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"A noble man's thoughts will never go in vain. -Mahatma Gandhi."

"I hold every person a debtor to his profession, from the which as men of course do seek to receive countenance and profit, so ought they of duty to endeavour themselves by way of amends to help and ornament thereunto -Francis Bacon"

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From the Desk of

the President

– Mr. Rajesh Dalmia

Dear Members,

It has been my pleasure to serve this profession and to contribute towards the progress of this profession. I have got a lot of comments on the work the council did during these last 2 years. The last two years would always be remembered for the steps the Institute took towards strengthening professionalism. I am happy that the council and the employees worked hard to take the profession ahead. I am satisfied that I did whatever I could have done.

Now, it feels like 2 years is not enough time. There is still a lot to be done and I hope all the projects which are getting kicked off in my tenure get completed over the next few months. The employment database is now ready and would be rolled out to the employers over the next two months. I am sure this will help widen the foot prints for the profession and would help young students to get a job. Students can now work in any of the quantitative fields to gain “actuarial experience” as long as they

can show application from any of the study material of the Institute. Since the actuarial syllabus captures quite a wide syllabus covering statistics, mathematics, economics, finance, investments, insurance, pension, accounts etc. it will allow a lot of students to gain the qualification through wider experience.

One feedback that I had from the students is the absence of study material at SA level. We are planning to take steps in that direction so that we can get India specific study material. However, I would still have the fear that this would dilute the standard as the focus of the students will shift to the material in place of wider reading. At SA level, the students are expected to do as much wider reading as possible and examiners are not bound by the study material/syllabus. I hope this helps students to clear the exams and at the same time it does not dilute the requirements of wider readings.

The website needs an overhaul and that project is under progress. I hope that by the time it is online, we

would have other modules completed along with the same. The work is undergoing to create comprehensive FAQs which can help answer a lot of queries raised by the members. Similarly, the module on CPD scheme is also under the progress. The video player will also be enhanced for web-based CPDs. As per the plan all these are likely to be finished by March next year.

I would request you to select candidates carefully so that you do not regret this later. Our system is like the system of parliament where only council members can speak on your behalf. Additionally, one council member alone cannot do anything but if they are together than they can achieve a lot. In fact, they can even over-rule the president if they are together. I could not have achieved what I have achieved without the support of the present council members. I wish the council remains together even in future as they were during my tenure and that is crucially dependent on your votes.

Happy Voting! ■



From the Desk of

the Editor

– Mr. D C Khansili

The August month is always a happening month for India. The tri colours add energy in the environment helping individuals to do their best in their workstation and family front.

Let me start by wishing
Happy Independence Day to all

The August month sent two important messages. One on financial front and another on judiciary. The Aug, 9 2016, RBI announced its third bi-monthly policy of financial year 2016-17. Sitting to the fundamentals, the policy rates were kept unchanged. Repo rate unchanged to 6.5% (the rate at which RBI lends money to the commercial banks), CRR unchanged to 4% and reverse repo rate standing at 6%. On Judiciary side, Chief Justice of India aired his views on judges' appointment.

The ease of doing business in India, the messages floating in air that system may air their independent opinion on fundamentals shows the robustness of country's system. Owing to it, the investors have started showing interest in investing in insurance and re-insurance sector also.

The media has started reporting about sun shine investment in insurance sector and further carry the news that four general insurance companies and two life insurance companies are in process of raising capital through IPO. Two players in life sector get valuation of INR 66,000 cr. for combined entity.

IRDAI is also active and issued Discussion Paper on "Listing of Indian

Insurance Companies" on 11-Aug-2016. The comments from industry have been sought. The discussion paper gives listing requirements, time lines, SEBI stipulations, regulatory architecture, direction on disclosures and governance, etc. The time will tell how industry reacts on the discussion paper and final outcome.

Subsequent to Insurance Law Amendment Act 2015, IRDAI had already issued IRDAI (other forms of capital) regulations 2015, IRDAI (Issuance of capital by Indian Insurance Companies transacting life insurance business) regulations, 2015 and IRDAI (Issuance of capital by Indian Insurance Companies transacting other than life insurance business) regulations, 2015.

The positivity in economy is further expected to be ushered by passing the historic Goods and Service Tax (GST) bill in Parliament. The State Government are according their approval to GST Bill. The complexity of indirect taxes in name of entertainment tax, VAT, excise duties, import duties, luxury tax, central sales tax, service tax etc. imposed by Central and State governments is expected to be removed by unified tax rate- GST rate.

The examination diets have been changed. The coming examination is in Sep-2016 instead of November 2016. IAI President was discussing this item in his column. However, many students would find lesser time for preparation between results' declaration and examination dates. All the best to candidates working hard during this period for examination(s).

The Olympic motto in latin is "hendiatisCitius, Altius, Fortius" standing for "Faster, Higher, Stronger". This was proposed by Pierre de Coubertin upon the creation of the International Olympic Committee in 1894. The motto, I often relate to the actuarial profession as well. The August month Rio Olympics have brought happiness. The human sentiments are at fore not only on ground but elsewhere as well. Someone proposing even at podium!. One bronze medal for India by wrestler Sakshi Malik till writing the editorial. Congratulations!! May be some more follow.

20th Asian Actuarial Conference starting on 9th November 2016 and ending on 12th Nov 2016, proposed to be held at Hyatt Regency, Gurgaon (NCR). IAI is not leaving any stone unturned to make the conference successful. I am pretty sure organisations shall take the opportunity in abundance to be financial partners with IAI, actuarial personnel shall register to the maximum and quality papers shall be discussed along with deliberations helping insurance, pensions, actuarial, etc. and Society at large.

And at the last, the election to council of Institute of Actuaries of India is due. Ballot papers have been issued by IAI. Many contesting candidates have approached to the voters consisting of Associates and Fellows in different ways. In a democratic organisation, it is good to take one's views to the voters which shall help them to cast their vote.

12th Seminar on Current Issues in Retirement Benefits



The 12th CIRB that was conducted by The Institute of Actuaries of India at Hotel Sea Princess (Mumbai), was held on 29th July 2016 not only to discuss current issues and challenges seen in the pension, employee benefit and social security domain but also to talk about its scope on expansion thereby building professional capacity. The transition to and implementation of Ind AS 19, the significance of actuarial valuation of Public Sector Enterprises and challenges for valuing compensated absences were the major issues that was discussed. Discussions on ESOP and Warranty/Guarantee Claims were included as a Capacity building and expanding scope of practice for actuaries in this domain. Furthermore, to explore a further dimension of complexity an analysis on availment of leave days for compensated absences was also presented in this seminar.

Session 1: Welcome and Inaugural Address



Speaker: Mr. A.D. Gupta, Chairperson of Advisory Group on Pensions, Other Employee Benefits & Social Security (PEBSS).

Mr. Gupta is a Practicing Actuary who has played a major role in drafting various Guidance Notes. He was a Vice President of Institute of Actuaries of India and has been a member of the council for several years. Mr. Gupta retired from LIC India in 1994.

In his inaugural session he welcomed all the participants and thanked them for being there. He advised to take care determining obligations towards any benefit plan by abiding guidelines which regulate them. He also addressed the importance of reporting with respect to any actuarial valuations conducted and thereby proceeded to list all topics of discussion that could affect the current practise and the scope of advancement in the profession.

Session 2: Ind19: Challenges in implementation



Speaker: Ms. Chitra Jayasimha, Consulting Actuary

Ms. Chitra is the Practice leader with Aon Hewitt Consulting India's Retirement and Financial Management business. She has been working in the Indian Insurance and Pension Industry now for 20 plus years. At Aon Hewitt, she is not only

responsible for expanding Retirement and benefits business, but also for Actuarial Valuations for domestic and multinational companies, retirement benefit consulting, merger and acquisitions and other value added employee benefit services.

Her presentation covered the challenges that are observed in implementing the new Indian Accounting Standard 19 (Ind AS 19). She demonstrated Para 73 of Ind AS 19 with the help of an example in order to show the impact over building of an obligation and the issue about materiality in recognition using both service factor and non-service factor model. She further added comparative analysis so as to disclose the cost of employee benefit obligation during a financial period under both the Accounting Standard 15 and the Indian Accounting Standard 19. Thereafter, she demonstrated reconciliation of Other Comprehensive Income, Balance Sheet and Profit and Loss Account. She then explained concerns regarding consideration of actual pay-out and the expected pay-out and corresponding financial impacts. Finally there was a very constructive debate on the classification of Privilege Leave as a post-employment benefit if payable on retirement and superannuation would be valid or not.

Session 3: Actuarial valuations of Public Sector Enterprises

Speaker: Mr. A D Gupta, Practicing Actuary & Chairperson of Advisory Group on PEBSS;

Mr. Khushwant Pahwa, Consulting Actuary



Mr. Khushwant is a Founder and Consulting Actuary at KPAC (Actuaries and Consultants) and is also currently serving as the Appointed Actuary of a leading private general insurance company in India. He is also a member of the Advisory Group on Pensions, Other Employee Benefits & Social Security and Advisory Group on Life Insurance of the Institute of Actuaries of India. He has co-authored and presented papers at the Global Conference of Actuaries. He was also rewarded with awards like 'Value Ambassador', Award for "Business Excellence" and Award for "Outstanding Performance".

Actuarial valuations in Public Sector Enterprises are always an issue especially with respect to assumptions used as against the actuarial experience, as was revealed through this presentation with the help of some fact based analysis. This agenda is not new as it had been addressed in past seminars/workshop/conferences. The impact of salary revision based on bipartite negotiation needs to be considered while arriving at the expected rise in salary of an employee as guided to all banks through IBA circular of 2013. Despite the circular there are banks whose salary experience leads to a loss for more than 20% when compared with their total provision towards pension, gratuity and leave encashment as at 31-03-2016 using a salary escalation growth of around 5.00%. The provision could have been 20% to 30% more in a case where salary escalation assumption for these three benefit plans are set at 8.00%

assuming a duration of liability to be of 10 years. Similarly Mortality Rate is another assumption responsible for experience losses. The improvement of mortality rates by 20% could increase the pension obligation by more than 10% after keeping other assumptions same. The other aspect highlighted herein was about Plan Assets and its validation with respect to accounting standards that define the same.

Actuaries are therefore expected to work with Companies / Management's to overcome the underlying issue and at the same time ensure audit trails, documentation, management representations and adequate disclaimers / qualifications in our reports.

Session 4: Valuation, Recognition and Disclosures for ESOPs

Speaker: Mayur Ankolekar, Consulting Actuary



Mr. Mayur is a Consulting Actuary based in Mumbai, India. He originally trained as a Chartered Accountant and a Lawyer, and has been a widely experienced practitioner for over two and a half decades. Over the past few years, he has worked on insurance and employee benefits. He has published research in micro insurance, and consulted with multilateral and various other organizations in India, Bhutan, Cambodia, Egypt, Jordan, Malawi, Nepal, and Vietnam. He is a fellow member of the Institute and Faculty of Actuaries, UK and the Institute of Actuaries of India.

ESOP was discussed in this session as a scope of expansion by covering measurement, recognition and disclosure principle that regulates this

form of benefit plan. From FY 2016-17, companies would move toward Ind AS standards. Ind AS 102 (adapted from IFRS 2) prescribes fair value accounting. How employer expenses will change if a cost is accounted post Ind AS 102 was illustrated using an option whose intrinsic value is linked to its status, i.e. intrinsic value is positive, if an option is in-the-money and zero, if an option is out-of the money or at-the money. Further the direction of ESOP fair value estimate is observed due to increase in current price of underlying share, exercise price of the option, expected volatility, expected dividend, expected term and risk free interest rate. The reasons that will help chose the pricing model be it binomial or black-scholes needs to be considered. The assumptions pertaining to time to expiry & volatility, fair value of underlying share and moving strike price were identified as issues in ESOP valuation. The recognition and taxation principle were explained splendidly through this session. An important point that gained the attention of the participants was about the entity providing ESOP needs to disclose the description of each type of share-based payment arrangement that existed at any time during the period, movement with respect to share options during the period, additional information on shares options exercised during the period and share options outstanding at the end of the period and fair value of goods and services received or fair value of equity instrument granted during the period.

Session 5: Panel discussion on Actuarial Valuations



Speakers: Mr. Arpan Thanawala, Consulting Actuary;

Mr. Bhavesh Rupani, Director & CFO at Axis Capital;

Mr. Jayesh Pandit, Practicing CA & Actuarial Consultant;

Mr. Amit Majmudar, Partner – Assurance, SR Batliboi

Mr. Arpan has worked as an investment analyst with BZW Investment Management in Hong Kong and gained experience in investment management. He has also worked on various consulting assignments in South East Asia whilst he was employed at Watson Wyatt Worldwide in Singapore. He has been a partner at Thanawala Consultancy Services pursuing actuarial consulting practice since 1996. In his career of nearly 27 years, he has gained extensive experience in advising clients across the globe on issues related to employee benefit plans as well as valuation of life insurance portfolio. He is also an Appointed Actuary to a general insurance company.

Mr. Bhavesh is Executive Director and CFO of Axis Capital Limited which is a wholly owned subsidiary of Axis Bank. An Enterprising corporate financial leader with success in building and mentoring high performing teams, building banking relationships and liaising productively with diverse regulatory authorities. He is a practical person and a business facilitator as a Chartered Accountant with 28 years of post-qualification experience across different segments of financial service companies.

Mr. Jayesh Pandit, set up a sole proprietorship professional CA consultancy firm after passing CA exams in 1989 and handled various matters including tax, accounting and audit consultancy, risk management etc. He was one of the members of the committee that was instrumental in amending Rule 89 of the Indian Income Tax Rules 1962 of India, dealing with the Pension funds for banking industry. He advises many

companies on implementations of different accounting standards like FAS, LKAS, INDAS etc. funding and provisioning Medical Benefit Scheme and few special valuations where both Accounting and Actuarial knowledge is required.

Mr. Amit is a practising CA and partner at SR Batliboi.

Through this panel discussion many aspects of actuarial valuation with respect to view of an each stake holder, their experience, their responsibility, their contribution and the challenges that could be faced while transitioning to Ind AS 19 were discussed. The increasing demands of regulation from the implementation of AS15 to Ind AS 19 were explained in detail. The coverage of Other Comprehensive Income in detail impacting company's financial statements, the principle of net interest cost, other periodic cost and fulfilment of additional disclosure requirements were also touched upon. The company's expectation and measures for abiding by the new accounting standard were also discussed. The panel concluded that surrounded implications can be resolved by working in a team.

Session 6: Valuation & reporting of Future Warranty Claims

Speaker: Dr. K Sriram, Consulting Actuary



Mr. Sriram with around 20 years of experience, is a Consulting Actuary engaged in Employee Benefits Consulting Practice. He was the Appointed Actuary of Max Bupa Health Insurance Company, the

Consulting Actuary to Genpact India and the Chief Actuary & Appointed Actuary of MetLife India Insurance Company. Mr. Sriram has been a member of the committee constituted by IRDA on "Macro Prudential Surveillance of the Insurance Sector" and the Chairperson of the Committee constituted by IRDA on "Economic Capital for the General Insurance Industry in India". Currently Mr. Sriram is a member of the Committee on "Road Map for Risk Based Solvency Approach in Insurance Sector" constituted by the IRDA.

This session captured the concept and characteristics of warranty claims, principle of measurements, and estimations from both the Actuary's and Auditor point of view. Prior period payments and payment per unit sold are the two methodologies used to estimate short term warranty claims however for long term warranty, general insurance reserving approach is advisable. Provision towards warranty claims is comprised of claims incurred but not reported, claims reported but not paid and claims not yet incurred. Claims not yet incurred implies unexpected premium reserve and additional unexpired premium reserve. Though reporting and settlement delays are shorter with respect to claims that arise in a conventional insurance but still the triangular methodology is recommended in estimating claim reserves. In United States the Statement of Statutory Accounting Principles 65 (SSAP65) provide guidance on estimating Unexpected Risk Reserve (URR). As per Ind AS 37 provision shall be recognised if an entity has a present obligation (legal or constructive) that is a result of a past event and if it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. The Ind AS 37 also advised for weighted average method or most likely approach in order to determine the reserve towards warranty claims. Under Ind AS 37, provision amount at the

beginning and at end of the period, additional provisions, amounts used, unused amount reversed and the impact of discount rate need to be disclosed.

Data, methods of estimations and addressing sources of volatility in cost of claims are the areas where actuary can add value.

Session 7: Analysis of leave availment during employment for various industries

Speakers: D.K. Pandit, Consulting Actuary;



Jayesh Pandit, Practicing CA & Actuarial Consultant;



Noman Shaikh, Actuarial Consultant,

Mr. D.K. Pandit is a partner at M/s. K. A. Pandit heading the Employee Benefit division. In his last 40+ years of association with firm, he has been involved in many areas of Pensions, Insurance, Investments, Superannuation funds etc. He has played an instrumental role in preparing Defined Benefit schemes for PSU and Banking sector. His firm has also ventured into the insurance sector and he has been providing his services to Insurance Companies. Apart from presenting innovative papers at various global meets, he also gets involved in Educational Activities.



Mr. Noman Shaikh, has been a part of the M/S. K.A. Pandit since he had finished his post-graduation. As a senior member of team, he has accomplished expertise in understanding and valuing all types of Employee Benefits and thereby has extensive experience in Global Employee Benefits Valuations and a greater understanding of underlying regulatory requirements. He has initiated and participated in many research and training programs for the firm and shared his analytical skills via publishing with The Actuary India Magazine.

This session discussed the analysis which was conducted to determine leave availment rates in three successive financial periods. The principle assumptions that were used in this analysis were that availment of leaves occurs from the accumulated leaves standing at the beginning of the financial period, only when an employee consumes in totality his/her current period entitlement in all other cases availment is treated as zero. To conduct this, data was collected from different companies

under different industries. For the purpose of this analysis industries were classified into 10 broad categories. On an average one million observations were collected in each of the financial periods. The analysis not only captured the behaviour of the employees with regards to availment of leaves who are working in 10 different industries but also indicated the trend that was observed amongst the employees during the employment phase. Average availment rate across each industry and across each age were determined and presented. By discussing further scope in this analysis, many relevant and important aspects were also shared. Post presentation many scenarios with respect to availment of leaves were brought out along with a discussion of the factors impacting the measurement of this benefit.

To conclude this well-informed and prolific seminar which was discussing issues, solutions and scope of expansion in the employee benefit domain,



Ms. Preeti provided a summary of each session held during the day affair with her vote of thanks.

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Note : See participants feedback on page 18.

Understanding Proper Risk Profile Before Energy Insurance



Energy Insurance caters to the entire insurance requirements of Oil and Gas entities, be it during the development phase or operational side of the business. It comprises both upstream onshore and offshore production and extraction operations along with downstream storage, refining, distribution, and power generation facilities, including increasingly new renewable energy technologies such as wind farms, solar, and hydro risks.

Downstream/Onshore energy: It encompasses all aspects of oil, gas and petrochemical operations, such as the complex refining of crude oil, the cracking of hydrocarbons into the many petrochemicals it produces

Midstream: The transportation and storage of oil, gas and petrochemicals by pipeline or vessel, Gathering, separation and storage

Upstream/offshore energy: The searching for and the recovery and production of crude oil and natural gas. The upstream oil sector is also known as the exploration and production (E&P) sector.

Renewable Energy: The energy generated from natural resources—such as sunlight, wind, rain, tides and geothermal heat—which are renewable (naturally replenished). Renewable energy technologies range from solar power, wind power, hydroelectricity/micro hydro, biomass and biofuels for transportation.

POLICY COVERAGES

The energy insurance market is truly international as some energy risks participation from almost the entire market. This insurance mainly provides property, third party liability, control of well and business interruption cover for national oil companies, independent operators

and drilling contractors involved in the exploration and production of oil and gas. Coverages are;

- Onshore property, including equipment coverage
- Offshore property, including rig physical damage and offshore construction
- Construction coverage for onshore energy projects
- Business interruption/loss of production income
- Control of well/operators extra expense costs/re-drill/seepage/pollution
- Excess liability/umbrella
- General liability
- Hull and machinery/total loss cover/freight interest/loss of hire
- Cargo in transit
- Project Cargo
- Contractors equipment
- Operator's Extra expense (OEE)
- Third party liability
- Miscellaneous marine liability

ENERGY INSURANCE MARKET

Energy insurance provide large amount of premium in specialty line. According to research published by Finaccord, energy insurance premiums worldwide, including business handled by captive and mutual insurers, amounted to around USD 14.16 billion in 2014. These broke down between around USD 7.15 billion from upstream insurance, around USD 2.17 billion from midstream insurance and around USD 4.84 billion from downstream insurance.

CHALLENGES

It generates large premium, however, there are serious challenges in this sector for insurer from time to time. Today's Energy companies face significant and wide-ranging risks. A rig accident or

oil spill can have environmental and reputational impacts. Power blackouts due to aging infrastructure, weather, and human error can cause severe interruption to supply. Increasing political and social unrest may present additional challenges. Local regulation poses challenges for production and distribution. *Low crude prices are a major challenge right now for this sector.*

1. New Emerging Trends in Claims

Many new technologies are introduced from time to time in Energy sector which often impact claims. Advances in sub-sea technology are allowing energy companies to operate in ever deeper water, but pipelines in deep water are much harder to access and repair.

The energy industry's increasing reliance on technology is also a risk. For example, floating production, storage, and offloading (FPSO) units typically use global positioning systems (GPS), which could potentially be disrupted by massive solar storms. Rigs, FPSOs, onshore refineries, and pipelines all rely on information systems and networks, which create cyber exposures. These facilities are increasingly exposed to property damage and business interruption from malicious cyber-attacks, operator error or data corruption.

Another area which will almost certainly challenge energy claims handling in the future will be oil and gas exploration in the Polar Regions. The Arctic has huge untapped oil and gas reserves, but drilling in the extreme conditions poses a whole host of technological, operational, and environmental challenges.

2. Major Causes of Loss

Fire & Explosion is the top cause of BI loss by number of claims and value in the energy sector, followed

by machinery breakdown and power interruption. Wear and tear on aging equipment and water damage are also major loss drivers. BI exposures are growing within the energy sector and claims severity is increasing as a proportion of the overall claim.

Cyber exposures are another potential cause of property damage and BI claims. There are fears that a malicious cyber-attack against a refinery or petrochemical facility could result in a fire or explosion.

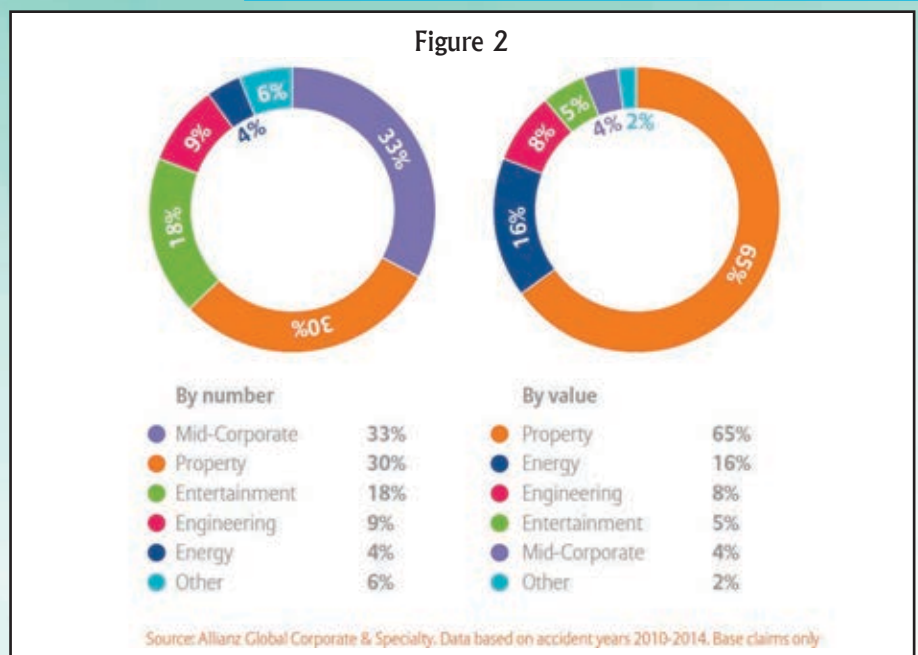
Offshore oil and gas BI losses have been relatively benign due to a recent lack of natural catastrophe events and increased safety awareness in the industry, but property damage losses have increased in number and amount.

3. Major Claims in Energy

The energy sector experienced the largest loss of the year based on a fire at a Siberian refinery complex in June, reported to be around \$800 million to date.

The cost of energy insurance claims continues to increase due to escalating dollar values combined with increasingly complex and interrelated risks. Business interruption leads the trend but there are changes in other categories as well, as a result of emerging technologies and markets. Major Losses in 2015;

- 10 January Ohio, US- Refinery Fire -\$480m



- 19 May Offshore, California, US Oil Spill \$190m
- 1 April Offshore, Mexico Drilling Rig Fire \$780m

A few claims occur in energy; however, they are very big in size in comparison to other lines of business. Comparison of different lines of business in above chart (Figure 2) shows that only 4% of claims are of energy by number, however, they contribute 16% in value.

Similarly, we can notice from chart in next page (Figure 3) that average loss size of Business Interruption claim of energy is highest at 3.96m. These are low frequency and very high severity in nature which make it difficult to

price for insurance company.

4. Credible Pricing for Insurance¹

Offshore energy losses are low frequency and high severity in nature as explained above. Therefore, even the largest energy companies are unlikely to have enough losses to build a credible model based on their own losses alone. This means that most energy pricing revolves around the analysis of industry data and exposure and then making suitable adjustments to reflect a given insured's exposures. Insufficient claims data & also absence of new emerging losses in data is a big problem in pricing for insurance companies.

There are two key data sources for any analysis:

- Loss data – internal data or third party sources such as the Willis Energy Loss Database
- Exposure data which summarizes the activity corresponding to the losses you are analyzing. Exposure data is important to put the loss data into context. For example, if we knew there were 10 deep-water drilling OEE losses per year it also helps to know if 10 or 1,000 wells have been drilled in a year. Note that OEE is based on the "spud" date (the date selected by the Oil and Gas Commission as the date on which the ground was first penetrated for the purposes of drilling the well) so a well spudded on the last day of the policy can

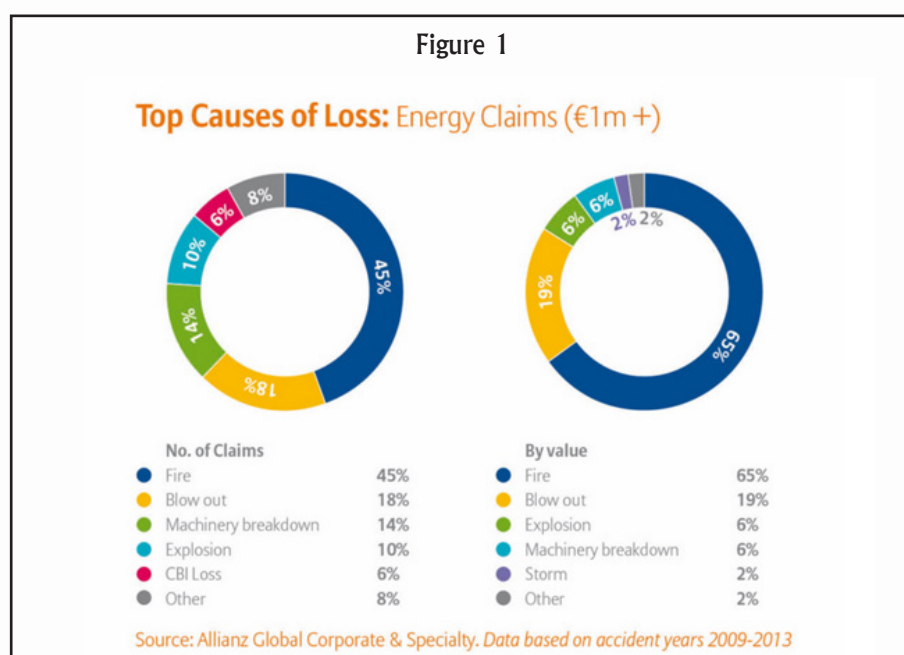
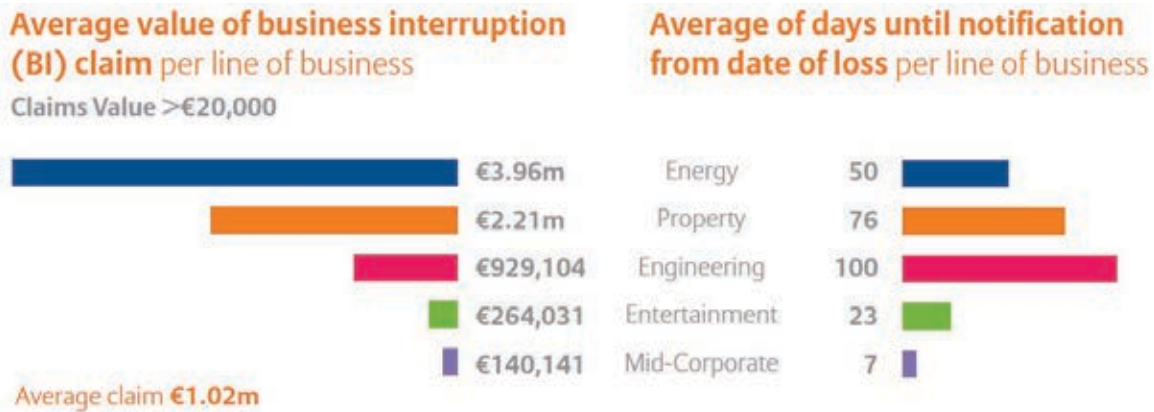


Figure 3



Source: Allianz Global Corporate & Specialty. Data based on accident years 2010-2014. Base claims only.

be on risk for up to 90 days until drilling is complete, so a bit more IBNR needs to be factored in which result in lot of uncertainty. With Energy it is also most likely that you will be pricing a portfolio of assets rather than individual platforms or wells.

There are two high level approaches to pricing a risk:

1. Explicitly model the portfolio (similar to experience rating)

This can be using burning cost type methods or frequency-severity stochastic modelling; the advantage of the latter is that you can more easily assess impacts of deductibles and limits.

2. Apply standard rates to individual assets, make suitable adjustments and sum to get the total premium

The insurance premium is determined by use of base rates that apply by risk classification applied against premium exposure. These can be derived using an analysis of historical experience or taken from an underwriter's or broker's standard rating tables.

From an actuarial perspective, deriving rates is more satisfactory but not always possible. Base rates would then be adjusted for the rating factors.

Care needs to be taken with deductibles and limits. Analysis should be done to estimate the reduction in loss cost for imposing a higher deductible. This can be done using industry data, burning cost or if all else fails 'standard' exposure rating curves or ILF tables.

Other Challenges in Pricing of risk in

both methods:

Capacity	Many offshore energy risks are very large and could require participation from almost the entire market and so pricing can be more driven by supply and demand rather than loss expectancies
High Limits	There have been very few losses greater than \$1bn. Therefore modelling the risks for high excess layer programs in excess of this is difficult due to few high severity risk and therefore pricing is likely to be capital driven

MAJOR CHALLENGES

It is not just the insurance claims sector that faces challenges with new technologies but underwriting also. In order for insurance underwriters to determine an appropriate insurance premium a risk must be measurable in terms of frequency and severity. However, due the uncertainties associated with new technologies along with a lack of true historical information, major challenges exist in the underwriting of energy risks.

Last year was profitable due to no major catastrophic risk. Insurer has reduced premium, however, a few losses can change claim ratios of energy sector. They need to properly identify risk & suggest risk control measure to insured. This insurance is dynamic & insurer needs to do proper risk management exercise before accepting insurance.

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A study on Enterprise Risk Management



Abstract

Enterprise risk management (ERM) has emerged as a new paradigm for managing the portfolio of risks that face organizations, and policy makers continue to focus on mechanisms to improve corporate governance and risk management. Despite these developments, there is little research on factors associated with the implementation of ERM. Research is needed to provide insights as to why some organizations are responding to changing risk profiles by embracing ERM and others are not.

Keywords: ERM, Risk, Matrix, ERM Models

Enterprise Risk Management meaning

Enterprise Risk Management is a common framework applied by business management and other personnel to identify potential events that may affect the enterprise manage the associated risks and opportunities and provide reasonable assurance that Company's objectives will be achieved.

Through this approach to risk management, we can:

- Ensure prompt resolution of internally identified risk to compliance with laws and regulations to maintain the provision of quality products, protect patient safety and ensure appropriate relationships with customers
- Support "simplification" strategies to ensure effective use of resources, enable an optimized approach to auditing and identification/remediation of

compliance issues and promote reporting and monitoring across compliance functions

- Enable improved decision making, planning and prioritization through a structured understanding of opportunities and threats
- Support value creation by enabling management to deal effectively with future events that create uncertainty, pose a significant risk or opportunity and to respond in a prompt, efficient and effective manner
- Support our growth drivers of creating value through innovation, extending our global reach with local focus, executing with excellence and leading with purpose

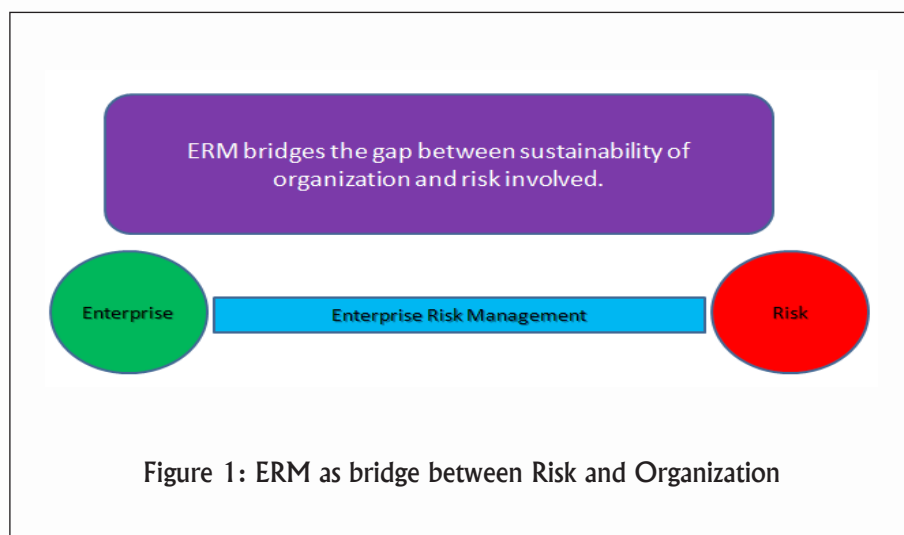
Definition

Defined by the US 'Committee Of Sponsoring Organizations Of Treadway Commission' (COSO) as, "a process, effected by an entity's board

of directors, management and other personnel, applied in strategy setting and across the enterprise, designed to identify potential events that may affect the entity, and manage risks to be within its risk appetite, to provide reasonable assurance regarding the achievement of entity objectives." COSO divides ERM process into eight components: (1) internal environment, (2) objective setting, (3) event identification, (4) risk assessment, (5) risk response, (6) control activities, (7) information and communication, and (8) monitoring.

Risk

Risk can be viewed as the combination of the probability of an event and the impact of its consequences. Events with a negative impact represent risks that can prevent value creation or erode existing value. In order to meet expectations of stakeholders and deliver value to them, an organization needs to understand risk involved in its operations and address them appropriately.



Generally, risks can be grouped into four categories

(1) Strategic (2) Operational (3) Compliance (4) Financial

Type	Definition and Examples
Strategic Risk	Strategic risks can be defined as the uncertainties and untapped opportunities embedded in your strategic intent and how well they are executed. As such, they are key matters for the board and impinge on the whole business, rather than just an isolated unit.
	Pricing Pressure, Loss of intellectual property, JV or partnership loss, Customer retention, Loss of manpower
Operational Risk	Operational risk is the risk of a change in value caused by the fact that actual losses, incurred for inadequate or failed internal processes, people and systems, or from external events (including legal risk), differ from the expected losses.
	Problems faced in supply chain management, Rise in production cost, Operating controls
Compliance Risk	Compliance risk is exposure to legal penalties, financial forfeiture and material loss an organization faces when it fails to act in accordance with industry laws and regulations, internal policies or prescribed best practices.
	Change in guidelines, Taxation laws,
Financial Risk	Financial risk is an umbrella term for multiple types of risk associated with financing, including financial transactions that include company loans in risk of default
	Change in interest rate, Loss of assets, Credit risk, Change in exchange rate of currency

Risk management is the process of identification, analysis and either acceptance or mitigation of uncertainty in investment decision-making. Essentially, risk management occurs anytime an investor or fund manager analyzes and attempts to quantify the potential for losses in an investment and then takes the appropriate action (or inaction) given their objectives and risk tolerance. Inadequate risk management can result in severe consequences for companies as well as individuals.

Speculative Risk Three possible outcomes exist in speculative risk: something good (gain), something bad (loss) or nothing (staying even). Gambling and investing in the stock market are two examples of speculative risks. Each offers a chance to make money, lose money or walk away even. Again, do not equate gambling and investing on any other level than as both being a speculative risk. Gambling is designed to enrich one party (the house); the odds are always in its favour. Investing is designed to enrich all involved, the house that set up the “game” AND those that chose to place money in the game – all participants with “skin in the game”

win or lose together. Speculative risk is not insurable in the traditional insurance market; there are other means to hedge speculative risk such as diversification and derivatives. Speculative Risk is not Insurable.

Pure Risk There are only two possibilities; something bad happening or nothing happening. It is unlikely that any measurable benefit will arise from a pure risk. The house will enjoy a year with nothing bad occurring or

there will be damage caused by a covered cause of loss (fire, wind, etc.). Predicting the outcomes of a pure risk is accomplished (sometimes) using the law of large numbers, a priori data or empirical data. Pure risk, also known as absolute risk, is insurable.

Risk management is just a practical approach to improving efficiency through directing resources where they produce the greatest effect.

		A	B	C	D	E
		Negligible	Minor	Moderate	Significant	Severe
E	Very Likely	Low Med	Medium	Med Hi	High	High
D	Likely	Low	Low Med	Medium	Med Hi	High
C	Possible	Low	Low Med	Medium	Med Hi	Med Hi
B	Unlikely	Low	Low Med	Low Med	Medium	Med Hi
A	Very Unlikely	Low	Low	Low Med	Medium	Medium

Figure 2: Risk Matrix

ERM Framework

There are various important ERM frameworks, each of which describes an approach for identifying, analyzing, responding to, and monitoring risks and opportunities, within the internal and external environment facing the enterprise. Management selects a risk response strategy for specific risks identified and analyzed, which may include:

1. **Avoidance:** exiting the activities giving rise to risk
2. **Reduction:** taking action to reduce the likelihood or impact related to the risk
3. **Alternative Actions:** deciding and considering other feasible steps to minimize risks.
4. **Share or Insure:** transferring or sharing a portion of the risk, to finance it
5. **Accept:** no action is taken, due to a cost/benefit decision

Monitoring is typically performed by management as part of its internal control activities, such as review of analytical reports or management committee meetings with relevant experts, to understand how the risk response strategy is working and whether the objectives are being achieved.

Casualty Actuarial Society framework

In 2003, the Casualty Actuarial Society (CAS) defined ERM as the discipline by which an organization in any industry assesses, controls, exploits, finances, and monitors risks from all sources for the purpose of increasing the organization's short- and long-term value to its stakeholders. The CAS conceptualized ERM as proceeding across the two dimensions of risk type and risk management processes. The risk types and examples include:

Hazard risk

Liability torts, Property damage, Natural catastrophe

Financial risk

Pricing risk, Asset risk, Currency risk, Liquidity risk

Operational risk

Customer satisfaction, Product failure, Integrity, Reputational risk; Internal Poaching; Knowledge drain

Strategic risks

Competition, Social trend, Capital availability

The risk management process involves:

- **Establishing Context:** This includes an understanding of the

current conditions in which the organization operates on an internal, external and risk management context.

- **Identifying Risks:** This includes the documentation of the material threats to the organization's achievement of its objectives and the representation of areas that the organization may exploit for competitive advantage.
- **Analyzing/Quantifying Risks:** This includes the calibration and, if possible, creation of probability distributions of outcomes for each material risk.
- **Integrating Risks:** This includes the aggregation of all risk distributions, reflecting correlations and portfolio effects, and the formulation of the results in terms of impact on the organization's key performance metrics.
- **Assessing/Prioritizing Risks:** This includes the determination of the contribution of each risk to the aggregate risk profile, and appropriate prioritization.
- **Treating/Exploiting Risks:** This includes the development of strategies for controlling and exploiting the various risks.

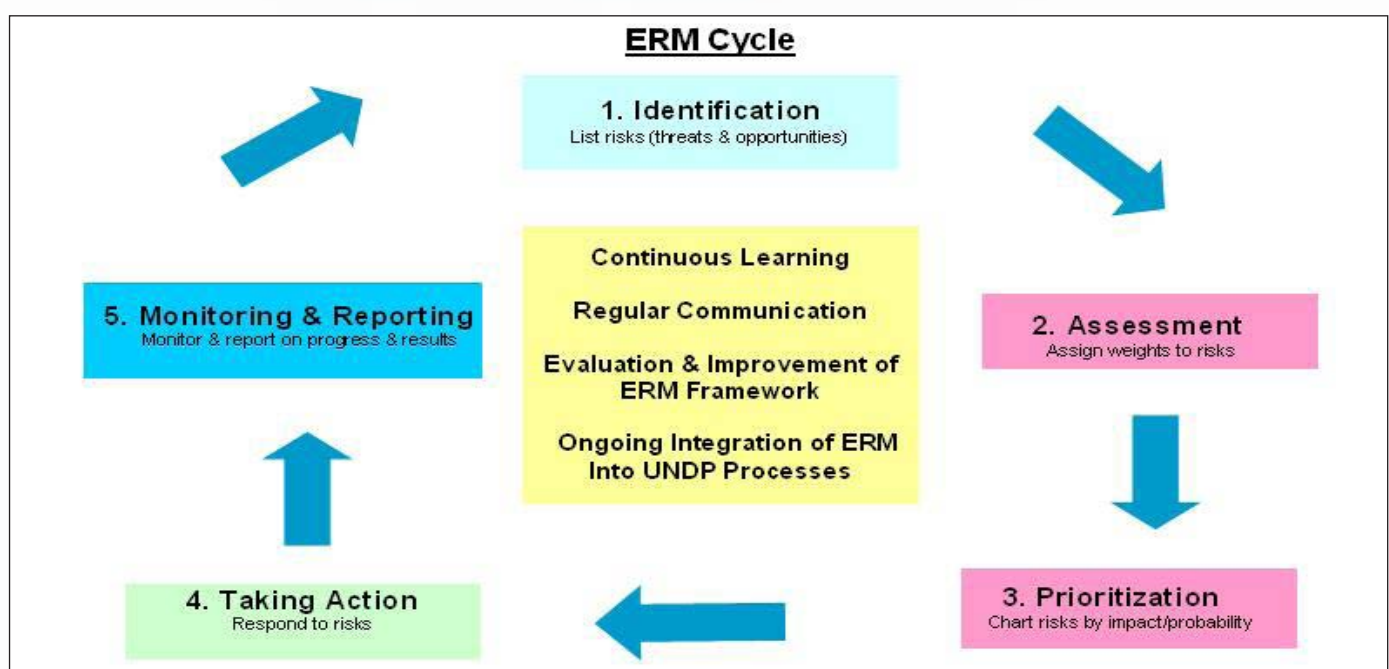


Figure 3: ERM Cycle

- **Monitoring and Reviewing:** This includes the continual measurement and monitoring of the risk environment and the performance of the risk management strategies.

COSO ERM Framework

The COSO "Enterprise Risk Management-Integrated Framework" published in 2004 defines ERM as a "...process, effected by an entity's board of directors, management, and other personnel, applied in strategy setting and across the enterprise, designed to identify potential events that may affect the entity, and manage risk to be within its risk appetite, to provide reasonable assurance regarding the achievement of entity objectives."

The COSO ERM Framework has eight Components and four objectives categories. It is an expansion of the COSO Internal Control-Integrated Framework published in 1992 and amended in 1994. The eight components - additional components highlighted - are:

- Authority and pledge to the ERM
- RISK Management policy
- Mixer of ERM in the institution
- Risk Assessment
- Risk Response
- communication and reporting
- Information and Communication

Benefits:

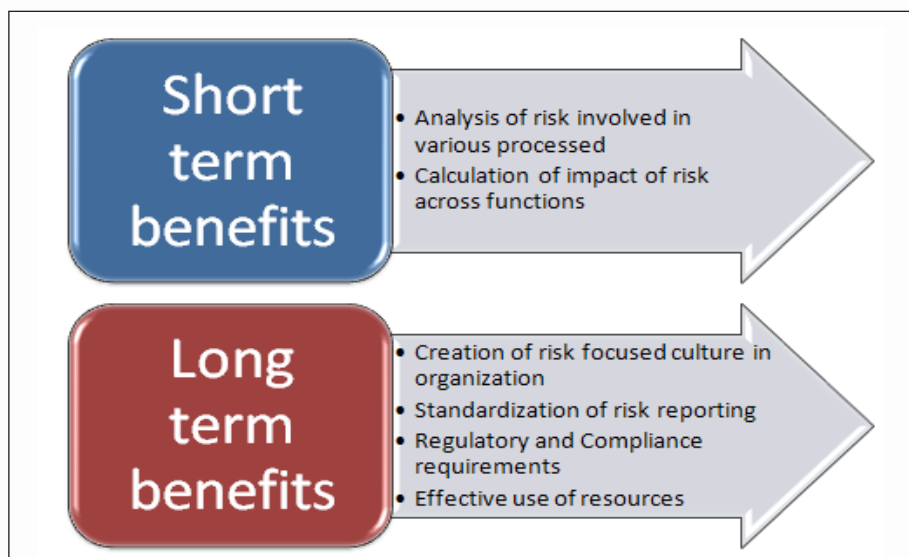


Figure 4: Benefits of ERM

Challenges

There are some challenges as well.

Human Errors

To ensure that the framework suits an organisation, the human factor needs to be minimised. There are different types of human errors. Therefore, the next section will focus on the different types and their impacts. One problem for both tools (GRC and COSO-Cube) could be that not everyone is "on the same page". That is why the project team should develop a risk glossary at the beginning of the ERM implementation process, so the company can save money and time. The risk management team has to agree on definitions for risks, risk assessment, risk management, ERM, significance, likelihood, inherent risk and residual risk. Afterwards it is very important to define what risk really means for the entire organisation, because there are several different interpretations. After this process, when the team is at the same level, they can go on. Effective monitoring needs to ensure that the agreed-upon risk response is actually implemented and working. It is important to clarify monitoring responsibilities among internal auditing, individual business managers, and the board.

Software based on key performance metrics may be used to design an effective continuous monitoring process. A risk-aware culture is

necessary to ensure that the risk process becomes institutionalised within the organisation. More advanced risk identification techniques, such as control self-assessment, may be adopted eventually. Decisions and actions within the organisation must be viewed within the context of a team approach. Moreover, each team member authority and responsibility for risk must be spelled out. The last step is to communicate the most important impacts to the rest of the organisation. So the entire organisation understands the benefits they gain from implementing an ERM model

Complex Environment

Different studies state that the main reason for a complex environment is that the world faces VUCA (volatility, uncertainty, complexity and ambiguity). Volatility is the nature and dynamics of change, and the nature and speed of change forces and change catalysts. Uncertainty points out the lack of predictability of issues and events. Complexity is the confounding of issues and the chaos that surrounds organisations. Ambiguity is the haziness of reality and the mixed meaning of conditions, cause-and-effect confusion

Qualitative Versus Quantitative

A key decision for many organizations is whether risks are assessed using qualitative or quantitative metrics. The decision is generally driven by the organizations industry, commitment to ERM, its view regarding privilege and overall cost.

The qualitative method provides management with general indicators rather than specific risk scores. Qualitative results are commonly presented as red, yellow and green light, or high, medium and low risks. Qualitative assessments may be open to interpretation, guided by descriptors (e.g., assess red light or high risk where the exposure represents a catastrophic exposure) or framed using broad dollar ranges (e.g., a green light indicates an exposure less than \$10 million).

Qualitative risk assessments are frequently favoured because they require less sophisticated risk aggregation methods, mathematical support and user training, which means lower implementation costs. Conversely, qualitative results are commonly criticized for their limited alignment with key financial statement and budgetary indicators. Additionally, some critics suggest qualitative results are generally more difficult to interpret, which limits managements' ability to assign accountability and remediate.

Risk Reporting

Organizations often struggle with two risk reporting issues:

- 1) what information should be shared with various internal and external constituents, and
- 2) how should risk be communicated.

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Fellow member of Insurance Institute of India

12th CIRB - Participant's Feedback

Fair Valuation of Assets; Accounting Standards related to financial Instruments

Study case of an ESOP (live example)/ Warranty Contracts

Take always need to be recorded for each seminar so that the AG may take follow-up action. (like GNS/ APS Modification)

Institute can include representative from ICAI in discussion

Work on Capacity Building for ESOP's and warranty cost Calculations

Need case studies on warranties / R/ ESOP's

Tax Implications of Employee benefit Provision

I want someone to speak on US Gaap value disclosure because lost of Indian employees ask us for same. I found Challenges in implementation of these/ on reorganizational disclosure aspects.

More detail discussion hold session for 2 days

The seminar should be held in this venue in future also due to good facilities & accessibility

Valuation Practice used in other countries

Need case studies on warranties / R/ ESOP's

Employee Benefit offered Globally , International regulatory requirements



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For IAI members the CPD allotment would be as per APS 9 (Revised Ver. 2). The member will have discretion to bifurcate between technical and professional CPD. However, IAI member will have to keep the evidence and justification for bifurcation of hours claimed.

Program Schedule –

We have uploaded brief program schedule on 20th AAC website to help you plan your itinerary, kindly visit [<http://www.actuariesindia.in/home.aspx> –> News & Announcement–> 20th AAC Programme Schedule]

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Travel Discount & Various tour options–

We have negotiated rates for Air and Car Travel for the delegates attending the 20th AAC. We have also planned various outings during and after the conference to facilitate your stay. For more information on travel and tours please visit [<http://www.actuariesindia.in/home.aspx> –> Tour & Travel]

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Mr. Kshitij Jain

MD & CEO, Exide Life Insurance



INTERVIEW

Personal

1. What qualifications and experience do you think is appropriate for a CEO of a Life Insurance Company to be successful?

Life insurance is a complex business and while academic qualifications help with a foundation they cannot prepare a person for the role. A CEO of a life insurance company must have experience in managing scale, complexity and be comfortable with a dynamic market environment. He should be comfortable with delegating authority, as this is not a business, where you can expect one individual to manage diverse functions such as sales/marketing, operations, technology and insurance risk.

As the industry matures, insurance experience, while not mandatory, is certainly desirable.

2. What are the key qualities one should possess to be a successful CEO. What are the challenges that you faced on the route to becoming a CEO?

- Running a life insurance business is all about finding the right balance.
 - o A successful CEO needs to manage the balance between the different stakeholder- customers, distributors, staff, shareholders, regulations and the market.
 - o Needs to have a compelling vision and have the ability to communicate and engage with the organization.

- o Eventually running a life insurance business is all about managing people. Recruiting, enabling, controlling and motivating a large team of people is a prerequisite for success.

- Faced with a rapidly changing business environment, a CEO must be able to anticipate the future and design strategies that effectively combat change and result in value creation in the long term.
- He must think long term, as a life insurance company's success is not determined by a good quarter/single financial year. He should not be scared of taking hard calls focusing on the long term, even if there are short term sacrifices to be made.

3. What are your hobbies and how do you manage your work life balance?

I am a voracious reader and of late have started investing a lot of time and energy in physical fitness.

Work life balance is much easier to achieve today via technology, as one can always be connected, without physically being at the work place. Further, I have the support of a great team, which ensures I am not in office after hours on most days.

Profession

4. What is your typical day at work?

When I am at headquarters, I prefer cleaning my mail box before I physically reach office. I then have time for what I enjoy most,

which is sharing ideas, interacting with and challenging people. I pre-plan my meetings, so that my work day/week is organized. I am obsessive about following a rhythm for weekly and monthly reviews of functions and individuals.

When I am traveling, my work day is quite different and typically stretches to 12 hours.

5. What can you tell us about the future employment outlook in insurance sector for actuaries?

As the industry matures, Actuaries will be comfortable in working across functions and not restrict themselves to pure insurance risk management. I believe that the industry would benefit with greater participation from Actuaries in customer services, finance, investments and analytics to name a few obvious areas.

I believe that the function is evolving from being focused on reporting and regulations to becoming a strategic partner for the CEO.

6. What do you consider to be the key areas where actuaries add value to the business?

As I mentioned earlier, Actuaries are now a key resource for helping an organization creates value.

7. What impact do actuaries have on consumers and society? What should they do to connect with the society?

Opportunities are aplenty for actuaries to provide valuable

insights which go beyond the insurance industry! Actuaries are at an inflexion point today, where they help consumer make smarter decisions about their financial goals, using data analytics and selection tools to help people make those decisions. Actuaries today are playing a vital role of providing clearer, more accessible information, decoding financial services jargon, which are often incomprehensible, for consumers.

Actuaries should play a larger role as influencers, be it the government, regulators or industry through engagement with the council with their business knowledge and application of techniques that could have a positive impact on the overall industry and the country. This can be driven by the Institute of Actuaries through active engagement.

8. How do you think Institute of actuaries of India can support better its members?

Institute of actuaries of India can play a larger role in supporting its members. One thing that has to be considered is how to encourage the actuaries to work in various functions and broaden their understanding rather than just focusing on actuarial area in a systematic way. Without appreciating the business realities the contribution from actuaries, only on the basis of technical qualification, may be sub-optimal utility of their skill.

10. How do you see actuaries taking Business roles in Life insurance companies? What values can they add to the business in the area of Finance, Sales, Marketing and Risk management?

Though there are a few actuaries, who are taking these roles but as mentioned above, there are not many actuaries who come forward to take up business roles.

Insurance Industry in India

11. What trends do you see for this industry in the next 3 to 5 years?

The Insurance industry in India has undergone transformational changes over the last 15 years. While the insurance industry still struggles to move out of the shadows cast by the challenges and uncertainties of the last few years, the strong fundamentals of the economy, augur well for a phase of sustainable long-term growth.

There are 3 major trends that I foresee.

- Customer expectations are going to grow manifold and in the coming years successful companies will evolve in the way they engage, serve and retain customers.
- With larger focus on quality of business, persistency will improve dramatically and distribution will need to become more efficient.
- Digital medium will be key to the rapid growth of the industry. It will play a big role in engaging with existing customers, partnering with distributors and acquiring new customers in that order.

13. What market share do you see the private sector players having in ten years' time?

The bedrock of the industry is Individual regular New Business Premium. The private sector is already at 50% share and will increase to 60 -70% and I expect this to happen in less than 10 years.

14. What are the top three issues facing the Insurance sector in India.

- The Industry needs to work on gaining the trust of customers and be seen as a responsible entity that provides fair value.
- The business model especially distribution needs to be far more efficient.

- Unlike the startup years, the industry is not attracting the best talent in the country. As the sector is focused on the long-term, it needs to attract and nurture talent.

15. What do you believe are the inefficiencies in the insurance industry? How do you think such inefficiencies can be overcome?

Being a teenage industry, there are bound to be a few inefficiencies. Primarily, I see distribution framework as a challenge. While open architecture for bancassurance has been announced, which will help increasing the distribution reach and choice to the customer, we need to observe the resultant operational challenges. I have been working with the Industry to flesh out a variable distribution model for Tied Agency, which to my mind will help us rationalize the costs involved & run a leaner operating model. Lastly, technology & digital has to be the harnessed fully to reach out to distinct customer /geographical segments. There is inefficiency as far as distribution is concerned.

16. What do you think are the strengths of Indian Insurance Industry?

I believe at this moment, most of the levers which define the strength of an insurance market, are in place, namely favorable demographics, heightened customer awareness, FDI increase & over all government support. We have not even scratched the surface of the potential our market offers.

17. How do you keep abreast with latest happenings in insurance sector in India and across globe particularly Life Insurance and overall economy?

I read as much as I can and meet people with diverse take on the industry and background. My engagement with prominent industry bodies also helps in shaping my views on macroeconomic trends in general and industry in particular.



New Zealand Regulatory change for insurance advisers

On 29 June 2016, the Financial Markets Authority released its first report on replacement of life insurance policies⁽¹⁾.

There are 8,200 advisers in New Zealand of whom 3,700 sold at least one policy during 2014. Roughly half the active advisers earned less than the minimum wage. Only one in eight earned more than \$ 100,000. The regulator focused on 1,100 advisers who had 100 or more active life policies of whom 200 had a high rate of replacement business.

Churning after the commission responsibility period with the first insurer allows the adviser to collect another initial commission. Average commission per policy was \$ 410 for high-volume advisers and \$ 610 for high-replacement advisers. Although beneficial for advisers, churning can disadvantage policyholders.

The new policy may not be as good due to exclusions on the new policy or reduced scope of cover. A change in premium may result in paying for cover they don't need or lower premiums in the short-run. The new insurer may have a lower credit rating or not as good customer experience, service or claims process. Ultimately, all policyholders could suffer if the industry passes on the cost of higher commission. The problem of underinsurance is not tackled when advisers spend time on replacing business rather than covering new customers.

Insurers suffer from churn because the median policy age is two years for high replacement advisers compared with six years for high volume advisers. Government does not wish to regulate adviser remuneration, leaving it to the industry and regulator to devise control measures.

Registered advisers, who are subject to less onerous regulation than authorised advisers, made up two-thirds of high-volume advisers but 85% of high-replacement advisers. We are likely to move to one category of adviser subject to a code to act in the best interest of the customer.

There was a strong correlation between high-replacement and number of trips taken by advisers. Thus, mandatory disclosure of soft dollar incentives is likely to come.

There was a strong correlation between high-replacement and low renewal commission. Many offices already pay higher renewal commission in exchange for lower first year commission. Australia is moving towards caps on first year commission and New Zealand may follow with greater spread commission.

Valuation of life insurance policy liabilities

An exposure draft of Professional Standard 20 has been circulated to members. The Standard, previously known as PS3, was first issued in 1998 and revised in 2007⁽²⁾.

The current revision includes amendments to ensure the Standard remains compliant with Financial Reporting Standards and the Society's Professional Standards Framework. A further revision will be required when the new international accounting standard is released.

Apart from formatting changes and definition of materiality, the rules on treatment of taxation have been modified to allow for use of gross policy liabilities where tax is explicitly modelled (e.g. deferred tax asset).

How actuaries are helping New Zealand's most vulnerable

Dan Stoner gave a sessional talk on 16 June about the work undertaken by actuaries in the Ministry of Social Development.

Earlier this year, the ministry published the fifth annual actuarial valuation of the lifetime cost of people currently receiving a benefit⁽³⁾. The discount rates are risk free rates set by Treasury⁽⁴⁾.

An investment approach is used to assess intervention initiatives in the social welfare, benefit and justice systems. The objective is to reduce the ultimate cost of providing support and improve the life outcomes for vulnerable people and break a cycle of benefit dependency in some marginalised families. Different agencies and departments are now collaborating to make intervention more effective.

Conference

Registrations are now open for the biennial conference for the New Zealand Society of Actuaries in Tauranga from 20 to 23 November 2016⁽⁵⁾.

References

- (1) <http://fma.govt.nz/assets/Reports/160629-Replacing-life-insurance-who-benefits.pdf>
- (2) <http://www.actuaries.org.nz/pdfs/PS%2020%20-%20formerly%20PS3%20-%20Determination%20%20of%20Life%20Insurance%20-%20Jan%202015.pdf>

- (3) <http://www.msd.govt.nz/documents/about-msd-and-our-work/newsroom/media-releases/2016/key-findings-2015.pdf>

- (4) <http://www.treasury.govt.nz/publications/guidance/reporting/accounting/discountrates/>
- (5) <http://www.conference.co.nz/nzsa16>

About the author

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The Actuary India – Editorial Policy (Version 2.00/23rd Jan 2011)

A: "The Actuary India" published monthly as a magazine since October, 2002, aims to be a forum for members of the Institute of Actuaries of India (the Institute) for;

- Disseminating information,
- Communicating developments affecting the Institute members in particular and the actuarial profession in general,
- Articulating issues of contemporary concern to the members of the profession.
- Cementing and developing relationships across membership by promoting discussion and dialogue on professional issues.
- Discussing and debating issues particularly of public interest, which could be served by the actuarial profession,
- Student members of the profession to share their views on matters of professional interest by way of articles and write-ups.

B: The Institute recognizes the fact that;

- there is a growing emphasis on the globalization of the actuarial profession;
- there is an imminent need to position the profession in a business context which transcends the traditional and specific actuarial applications,
- The Institute members increasingly will work across the globe and in global context.

C: Given this background the Institute strongly encourages contributions from the following groups of professionals:

- Members of other international actuarial associations across the globe
- Regulators and government officials
- Professionals from allied professions such as banking and other financial services
- Academia
- Professionals from other disciplines whose views are of interest to the actuarial profession
- Business leaders in financial services.

D: The magazine also seeks to keep members updated on the activities of the Institute including events on the various practice areas and the various professional development programs on the anvil.

E: The Institute while encouraging stakeholders as in section C to contribute to the Magazine, it makes it clear that responsibility for authenticity of the content or opinions expressed in any material published in the Magazine is solely of its author and the Institute, any of its editors, the staff working on it or "the Actuary India" is in no way holds responsibility there for. In respect of the advertisements, the advertisers are solely responsible for contents of such advertisements and implications of the same.

F: Finally and most importantly the Institute strongly believes that the magazine must play its part in motivating students to grow fast as actuaries of tomorrow to be capable of serving the financial services within ever demanding customer expectations.

Version history:

Ver. 1.00/31st Jan. 2004 Ver. 2.00/23rd Jan. 2011

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Advisory Group on Social, Cultural and Youth affairs (SC & YA)



"When youth are awakened to a sense of mission, their power is limitless. Ultimately, we have to entrust our hopes and visions for the future to the youth. This is a golden rule. Youth is pure. Youth will rise up to fulfill their ideals without calculation or self-interest. The fundamental spirit of a leader must be to reach out to such young people, work with them and bring out their capabilities and direct their youthful energies in a positive direction."
-Dr. Daisaku Ikeda

It was with this ideology that the Social, Cultural and Youth Affairs (SC & YA) group was formed in June, 2011 by Institute of Actuaries of India (IAI). The focus of our group is to address the various challenges an actuarial student faces, understanding that it is by nurturing students of today, leaders of tomorrow come forth. Recognizing the gap between the young students and the industry that needs urgent filling, we have attempted to act as a bridge between the students and institute through various activities in the past. Through this article we wish to give our readers an insight into our activities and the way forward.

Cultural activities

We have been trailblazers in organizing cultural activities with active students' involvement. 13th, 14th and 15th Global Conference of Actuaries (GCA) had various events performed by the students from NCR, Mumbai and Bengaluru. There were also special performances by external artists which were organized by our Advisory Group.

Addressing youth affairs

On this front, we have actively organized low budgeted "IAI Connect" events in Mumbai and Delhi which focus on the questions a young actuarial student has and keeping them abreast with the industry knowledge. We even had some interesting sessions on taking exams and careers in the actuarial profession. Eminent speakers from the industry actively interacted with these young students giving them valuable insight which was appreciated by both the actuaries and the students.

Social front

On social aspect, we decided to add fun into the average actuarial student's life and introduced a post examination party which was held in Gurgaon few years back. This event was attended by many actuarial students and acted as a much needed stress buster. We will aim to revive this event!

Eyes set to the future

While we will continuously work on the three facets above, we will also aim to be the intermediary of the

institute in critical matters by giving feedback to the examination advisory group and engaging in constructive dialogues with younger students addressing the negativities that crop up. We also endeavor to continuously work towards creating awareness on the various initiatives taken up by the institute through our face book page (<http://www.facebook.com/groups/154555621256805/>).

Our aim will always be to continuously work in channelizing the energies of the youth and promote harmonious interaction between the institute and students. Only thing we ask for is the everlasting support of the senior members by sharing their experiences and willingness of the students in participating in events and constructive dialogues. By working together in unity we are sure that nothing can stop us from paving the way to a brilliant future where only opportunities can overwhelm us.

PEOPLE'S MOVE



Ms. Mamata Pandey- MA, FIAI, FIA, FIII

Mamata Pandey has recently joined in Lux Actuaries & Consultants, Dubai as Consulting Actuary. Prior to that she has worked as an Appointed Actuary in Future Generali India Life Insurance Company Limited (FGILICL) & in LIC of India as Deputy Secretary (Actuarial)



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- Advanced knowledge of SAS, SQL, R, Excel and EMBLEM
- Strong stakeholder management including presentation to senior management
- Strategic thinking with an appreciation of the role that data and analytics can play
- Desire to make an impact on how our industry operates
- Client management expertise with a proven track record of achieving amazing results
- Team management skills
- Wider actuarial experience in reserving, capital or claims management is beneficial but not essential, as is business development experience

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