz Night was a huge success, with over 70 people attending in Wellington and Auckland. In Wellington the winner came right down to the wire with Paul Rhodes (PwC) up against Sam Segal (ACC) in a tie-break to decide the winner between their respective teams. After three tie break rounds, Sam finally took it by knowing (or at least correctly guessing) that a chinese zoo had tried to pass a dog off as a lion, and not as a wolf. The competition was similarly close in Auckland, but in the end a motley crew led by John Smeed and Adam Follington won by a nose. The level of Forrest Gump knowledge across the board was very impressive!

The Events Committee received great feedback on the evening, so expect it to become a regular fixture on the calendar going forwards.

Call for speakers

Thank you to those few members who have already registered their interesting in speaking to the profession. The Events Committee are seeking speakers for 2016.

Do you have an interesting project or subject you want to share with the profession? Or perhaps you have a colleague from outside the profession who would be keen to share their ideas and expertise?

The Events Committee would like to hear from you.
Email: jenn.bonnett@amp.co.nz to register your interest.

Have you been receiving the NZSA invites?

The Events Committee has become aware that some invitations for events aren't coming through to members' email addresses.

Can you please let Jenn know (jenn.bonnett@amp.co.nz) if you think you have missed out on an invite for one or more of the recent events?

We have been working with the secretariat to find a solution to this problem, and would like to understand how many members are impacted. It would be useful to understand if it is just you, or if other members in your organisation have also not received the invitations.

Upcoming events

23 September (video conference) – The Great Debate

23 October (Auckland) – GI Seminar

16 Nov (Wellington) – Financial Services Forum and AGM

December – Christmas Lunches



Members' News

Newly qualified Fellows



Richard Trendall

Richard joined IAG in Auckland seven years ago, having previously worked as a project manager/analyst for a research company. At IAG he has worked in Reserving, Analysis Integrity and Corporate Strategy.

These days, most of his spare time is spent with his one year old boy, James. Aside from that he enjoys yoga, ocean swimming,

camping and following most sport (especially Liverpool FC). He is also a craft beer enthusiast and now that he has a bit more time on his hands he is hoping to perfect his homebrewed APA.



Cordelia Chen

Cordelia is a Financial Services Actuary at Cigna, having recently crossed over from consulting at PwC. Cordelia describes her path to qualifying as an actuary as "challenging, demanding and so it should be!" At work, Cordelia enjoys applying actuarial techniques to solving real world business challenges.

In her spare time she likes to use the "mind of an actuary" for things such as spreadsheeting her five week honeymoon, using logic to help her friends and proving time and again that she is smarter than her Chartered Accountant husband.

New members and changes of membership class

Welcome and/or congratulations to the following:

FELLOWS:

Cordelia Chen – Cigna
 Craig Davis – MSD
 Richard Trendall – IAG
 Rosanna White – Melville Jessup Weaver
 Samreen Asif – Sovereign
 Stephen Lau – Finity Consulting
 Stuart Blackhall – Munich RE
 Susie Amos – Finity Consulting

ASSOCIATES:

Nicholas Warren – Finity Consulting

STUDENTS:

Beom Kim – Sovereign
 Brett Mainwaring – PwC
 Cheryl de Joya – AIA NZ
 Claytyn Riki – Cigna
 Fraser McKay – Mercer
 Gabriel Lyden – IAG
 Jae Chung – Vero
 James Dawson – ACC
 Jingwei Zheng – Sovereign
 Joshua Reid – IAG
 Leiyan Wang – Tower
 Maggie Gwaze - AIA NZ
 Maria Plata Valencia – IAG
 Samuel Stewart – Asteron Life
 Sherry Shi
 Simeon Pattenwise – Vero
 Stephen Binns – King Fahd University of Petroleum and Minerals
 Susan Wang – Deloitte
 Thomas Bright – ACC
 Yujie Long – Tower

Still number 1

Once again actuary topped the jobs rated report – for further details check out this link:
www.careercast.com/jobs-rated/jobs-rated-report-2015-ranking-top-200-jobs

If you have any thoughts on a newsworthy item for next year or feedback on this year's newsletters, please contact: Chantal at the Secretariat: society@actuaries.org.nz

Thanks for reading

NOTE OUR CONTACT DETAILS:

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