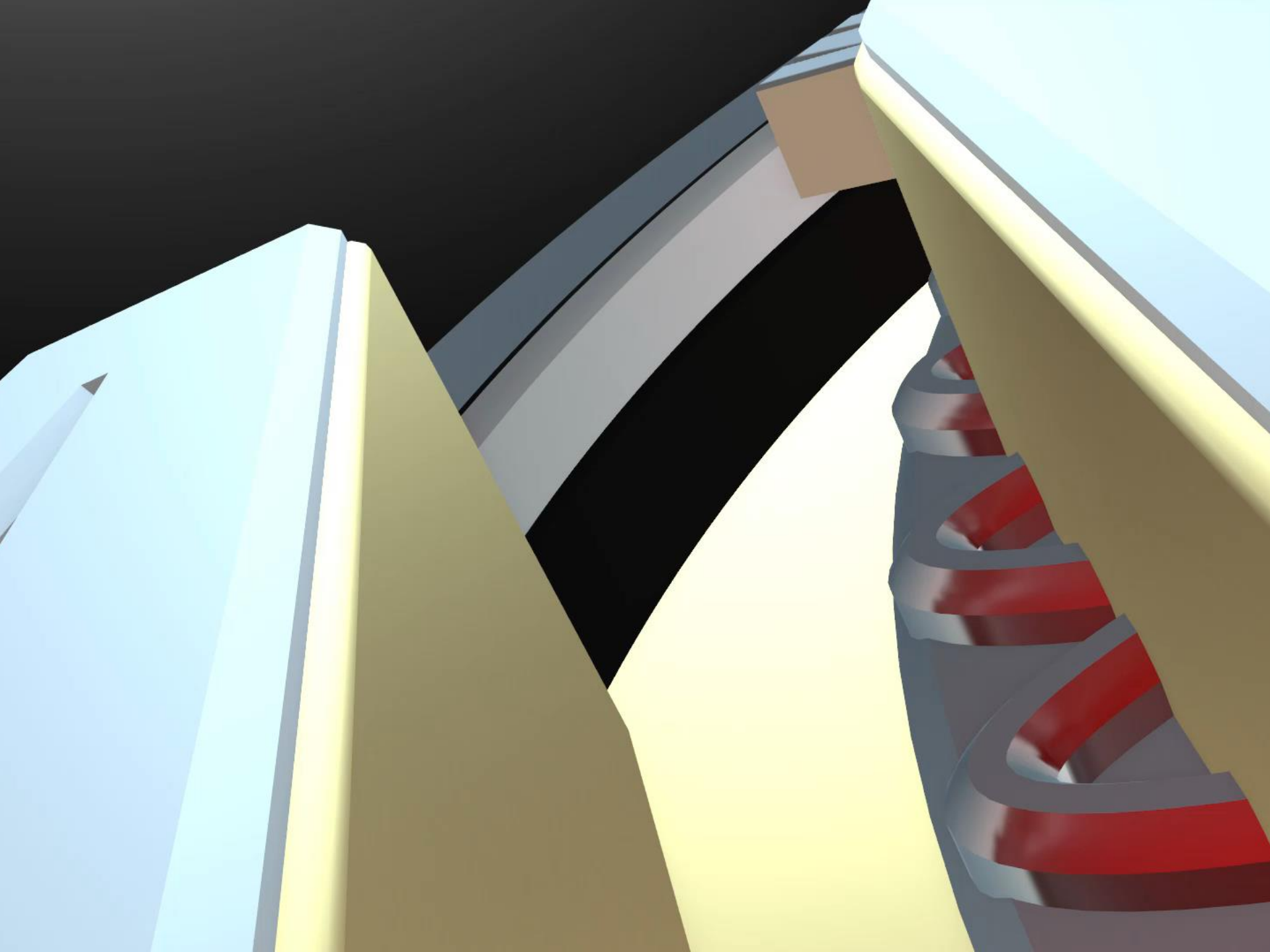


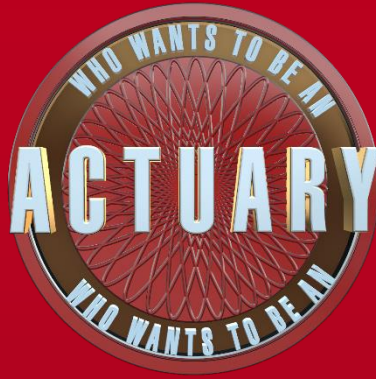


ACTUARIAL SOCIETY 2015 CONVENTION

PROFESSIONAL AND ETHICAL CHALLENGES: A WEEK IN THE LIFE OF A CONSULTING ACTUARY

Carike Nel, Dewald Ferreira, Karl Meissner-Roloff,
Nicola McGavin, Christiaan Basson





A week in the life of a consulting actuary

Monday

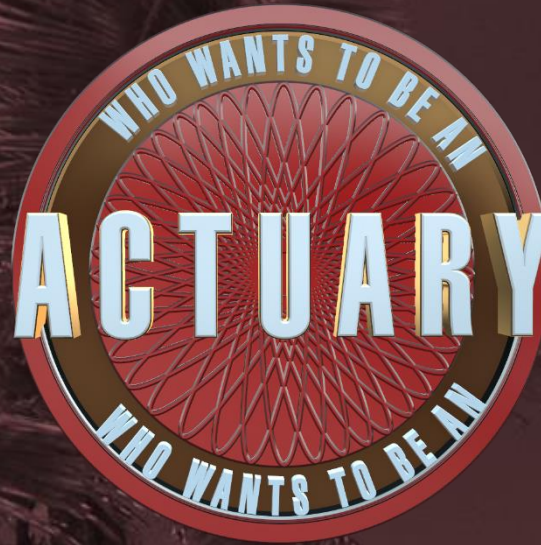
Setting EV
assumptions



A tropical beach scene with a palm tree and turquoise water under a blue sky. A wooden sign hangs from a rope in the upper right corner.

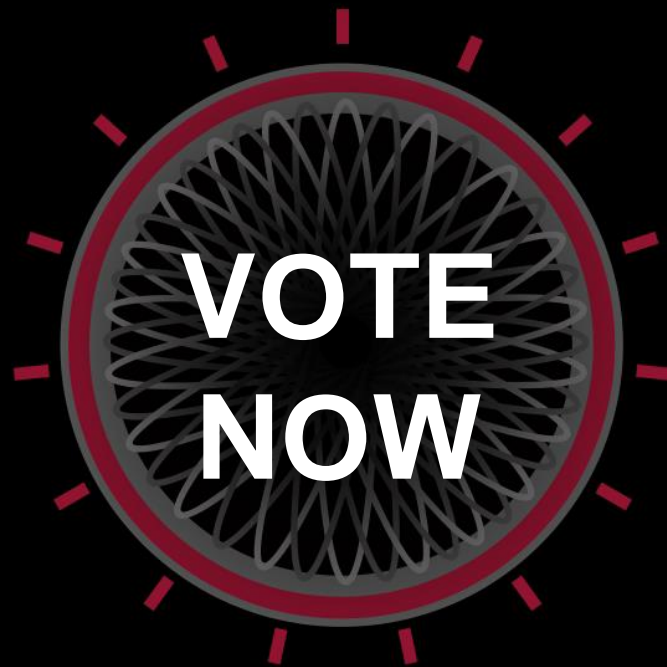
MONDAY

Judgement in
setting EV expense
assumptions



What should the actuary do?

Nancy, the statutory actuary and Chris, a manager, have different views on the EV expense assumptions, both with merits



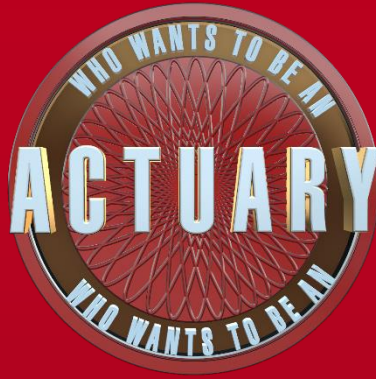
A. Sign off on the EV basis –
it can always be corrected next
year

B. Further investigate the expense
basis through consultation with
management

C. Sign off on the EV basis, but
closely monitor assumptions going
forward

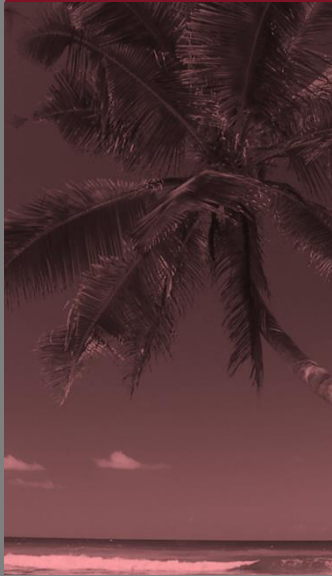
D. Join Chris on the holiday in the
Maldives.





A week in the life of a consulting actuary

Monday



Tuesday

Due diligence



A herd of elephants is gathered at a watering hole in a savanna landscape during sunset. The sun is low on the horizon, casting a warm orange glow over the scene. Several elephants are standing in the water, while others are on the sandy bank. The background shows a line of trees and shrubs under the bright sky.

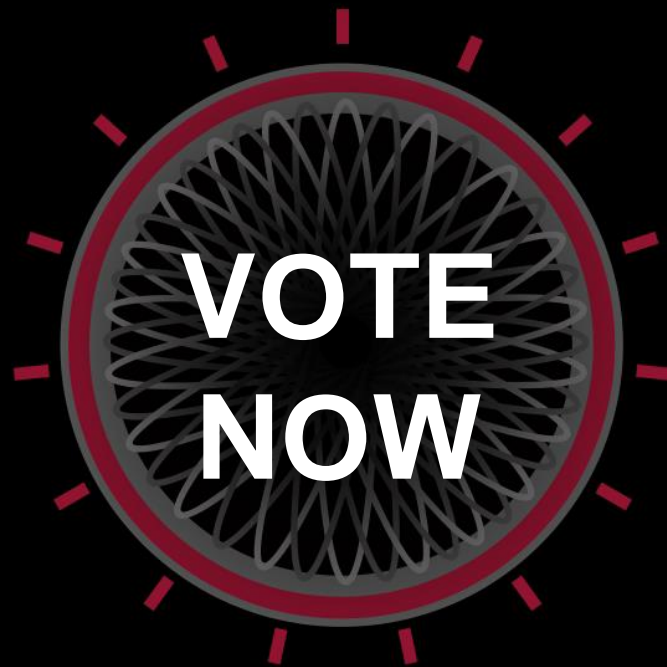
TUESDAY

Due diligence on
existing statutory
actuary client



What should the actuary do?

The client has requested that a due diligence be done on a company for which the consultancy already acts as the statutory actuary



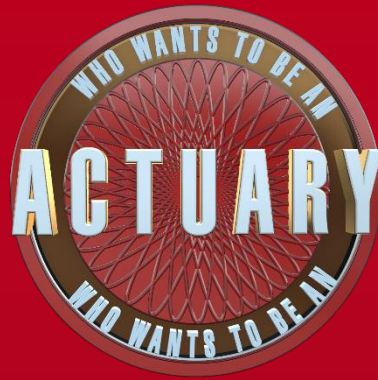
A. Proceed, but exclude any team members with knowledge of the target

C. Set up Chinese Walls and proceed with approval from the client and target

B. Do nothing, and hope nobody finds out.

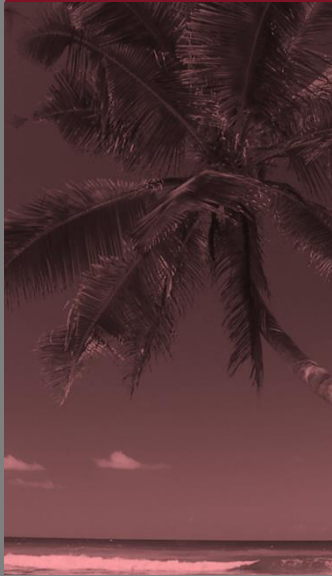
D. Walk away from the potential work to avoid any conflicts





A week in the life of a consulting actuary

Monday



Tuesday



Wednesday

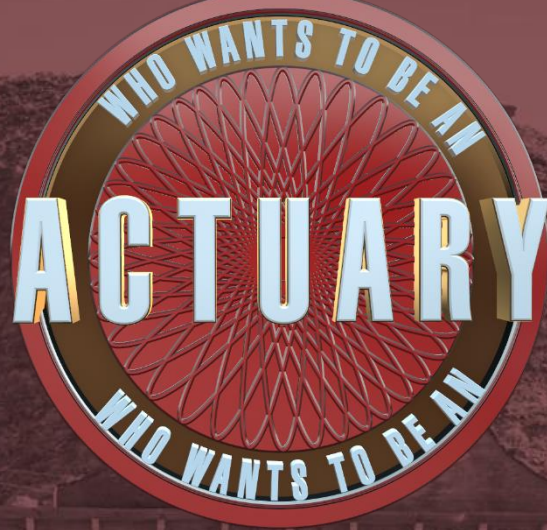
Signing off
premium rates





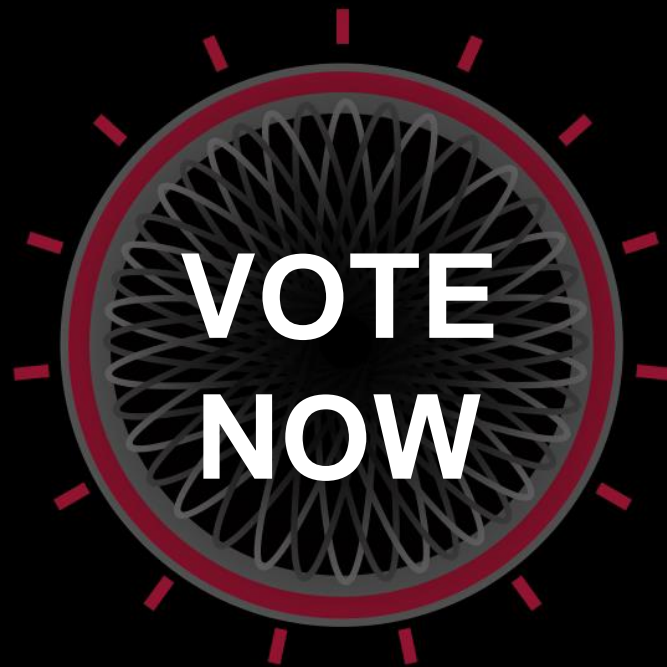
WEDNESDAY

Signing off
premium rates for a
new product



What should the actuary do?

- The statutory actuary is required to sign-off on the actuarial soundness of the premium
- However, there seems to be some evidence that the new product may not meet the principles of TCF



A. Resign as the statutory actuary and buy a ranch

B. Sign-off on the product, but include a comment on TCF principles in the sign-off letter

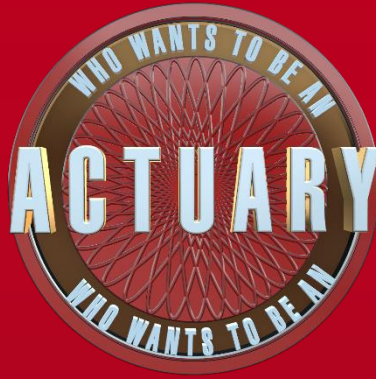
C. The product is actuarially sound, so proceed with sign-off

D. Insist on further consultation with TCF-committee



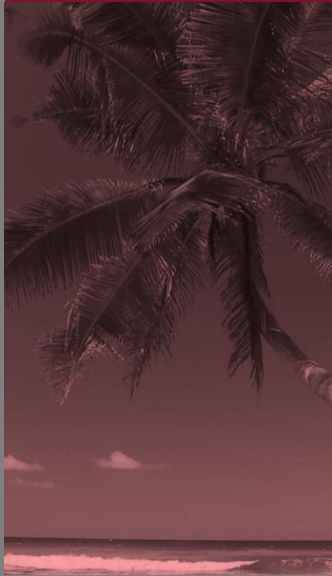
SALOON

WANTED



A week in the life of a consulting actuary

Monday



Tuesday



Wednesday



Thursday

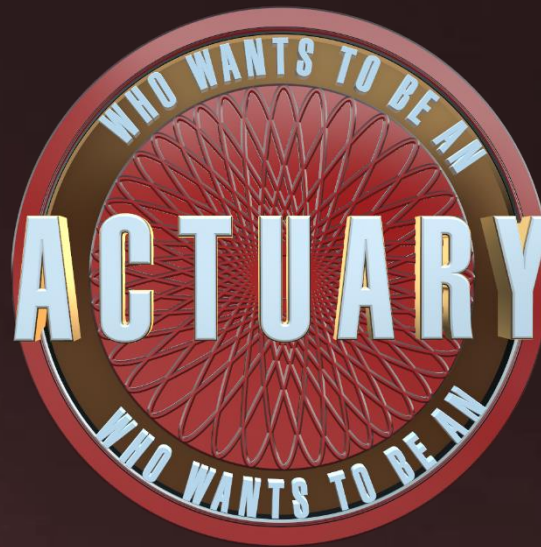
Deadline vs.
Data challenges



THURSDAY

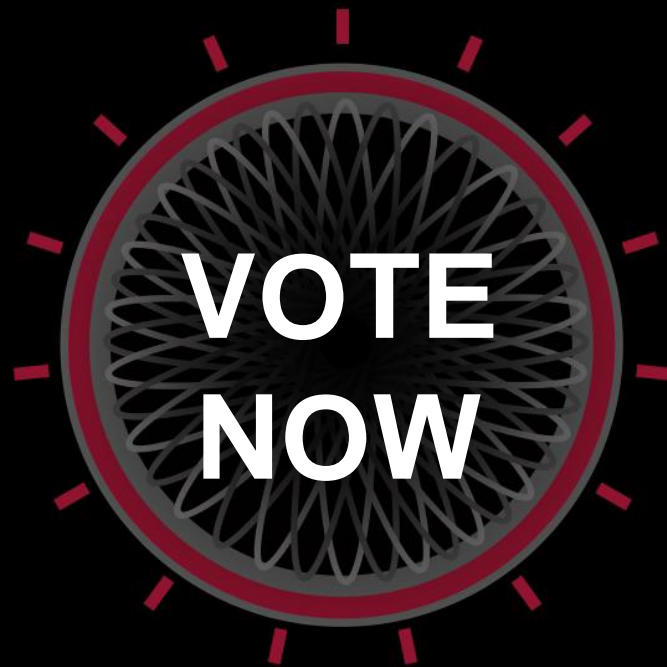
Managing tight
deadlines and data
challenges





What should the actuary do?

The data is not ready, but the Board meeting is looming



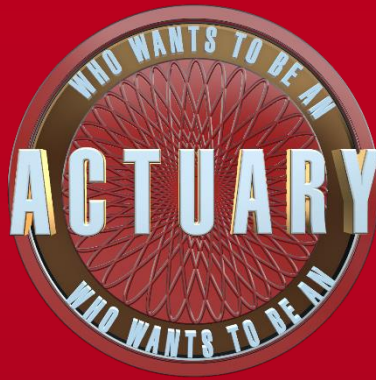
A. Keep last year's number unchanged

B. Perform an approximate calculation and include a caveat in the report


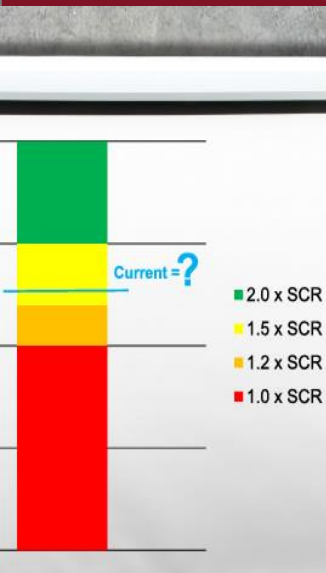
C. Tell them "no data, no report"

D. Visit a psychic





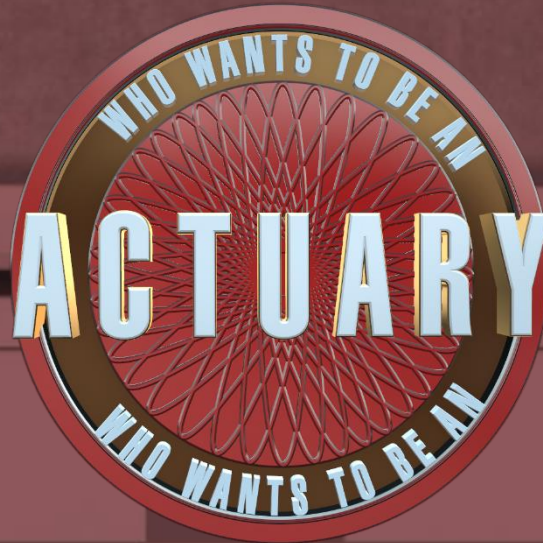
A week in the life of a consulting actuary

Monday	Tuesday	Wednesday	Thursday	Friday
				<p>Setting risk appetite limits</p> 

A wooden sign hangs from a rope against a grey, textured background. To the left of the sign is a long, white, rectangular bar. To the right of the sign is a small, black and white logo. The sign itself is made of light-colored wood and has the word "FRIDAY" in large, white, bold letters at the top. Below it, the text "Setting risk appetite limits" is written in a smaller, white font.

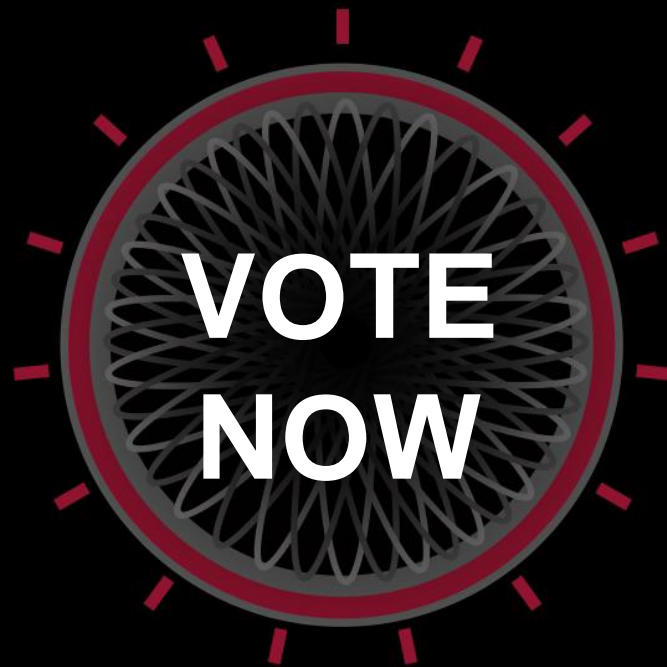
FRIDAY

Setting risk appetite
limits



What should the actuary do?

- The CEO prefers a lower targeted cover ratio, which allows for remaining capital to be used for other ventures to increase returns
- The CRO prefers a higher target ratio



■ 1.2 x SCR

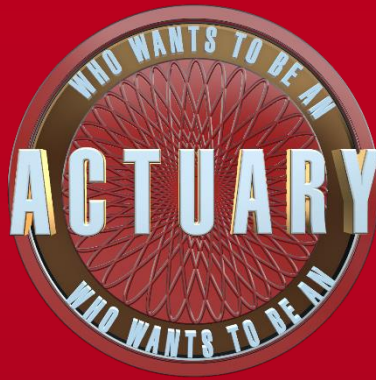
A. Insist on further investigation into the optimal level of capital

B. Side with the CRO – and motivate the higher ratio

C. Side with the CEO and motivate the lower ratio

D. Go and have a coffee while the two chiefs slug it out





A week in the life of a consulting actuary

Monday

Setting EV assumptions



Tuesday

Due diligence



Wednesday

Signing off premium rates



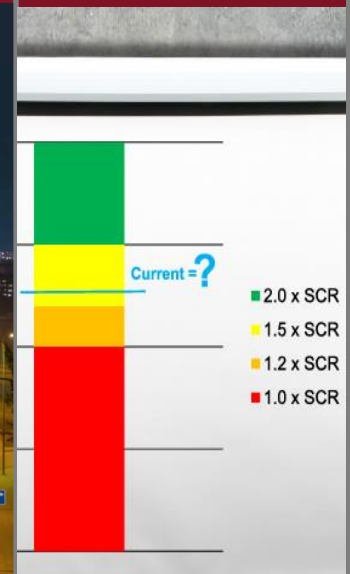
Thursday

Deadline vs. Data challenges



Friday

Setting risk appetite limits



Contacts

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