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Serving the Cause of Public Interest

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GENERAL INSURANCE CORPORATION OF INDIA
(A Government of India Undertaking)
"SURAKSHA", 170, J. TATA ROAD, CHURCHGATE, Mumbai 400 020

**APPOINTMENT OF FULL TIME APPOINTED ACTUARY FOR
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Qualifications	The candidate should be a Fellow or an Affiliate Member in accordance with the Actuaries Act, 2006 with specialization in Life Insurance and a "Fellow" of Actuarial Society of India/Institute of Actuaries of India and he/she should satisfy all the requirement specified in regulation No. 3 sub regulation (2) of IRDA (Appointed Actuary) Regulation, 2000 & 2013.
Emoluments and Benefits	Negotiable based on experience and qualification. Please indicate last salary drawn and expected.
Duties and Obligations	As per Regulation 8 of IRDA (Appointed Actuary) Regulation, 2000. Above includes rendering actuarial advice to the management particularly in the areas of their operations viz: Investments and Reinsurance. This would involve amongst others Reserving; Exposure accumulation/ monitoring/ control; RBC; Economic Capital; Stress testing ; ALM; FCR; Ensuring Solvency; Pricing; Product design; Insurance contract wordings; Team building; Actuarial valuation/ estimation/ analysis etc.
Service Conditions	Should be resident of India. After appointment he/she is not expected to act as an Appointed Actuary of any other Insurance Company nor work in any other capacity in any Life Insurance Company.
Selection Procedure	The selection procedure shall be by way of personal interview.
How to Apply	Completed application on foolscap paper typed in CAPITAL LETTERS, along with a recent photograph & copies of requisite certificates/documents should reach us at the following address on or before 8th March, 2017 . The envelope should be super scribed in the top corner "GIC Re – Appointed Actuary (Life Reinsurance Business)". To, Smt. P. G. Manisha, Assistant General Manager, HRD, General Insurance Corporation of India, 170, J. T. Road, Churchgate, MUMBAI – 400 020. Softcopy of Resume should also be mailed to recruitment@gicofindia.com

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2. The decision of the Corporation will be final and binding in all the matters.
3. In case, it is found at any stage of recruitment that the candidate does not fulfil the eligibility criteria and or he/she has furnished any incorrect/false/incomplete information or has suppressed any material fact(s), the candidature will stand cancelled. If any of these shortcomings are noticed even after appointment his/her services are liable to be terminated forthwith. Before applying for this post, the candidate should ensure that he/she fulfils the eligibility and any other norms mentioned in this advertisement. The decision of the Corporation in respect of the matters concerning eligibility of the candidate, the stages at which such scrutiny of eligibility is to be undertaken, the documents to be produced for the purpose of conduct of interview selection and other matters relating to recruitment will be final and binding on the candidate.
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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. Sanjeeb Kumar

Let me start with a quote **“the Struggle you’re in today is developing the Strength for Tomorrow”** which very well suit to most of the actuarial students working hard for March exams. Recently we have also witnessed the same when a group of 11 senior students left with only SA2 exam to pass, attended the 4 day coaching & mentoring program organised by the Institute from 30th Jan to 2nd Feb 2017. On last day I got the opportunity to see them working very hard alongwith the coach. I am sure we will see positive result for each one of them.

On simialr pattern, we are also organising the coaching program for CA2 and CA3 papers in the Institute office. Please log in to website or get in touch with Mr. Vinod Kumar for details. These coaching programs are basically meant to help students in the borderline over long periods to become qualified actuaries.

One of the startegic objectives of the Institute is to grow the profession in more areas and create opportunities for members and students in non

traditional areas. The Council early this month has created a separate Committee of 4 council members, chaired by Mr. Sunil Sharma. This committee will exclusively work on to expand the profession, identify opportunities and execute the Plan so that the actuarial profession grows in wider fields in years to come. I am sure this initiave will result into higher demand of actuaries in future. Any suggestion or to volunteer yourself to work in this area are most welcome.

Unlike all Februaries of the past, we missed the Global Conference of Actuaries this time due to the engagement of the Asian Actuarial Conference (AAC) held in November 2016 at Gurgaon, however, we cannot afford to miss the Actuarial Gala Awards Function where we feliciate the achievers of the actuaial profession. I would like to confirm that we have the **Actuarial Awards Evening on 20th Feb 2017 to feliciate the achievers of 2016.**

This evening has been planned on the sidelines of the CILA (Current Issues in Life Insurance) seminar on 20th and 21st Feb 2017.

Another good news to share – we have received the confirmation from the Association of Indian Universities recognizing our fellow members at par with any post graduate degree for the purpose of registering PhD programs.

Hope, some of our young fellow members who have not done the post graduation will register for PhD programs to achieve “doctorate” degrees and we will have in future more “doctorate” Actuaries.

To strengthen the infrastructure of the Institute and to meet our growing requirements, we had purchased the space for our office in Navi Mumbai. I am pleased to share with the members that we have got the possession of our own office and interior work has commenced this month. We will have our own office of 8000+ square feet with number of additional infrastructure facilities including dedicated rooms for coaching, training and meetings. We aim to move to our own premise in May 2017.

Let me end by wishing all of you for Happy Holi festival and to all our students a good luck for your March exminations. ■



From the Desk of

the Editor

– Mr. D C Khansili

‘the Actuary India’ – mouthpiece of the Actuarial profession in India

The joining evening of CILA seminar witnessed awards ceremony, recognising the contribution to the Actuary India for calendar year 2016. This is also an opportune period for introspection for ‘the Actuary India’ magazine. There are no limits to excel and so many improvements are required; no doubt.

However, some of the efforts made during last year are enumerated herein below, to help readers to gauge whether tip of ice was broken during 2016;

- The magazine got support from regulator office and interview of our worthy Member(Actuary) was published.
- The serial interviews of MD & CEOs of Life Insurance Companies were published. This helped to widen the reach of the Actuary India to various sections of the Insurer office and not limit the magazine to the Actuarial Department.
- The suggestion given by one of the new generation Actuary relating to People’s Move got implemented.

- The success stories of students got published who made a dint in ACET and CA level actuarial examinations.
- The country updates were given a fresh breath and our correspondents provided the latest developments in insurance and actuarial area of their respective jurisdiction.
- More and more actuarial personnel were roped in to write reportage of events like GCA, AAC, IFS, CILA, CIRB, various workshops and capacity building seminars etc. At times the last-minute requests were adhered to.
- The efforts were made to get involvement of the senior actuaries and we got success in this area as well. We shall request senior actuaries to extend their support more.
- The accounting standards, new regulations, risk area got prominence during the year and so well covered in various issues.

These are a few areas to mention. I would request to all who could not read the magazines during the year to visit IAI website and get hold of ‘the Actuary India’ issues stored in the publication section.

With this self-pat on back, the question arises what next?

I am first taking a challenge along with Chief Editor to get interviews published of ‘Movers and Shakers’ of Insurance and Pension areas.

And second, throwing challenge to all our esteemed readers, why your name should not be selected when IAI decides to honour best contributors to ‘the Actuary India’ in 2018.

Finally a request to help us in publishing the interviews of MD and CEOs of General, Health and Reinsurance Companies. In Life Insurance Companies, AAs were our strength and same is expected in General and Health area.

I am pretty sure you would be busy getting solutions for the challenges thrown by new accounting standards, various IRDAI regulations and upcoming regulations, the economic developments, and other areas and top of that social media, (ear phones!!!).

But request is to spare some time reading and contributing to **‘the Actuary India’ – mouthpiece of the Actuarial profession in India.** ■

**IAI Fellowship equated with Master Degree of an Indian University
for the purpose of registration to PhD Programme in University in India**



भारतीय विश्वविद्यालय संघ

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Association of Indian Universities

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No. EV/VII(5)/2017 / 2784
January 31, 2017

Speedpost

Shri Gururaj Nayak
Head - Operations
Institute of Actuaries of India
302, Indian Globe Chambers
142, Fort Street
Off D N Road, Fort
Mumbai 400001.

Dear Sir,

With reference to your request on the parity of Fellow Pogrammes conducted by your Institute with Master degree with Master's Degree of an Indian University for the purpose of admission to Higher Studies.

The matter was placed before the Equivalence Committee at its Meeting held on 5th January, 2017 and also in the 341st Meeting of the Governing Council held on 9th January, 2017 in AIU House, New Delhi.

The Committee resolved as under:

"The Members resolved that the candidates who have passed the Fellowship Examination of the Institute of Actuaries of India, pursued after a Bachelor Degree be equated with the Master Degree of an Indian University for the purpose of registration to Ph. D . programme in a University in India".

With regards,

Yours sincerely

(Dr Veena Bhalla)
Joint Secretary & (I/C (Evaluation)

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Business Model Ind AS 109

What's the Business Model for a Life Insurer's Bond Investment?

Ind AS 109: Financial Instruments bears the question of the link between a life insurer's business model and thereupon the accounting of bonds. The authors attempt to deduce the link.

Over the next few months, Indian insurers will implement for financial reporting the IFRS-adapted Ind AS accounting standards. The activity would continue over a few reporting quarters. Significant to the implementation, particularly with Indian life insurers, are two accounting standards: a) Ind AS 104: Insurance Contracts, and b) Ind AS 109: Financial Instruments.

In a vertically organised bond-investing life insurance industry where accounting standards are a horizontal, the accounting policy on investments will be closely watched. And at the time of this writing it is at an interpretative juncture. **The accounting treatment of a life insurer's bond investments under Ind AS 109: Financial Instruments is the subject matter of this discussion.**



A Historical Account

Readers may be aware that Ind AS 109: Financial Instruments is a veritable work-in-progress that has passed over from the already waning Ind AS 39: Financial Instruments, Recognition and Measurement. As IAS 39 (Ind AS 39 is an adaptation of IAS 39) was widely considered to

be one of the most 'unfriendly' IFRSs due to its complexities and internal inconsistencies, the IASB significantly accelerated its project to replace the standard. Hence investment accounting under Ind AS 109 ought to be appreciated in this backdrop of discarding complexity.

The conceptual framework of IFRS (and by cue of Ind AS) was widely debated and eventually it was agreed that financial statements should faithfully represent the economic phenomena. The text of the accounting standards is long – rather very long, but it bends in principle toward representation of economic phenomena. And for that the principles-based depiction should have three characteristics namely,

a) completeness, b) neutrality, and c) absence of error. Investment accounting in general and bond accounting in particular should resonate this credo.

Accounting options for bonds

Bond accounting – recognising income and carrying assets - was done on an amortised cost basis till now. Ind AS 109 eliminates 'held to maturity', 'available for sale' and 'loans and receivables' categories by requiring that on initial recognition, all financial assets are classified into one of just two measurement categories – amortised cost or fair value. While reporting periodically, Ind AS 109 frequents the question, "How is the asset held within the entity's business model?"

Figure 1: Extract of Application Guidance to Ind AS 109 - Appendix B, clause B4.1.4C

Example 7

An insurer holds financial assets in order to fund insurance contract liabilities. The insurer uses the proceeds from the contractual cash flows on the financial assets to settle insurance contract liabilities as they come due. To ensure that the contractual cash flows from the financial assets are sufficient to settle those liabilities, the insurer undertakes significant buying and selling activity on a regular basis to rebalance its portfolio of assets and to meet cash flow needs as they arise.

Analysis

The objective of the business model is to fund the insurance contract liabilities. To achieve this objective, the entity collects contractual cash flows as they come due and sells financial assets to maintain the desired profile of the asset portfolio.

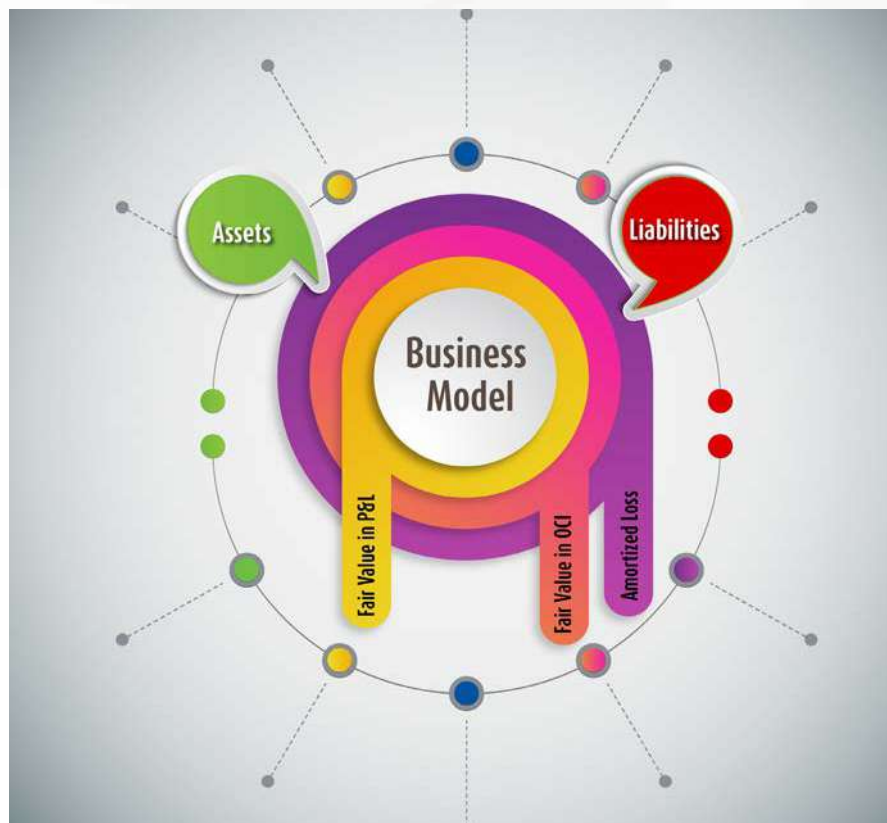
Thus both collecting contractual cash flows and selling financial assets are integral to achieving the business model's objective.

Ind AS 109 would re-visit and arguably change the existing practice from the amortised cost convention. Rather the application guidance steers a quick and dirty example for insurers. See Figure 1.

The example packs together both investment intentions i.e., collecting contractual cash flows and selling financial assets leading to ‘amortised cost accounting’ and ‘fair value accounting’ respectively. To suitably construe the underlying investment rationale and thereupon organise the accounting, needs a greater comprehension of the ‘business model’.

Ind AS 109 identifies the ‘business model’ as the unique driver of investment accounting.

Business Model



Under Ind AS 109, insurers would have to define the business model as a guiding post to measurement and recognition of investment. In defining the business model, the layered sobriety of reason and accountability needs to prevail over immediate answers. As ordinarily understood, the business model does not allude to the life insurance business’ product strategy or distribution philosophy.

Business model here dwells on the organisation of groups of financial assets.

Application guidance B 4.1.2 instructs that business models are determined at a level that reflects how groups of financial assets are arranged together to achieve a particular business objective. Basis of conclusion BC 4.1 (C) states that a business model encompasses the way the entity arranges its financial assets to determine its measurement attribute, to provide relevant and useful information to users for their assessment of the amounts, timing and uncertainty of entity’s future cash flows.

Clearly the arrangement of financial assets to achieve a stated business objective emphasises the business model – at least from the standpoint

of Ind AS 109. Example, premium representing the investment fund under a single premium endowment assurance policy would likely be invested in a zero coupon bond of the same maturity to fully match the liability with an appropriate asset. Here the business objective is ‘meeting the lump sum payout on policy maturity’, and the business model ‘buying a matching asset.’

Clause 4.1.2 of Ind AS 109 states, among others, that a financial asset shall be measured at amortised cost if the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows. The example of the single premium endowment assurance policy fits the narrative, and hence the asset which is held only to collect the single cash flow at the policy’s maturity could be measured at amortised cost. However, if the collection of contractual cash flows of an asset is only incidental to achieving but not integrated with the business model’s objective, the asset needs to be fair-valued (application guidance B 4.1.6 A).

‘Re-balancing of bond portfolio’ as the default

Life insurers organise assets mostly to match policy reserves. Broadly, bonds back non-participating reserves, underlying assets – either bonds or equities – in turn intertwine into unit reserves, and a combination overwhelmingly from bonds and partly from equities support participating reserves. Barring an outlier like a zero-coupon bond (if available) whose objective is to collect contractual cash flows and thus match the liabilities on single premium non-participating plans, a life insurer holds assets to dynamically hedge the liabilities using duration matching as its tool.

As interest rates vary over time, so does the portfolio’s value i.e., volatility or modified duration-based. For a movement in the interest rate, not merely the bond’s value, the modified duration also changes a bit – as measured by convexity. Changes in convexity, however are negligible due to the small effects beyond the second order. In principle, a small change in duration (i.e., positive convexity) requires some portfolio re-balancing (i.e., buying and selling of the bonds) even though the interest rate change is small.

Readers may recall the British actuary Frank Redington’s immunisation theory’s message “the default approach to managing a liability-matching bond portfolio would desire re-balancing.”

The argument that most life insurance business segments hold assets not merely to collect contractual cash flows appeals to carry assets at fair value (clause 4.1.2 A). For example, unit linked policyholders can exercise an open option to partially withdraw from or surrender a policy, which will drive the insurer to sell assets.



Fair Value Accounting

If an asset is carried at fair value, Ind AS 109 provides the choice

of recognising the gains / losses between two reporting periods either under the 'Statement of Other Comprehensive Income' (OCI) or 'Profit and Loss Account' (P&L). The default treatment directs the gains/ losses to OCI, however to achieve the matching of revenues with costs, the gains/ losses should be recognised in the P&L (clause 4.1.5).

Matching would be greatly dependent on reserving practices across life insurance business segments. And particularly in products with discretionary participating features, accounting for bonds will elicit deliberation. Surely the use of a particular valuation interest rate on a reporting date will have to be linked with the carrying value of assets

backing the participating business' reserves.

Figure 2 records our views on plausible bond accounting treatment. Specific situations may warrant a treatment distinct from that tabulated.

First Time Implementation

With regard to accounting policy, we overestimate what new implementation can do in the short-run and underestimate what it can do in the long-run.

Hence care needs to be observed whilst implementing a new and maiden accounting policy. Accounting policy will have long-run implications on financial reporting, and with that, on investment policy, tax obligation, and regulatory solvency.

Figure 2: Bond Accounting Treatment and Rationale

Business segment	Objective of holding bond assets	Likely treatment	Ind AS 109 paragraph reference	Rationale
Unit Linked (UL) Fund	Fair Value of bond assets translate to unit reserves (UL liability)	Fair Value, P&L	Para 4.1.5 (Minimise Accounting mismatch)	As the fair value change in liability is classified under P&L, the corresponding change in UL assets should also be classified under P&L.
Non-participating, Traditional Fund	To match a guaranteed liability	Fair Value, either P&L or OCI	Para 4.1.5 (Minimise Accounting mismatch)	Debt would be classified through P&L to minimise the accounting mismatch – only if the valuation interest rate for policyholders' liabilities is market-orientated.
Participating Fund	To match a guaranteed liability and discretionary benefits	Fair Value, OCI	Para 4.1.2A, read with 4.1.5	Change in the financial liability unlikely to be mirrored by a change in assets, e.g., bonus smoothing. Fund for future appropriations (FFA) may not fully lift the liability. Case for classifying bond assets backing reserves in OCI as the practice would not violate Para 4.1.5 (i.e., no accounting mismatch).
Shareholders' Fund	No specific liability to match	Fair Value, OCI	Para 4.1.2A, read with 4.1.5	Bond investment may be deployed not merely to collect contractual cash flows, but also take interest rate risks.
Loan to Policyholders	To collect cash flows	Amortised cost	Para 4.1.2	Bond investment is likely deployed to collect cash flows, which comprise solely of principal and interest.

Accounting policy is not static to the first implementation. Indeed it must set rules for interpretation on: a) reclassification – a movement between OCI, P&L or amortised cost on change in the business model, b) measurement of fair value of investments that are not quoted or traded, c) subsequent measurements of investments that are initially recognised at fair value or amortised cost, d) measurement and recognition of interest income, and e) measurement and recognition on de-recognition/ sale of an investment.

Closing in

The IFRS implementation of the life insurance industry is at a point of inflection. Although, the effective date is 1st January 2018, some lobbying is ongoing to propose a deferral of IFRS 9 for insurers to align the effective dates between IFRS 9 (Ind AS 109 is an adaptation of IFRS 9) and the new insurance contracts standard IFRS 4 (Phase II) (Ind AS 104 is an adaptation of IFRS 4). The world's leading insurers have begun to evaluate the impact of adopting IFRS 9 on consolidated financial statements.

In India on the other hand, we have accelerated the Ind AS implementation and are staring at the first quarter of Ind AS reporting – metaphorically a semi-colon, a punctuation before

the flow takes its onward course. It is almost always a greater pleasure to come across a semi-colon than a period. With the semi-colon there, you get a pleasant little feeling of

expectancy; there's more to come; to read on; it will get clearer – as the first quarter of Ind AS reporting takes guard and fuses into the next. ■

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**'THE ACTUARY INDIA' WISHES MANY MORE
YEARS OF HEALTHY LIFE
TO THE FELLOW MEMBERS
(Who have attained 60 years of age)
WHOSE BIRTHDAY FALL IN FEBRUARY 2017**



Mr Hanumantha K Rao

Mr Rajagopalan V

Mr A Venkatasubramanian

Mr M Venkatesan

Mr Chandan Khasnobis

Mr A P Peethambaran



Myers Briggs Type Indicators: The Pros & Cons of the same

Introduction

The Myers Briggs Type Indicator [MBTI] is a reliable and valid instrument that is used to measure and categorize one's personality & behavior. It is not a test. Swiss psychologist Carl Jung [1875-1961] did research to prove that you can predict people's behavior if you know how they prefer to use their mind. Each of us has an inborn preference for using our mind in a particular fashion. **A mother-daughter duo Isabel Myers (1897-1980) and her mother, Katharine Cook Briggs (1875-1968) developed the Myer Briggs Type Indicator.**

Categories of personality types

The MBTI classifies personalities into four types namely:

- Orientation to world
- Take in Information
- Make Decisions
- Take in Information or decide

Each of this category is further classified as below:

Orientation to world	Extroverts – energized by others Introverts – energized by ideas, emotions & memories
Take in Information	Sensing – using five senses Intuition – using gut or instincts
Make Decisions	Thinking – Logical, problem solvers Feeling – consider others, being compassionate, demonstration of empathy
Take in Information or Decide	Perceiving – Taking in information Judging – Organizing information to arrive at decisions

There are 16 possible personality types based on unique combinations of the preferences. Each type has strengths and weaknesses. According to the same, you can choose your profession.

Knowing your type can help you:

1. Choose a career that might be a good match for your personality
2. Understand others
3. Understand one's own behavior
4. Communicate better with others
5. Work successfully in teams
6. Appreciate individual differences & collective synergies

Challenges/ Limitations

Though it is a scientific tool to understand behaviors and preferences, as is always the case, few organizations have misused this tool by using it as a head count reduction technique. In one of the firms, a consulting firm landed to streamline the headcount, used this tool and told employees that

whatever they were doing for years was not what they should be doing. The MBTI tool was thus successfully used to drive out employees.

If everyone chooses a career according to what the tool dictates, then there is no question of multi tasking or cross-functional capability building. From a HR perspective, you just fit roles and job descriptions to behaviors and preferences. This approach also ends up limiting self development efforts of individuals.

The trainer has to interpret the categories properly and convey the meaning to the respondent. Respondent should be objective and tell the truth. There could be cases where people have some traits of an extrovert and some traits of an introvert. There can be a behavioral change as per the demands of the situation.

In the classrooms, an extrovert student may be interactive in the class, but an introvert may be good in scoring marks. Sensing students will find the syllabus useful but will find it difficult to deal with abstract ideas. Such students will need more real life examples to understand theoretical models in the right perspective.

Intuitive students may not read a question all through and may not pay attention to all details but they may be innovative. Thinking students will look at logic, analysis and reason. They have strong opinions in the classroom

and expect fairness in grading and absence of biases in the classroom. Feeling persons are not comfortable with interpersonal friction. They value harmonious relations with colleagues and professors.

Judging types are decisive, close-minded but well-organized. Their thinking is sequential and they meet deadlines. They are not so flexible to change. Perceiving types are spontaneous and take their own time to arrive at a decision. They can successfully multi task. They are good in managing exigencies. Their biggest problem is procrastination. They work well under last minute pressure.

The teacher's personality type has to be in sync with the personality types of the students. In educational institutions where discipline is important, a teacher who is more fun loving will find it difficult to adapt to the change.

Conclusion

Though MBTI is a good tool to understand behaviors and preferences, there is a risk of the tool being misused. While the tool can be used to understand the success of an individual in a profession, it is not a panacea for all problems. There are professionals who have tasted success in diverse areas regardless of their behaviors or preferences. In such cases, the MBTI tool falls flat. At best, MBTI can be

used as an indicative tool. In academic institutions, the tool can be used to get an idea of the teaching methodology required to be employed. Though the initial work of collecting responses from students and categorizing them can be cumbersome, it can be rewarding in the longer run in terms of grouping students with similar preferences/ behaviors in the same class. It will also make teaching more performance-focussed. ■

About the author

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What's Your Personality Type?

Use the questions on the outside of the chart to determine the four letters of your Myers-Briggs type. For each pair of letters, choose the side that seems most natural to you, even if you don't agree with every description.

1. Are you outwardly or inwardly focused? If you:

- Could be described as talkative, outgoing
- Like to be in a fast-paced environment
- Tend to work out ideas with others, think out loud
- Enjoy being the center of attention

then you prefer

E
Extraversion

- Could be described as reserved, private
- Prefer a slower pace with time for contemplation
- Tend to think things through inside your head
- Would rather observe than be the center of attention

then you prefer

I
Introversion

2. How do you prefer to take in information? If you:

- Focus on the reality of how things are
- Pay attention to concrete facts and details
- Prefer ideas that have practical applications
- Like to describe things in a specific, literal way

then you prefer

S
Sensing

- Imagine the possibilities of how things could be
- Notice the big picture, see how everything connects
- Enjoy ideas and concepts for their own sake
- Like to describe things in a figurative, poetic way

then you prefer

N
Intuition

ISTJ

Responsible, sincere, analytical, reserved, realistic, systematic. Hardworking and trustworthy with sound practical judgment.

ISFJ

Warm, considerate, gentle, responsible, pragmatic, thorough. Devoted caretakers who enjoy being helpful to others.

INFJ

Idealistic, organized, insightful, dependable, compassionate, gentle. Seek harmony and cooperation, enjoy intellectual stimulation.

INTJ

Innovative, independent, strategic, logical, reserved, insightful. Driven by their own original ideas to achieve improvements.

ISTP

Action-oriented, logical, analytical, spontaneous, reserved, independent. Enjoy adventure, skilled at understanding how mechanical things work.

ISFP

Gentle, sensitive, nurturing, helpful, flexible, realistic. Seek to create a personal environment that is both beautiful and practical.

INFP

Sensitive, creative, idealistic, perceptive, caring, loyal. Value inner harmony and personal growth, focus on dreams and possibilities.

INTP

Intellectual, logical, precise, reserved, flexible, imaginative. Original thinkers who enjoy speculation and creative problem solving.

3. How do you prefer to make decisions? If you:

- Make decisions in an impersonal way, using logical reasoning
- Value justice, fairness
- Enjoy finding the flaws in an argument
- Could be described as reasonable, level-headed

then you prefer

T
Thinking

- Base your decisions on personal values and how your actions affect others
- Value harmony, forgiveness
- Like to please others and point out the best in people
- Could be described as warm, empathetic

then you prefer

F
Feeling

4. How do you prefer to live your outer life? If you:

- Prefer to have matters settled
- Think rules and deadlines should be respected
- Prefer to have detailed, step-by-step instructions
- Make plans, want to know what you're getting into

then you prefer

J
Judging

- Prefer to leave your options open
- See rules and deadlines as flexible
- Like to improvise and make things up as you go
- Are spontaneous, enjoy surprises and new situations

then you prefer

P
Perceiving

ESTP

Outgoing, realistic, action-oriented, curious, versatile, spontaneous. Pragmatic problem solvers and skillful negotiators.

ESFP

Playful, enthusiastic, friendly, spontaneous, tactful, flexible. Have strong common sense, enjoy helping people in tangible ways.

ENFP

Enthusiastic, creative, spontaneous, optimistic, supportive, playful. Value inspiration, enjoy starting new projects, see potential in others.

ENTP

Inventive, enthusiastic, strategic, enterprising, inquisitive, versatile. Enjoy new ideas and challenges, value inspiration.

ESTJ

Efficient, outgoing, analytical, systematic, dependable, realistic. Like to run the show and get things done in an orderly fashion.

ESFJ

Friendly, outgoing, reliable, conscientious, organized, practical. Seek to be helpful and please others, enjoy being active and productive.

ENFJ

Caring, enthusiastic, idealistic, organized, diplomatic, responsible. Skilled communicators who value connection with people.

ENTJ

Strategic, logical, efficient, outgoing, ambitious, independent. Effective organizers of people and long-range planners.

 INSTITUTE OF ACTUARIES OF INDIA List of students scoring highest marks in April and September 2016 Examination					
Sr. No	Sub	Subject Name	Prize Fund	Candidate Name	
				April 2016	September 2016
1	CT1	Financial Mathematics	Shri R. Krishnaswamy Memorial Prize Fund	Mayuresh Vinayak Dharap	Govind Saran Gautam
2	CT2	Finance and Financial Reporting	Shree Atma Ram, Shri Chhaju Ram and Smt Parvati Devi Memorial Scholarship Endowment	Raj Paresh Sheth	Udit Agarwal
3	CT3	Probability and Mathematical Statistics	Shri H V Krishnamurthy Prize Fund	Aditya Manoj Bagdia	Kunjesh Piyush Parikh
4	CT4	Models	Shri R. Krishnaswamy Prize Fund	Mansi Dharmesh Shah	Praveen Sancheti
5	CT5	General Insurance, Life and Health Contingencies	Smt. Vidhya Wati and Smt. Santosh Kumari Memorial Scholarship Endowment	Aditya Manoj Bagdia	Tanvi Milan Doshi
6	CT6	Statistical Methods	-	Ashnut Kothary	Nitesh Kumar Kansara
7	CT7	Business Economics	Prof R M Joshi Prize Fund	Aanchal Agarwal	Megha Jayesh Shah Tanvi Mimani
8	CT8	Financial Economics	Prof G S Diwan Centenary Commemoration Prize Fund	Hemant Devidas Rupani	Divyam Sankharva
9	CA1	Actuarial Risk Management	The Future Actuary Prize Fund	Raj Kumar Yadav	Kaushal Jhunjhunwala
10	ST1	Health & Care Insurance	G S Diwan 100th Birth Anniversary Memorial Education Fund	Vipul Aggarwal	Reetika V K Jain
11	ST2	Life Insurance	Late Shri Janardan Pundalik Nerurkar Prize Fund	Shivanjali Mittal	Alok Gupta
12	ST4	Pension & Other Employee Benefits	Shri K A Pandit Memorial Prize Fund	Krupa Jitendra Shah	Anoop Michael
13	ST5	Finance and Investment A	Mr. Kamal Kumar Noranglal Podar Prize Fund	Gopalan Varadarajan Subhasree Nigamma	
14	ST6	Finance and Investment B	Late D Basu Prize Fund	Rushabh Abhinav Shah	Charanraj Sampathirao
15	ST7	General Insurance - Reserving and Capital Modelling	Mr. Peter Akers Prize Fund	None Passed	Kunal Kishore Jha
16	ST8	General Insurance : Pricing	-	Deepanjali Talwar	Jatin Gupta
17	SA1	Health & Care Insurance	Prof G S Diwan 100th Birth Anniversary Memorial Education Fund	Ridhi Gupta	Prabhash Anand Chaubey
18	SA2	Life Insurance	Prof G S Diwan's Memorial Prize Fund	Ashik Salecha	Sunil Vishnu Savalkar Aditya Jain
19	SA3	General Insurance	Late Shri K P Sarma Memorial Prize for the Meritorious in General Insurance	Siddharth Mehra	Vartika Gupta
20	SA4	Pension & Other Employee Benefits	Canada Life Scholarship Endowment Fund	None Passed	None Passed
21	SA5	Finance	-	None Passed	None Passed
22	SA6	Investment	Prof G S Diwan Memorial Scholarship Fund	Vijay Arunachalam Mudaliar	PrashamMahendraRambhia

Organized by: Advisory Group on Pensions,
other Employee Benefits & Social Security
Date: 3rd March, 2017, Friday
Venue: The Plazzio Hotel, Gurugram

**4th Capacity Building Seminar
on new APS in Employee Benefits & ESOPs**

Following the end of consultation period late in 2016 for the draft APS on Employee Benefits, the seminar will provide a **detailed walkthrough of the draft APS and its context**. Participants will also get the chance to have further table discussions to some key questions on applying the APS (when it eventually is published) and share thoughts with other participants. The main purpose is to prepare participants ahead for whenever the APS is published.

With implementation of IFRS converged Ind AS, valuation and reporting of Employee Stock Options Plans (ESOPs) is likely to become a significant area of practice for valuation professionals. Therefore, the seminar will also have half day devoted to capacity building on **valuation and reporting of Employee Stock Options (ESOPs)**. With the need felt within the profession to widen the scope for practising actuaries, the capacity building sessions will attempt to give insights on technical, practical and commercial aspects they need to know to practice in the area of valuation and reporting of ESOPs.

S. N.	Topic and Speakers
1	Context, Background and Overview of the Principles of the new APS Kulin Patel, Consulting Actuary, Towers Watson
2	Discussion on Technical Application Section of the new APS Chitra Jayasimha, Consulting Actuary, AON Hewitt
3	Roundtable discussion on new APS and Q&A time Kulin Patel and Chitra Jayasimha
4	ESOPs – Introduction and Discussion on Ind AS 101 Share Based Payments Jenil Shah, Consulting Actuary, NK Kapadia and Co.
5	Practical example and insights into valuation and reporting of ESOPs Speaker: Khushwant Pahwa, Consulting Actuary, KPAC (Actuaries and Consultants) Guide: KK Wadhwa, Consulting Actuary

Who should attend?
The seminar is open to all who wish to enhance their understanding of new APS on Employee Benefits & ESOPs. Non-members are welcome to join.

General Points to Note:
Participation Fees for members:
Rs. 7,500/- (+ 15% Service Tax)
Participation Fees for Non Member:
Rs 9000/- (+15% Service Tax)
CPD Hrs: **6 Hrs** Technical
(As per Revised Version APS 9

Register now at: <http://www.actuariesindia.org/SeminarRegistration.aspx>
Point of contact: Quintus@actuariesindia.org

Topic & Speakers:- For Program schedule , please visit -
<http://www.actuariesindia.org> – Seminar- Upcoming Seminars within India - 4th Capacity Building Seminar in Pension (Pension)

5th Seminar on Enterprise Risk Management (ERM)

Organised by: Advisory Group on Risk Management, IAI

Date: March 10, 2017 (Friday)

Venue: Hotel Sea Princess, Mumbai.



INTRODUCTION

The Institute of Actuaries of India (IAI) is pleased to announce scheduling of the 5th ERM Seminar. In the VUCA world today, organizations have to navigate markets characterized by sustained volatility, increased geopolitical risks, rising regulatory activism and new technology risks. In this fluid environment, effective risk management can be a source of competitive advantage, enhance sustainability and ultimately improve the organization's resilience. The purpose of the seminar is to bring to you the latest insights and best practices on risk management to the forefront, share hands-on experience and challenges faced by practitioners and provide thought leadership.

SEMINAR STRUCTURE AND TOPICS

The seminar has been structured into two parts. The first half of the seminar will focus on risk governance and the role of the risk function and will include topics such as the evolving role of risk function in India, risk governance from a global perspective, role of control functions in Solvency II and collaboration between second and third line of defense. The second half of the seminar post lunch will focus on the current risk hot topics including sessions on emerging risks for life insurance, emerging risks for general insurance and cyber risk.

SPEAKERS

Speakers will include CFO's, CRO's, Appointed Actuaries and other eminent leaders from insurance, reinsurance and consulting firms.

WHO SHOULD ATTEND?

1. CROs, CFOs, Appointed Actuaries.
2. Professionals working in the insurance companies in particular in actuarial, risk management, audit, compliance, strategy, finance, underwriting departments.
3. Professionals working in the risk management, audit, compliance, finance departments of banks and other financial services companies.
4. Individuals interested in the field of Enterprise Risk Management in general.

Registration Fees

₹ 5000/-

+ 15% Service Tax
for members

Registration Fees

₹ 6000/-

+ 15% Service Tax
for non-members

Registration Ends

1st March, 2017

Register at

//www.actuariesindia.org
SeminarRegistration.aspx

Point of Contact

for any query

Quintus Mendonca
quintus@actuariesindia.org

CPD Credit

for IAI Members
6 hrs (Technical)

Mr. Sanjeeb Kumar
President, IAI

Mr. Sanchit Maini
Chair, Risk Management Advisory Group

<http://www.actuariesindia.org/>

All About Gratuity



Introduction

Gratuity is one of the post retirement defined benefit plans. It is received by an employee from his/her employer in gratitude for the continuous services offered by the employee in the company. It is one of the retirement benefits offered by the employer to the employee upon leaving his job. An employee may leave his job for various reasons, such as - retirement/superannuation, for a better job elsewhere, on being retrenched or by way of voluntary retirement or due to unfortunate death or disablement.

Etymology and History of Gratuity in India

The etymology for the "gratuity", derived from a Latin word 'Gratuitas' which simply means a 'Gift'. Since an employee sacrifices prime time of his life for the development, prosperity and betterment of his employer, employer pays his employee gratuity as a graciousness or gift to him, when he no longer serves him.

Gratuity scheme was introduced in those establishments only where the employers were kind and generous to the workers or there was an agreement between the employers and the workers. There was no general legislation for the payment of Gratuity to all industrial workers. In due course of time, it was felt the workers should get gratuity as a right in return of their long dedicated services to the industry.

The need for Gratuity as a statutory right was firstly felt by Kerala, the State performing very well in socio-economic indicators, and the enacted the Kerala Industrial Employees Payment of Gratuity Act, 1970 making gratuity a statutory right of the employees. Later, West Bengal Government enacted the West Bengal Employees Payment of Gratuity Act, 1971 relating to the subject. In the meanwhile, the Central Government felt that there should be a uniform central legislation for the whole country instead of state legislations. Central Government realized & passed central legislation on the Payment of gratuity. The bill was drafted on the basis of the West Bengal Employees' Payment of Gratuity Act 1971 with some modification which was in the light of the views expressed at the Indian Labour Conference. Accordingly, the Payments of Gratuity Act, 1972 was enacted which came into force on September 16, 1972.

Benefit formula under Gratuity

Qualified monthly salary (last drawn)* $(15/26)$ * Completed years of service (including part of year in excess of six months)

Since this benefit depends upon last drawn monthly salary and is service linked, it gets changed drastically from the time when the employees join and the time at retirement due to annual increase in salary and increasing service period.

Actuarial Valuation of Gratuity Benefit

Gratuity is payable to an employee on termination of his employment after he has rendered

Continuous service for not less than five years:

- On his superannuation
- On his resignation
- On his death or disablement due to employment injury or disease, here vesting condition (of 5 years) does not apply.

According to Accounting Standard 15 (Revised 2005), Gratuity is a Post Employment Defined Benefit Obligation and needs to be actuarially valued. It is amply clear from Para 49 of AS 15 (Revised 2005) which reads as under:-

"Accounting for defined benefit plans is complex because actuarial assumptions are required to measure the obligation and the expense and there is a possibility of actuarial gains and losses. Moreover, the obligations are measured on a discounted basis because they may be settled many years after the employees render the related service. While the Standard requires that it is the responsibility of the reporting enterprise to measure the obligations under the defined benefit plans, it is recognised that for doing so the enterprise would normally use the services of a qualified actuary."

Method used for Gratuity Valuation is **Projected Unit Credit Method** which can be defined as method which considers each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

Assumptions involved in Gratuity Valuation:

1. Salary Escalation rate which includes inflation, merit and promotional increase.
2. Attrition rate
3. Discount rate (As per Para 78 of AS 15 (Revised 2005))
4. Mortality and disablement rate.

To perform actuarial valuation of Gratuity, we first have to form a multiple decrement table showing appropriate rates for mortality, disablement and attrition. These assumptions generally depend on the past trends and expectations in future relating to business of the entity being investigated.

Then we have to calculate Salary Escalation rate based on the past years data and likely trends in future considering impact of inflation and other economic factors.

Having known the 3 assumptions we have to build a model to find the estimated term of liabilities to determine discount rate based on Government bond yields (as per Para 78 of A.S. 15 (Revised 2005) issued by I.C.A.I)

So after knowing all the actuarial assumptions (Demographic and financial) and properly scrutinising the data (Correcting all error and omissions in the data by discussing with the client), we can run our model to determine the liability.

Gratuity liability is calculated in three parts:-

(i) **Gratuity liability at death/disablement:** - Here we apply death/disablement probabilities to the escalated payouts at each year and discount with the calculated discount rate to arrive at the expected present value of Defined Benefit Obligation. Here, we also incorporate any special feature of plan provisions like vesting conditions and statutory ceiling limit (if any, presently it is 10 lakh). Normally no vesting is involved in calculating death liabilities.

(ii) **Gratuity liability at withdrawal from service:** - Here we apply withdrawal (attrition) probabilities to the escalated payouts at each year and discount with the calculated discount rate to arrive at the expected present value of Defined Benefit Obligation. Here we also incorporate any special feature of plan provisions like vesting conditions and statutory ceiling limit (if any, presently it is 10 lakh).

(iii) **Gratuity liability at retirement:** - Here we apply survival probabilities to the escalated payouts at each year and discount with the calculated discount rate to arrive at the expected present value of Defined Benefit Obligation. Here we also incorporate any special feature of plan provisions like vesting conditions and statutory ceiling limit (if any, presently it is 10 lakh).

The sum of all 3 liabilities is the actuarial liability which is used in the financial statements of companies. Other relevant things like interest cost, current service cost, actuarial gain/ loss and fund positions are detailed topics which I am not going to touch here.

Now I, conclude with some amendments in the act, being required from time to time, to meet with the growing needs of the employees. Gratuity benefit is usually payable at the time of retirement. Since, at the time of retirement employee generally has no source of regular income and due to old age- increasing medical expenses, increasing family commitments (like daughter's marriage) and increasing inflation to meet with day to day expenses. So to cope up with all these uncertainties, Gratuity, Act as one of the cushions to meet necessary expense as a single one time payment. The rules and regulations being prescribed in Gratuity Act 1972 need to be amended from time to time and labour ministry tries to provide full justice by making amendments to the above act, in the national Parliament. Some of the amendments in the Payment of Gratuity Act 1972 are as follows:-

The first amendment made by the Payment of Gratuity (Amendment) Act, 1984 inter alia provides for raising the wage limit for coverage from ₹1000/- to ₹1600/- per month and appointment of Inspectors. The second amendment made by the Payment of Gratuity (Second Amendment) Act, 1984 inter alia re-defined the term 'continuous service' and provided for grant of exemption to a class of employees from the operation of the Act. The third amendment made by the Payment of Gratuity (Amendment) Act, 1987 inter alia provided for:-

- (a) Raising the wage limit for coverage from ₹1,600/- to ₹2,500/- per month, which was further raised to ₹3,500/- p.m.
- (b) Replacing the ceiling of twenty month's wages for payment of gratuity by a monetary ceiling of ₹50,000/-

Table 1: Changes in limits under Gratuity Act overtime

S. No.	Year of Change	Change	With effect from (mm/dd/yyyy)
1	1984	Wage limit raised from ₹1600 to ₹2500 p.m.	July 1, 1984
2	1987	(a) Wage limit further raised from ₹1600 to ₹2500 p.m.	October 1, 1987
		(b) Replacing ceiling of 20 months' wages to ₹50000	October 1, 1987
		(c) Wage limit further raised from ₹2500 to ₹3500 p.m.	December 1, 1992
3	1994	(a) Complete removal of ceiling on wages per month	May 24, 1994
		(b) Ceiling further raised from ₹50000 to ₹100000	May 24, 1994
4	1998	Ceiling further raised from ₹100000 to ₹350000	September 24, 1997
5	2010	Ceiling further raised from ₹350000 to ₹1000000	May 24, 2010

(c) Making it obligatory for the employers to pay simple interest at a specified rate if the gratuity is not paid within 30 days from the date it falls due.

(d) Compulsory insurance/setting of gratuity fund for payment of gratuity.

In later amendments wage limit was removed all together and ceiling limit was revised from time to time as given in Table 1.

About the author

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Actuarial Analyst

M.L. Sodhi Consulting Actuary

SOLUTIONS TO PUZZLES

Mind Exercise



Puzzle No 253:

Felice and Nicholas are the murderers.

The numbers correspond to atomic numbers on the periodic table of elements: 'Fe-Li-Ce/Ni-Co-La-S'.

Puzzle No 254:

The next number is: 13112221. Each number describes the previous number. Starting with 1, the second line describes it 11 (one 1). Then the third line describes 11 as 21 (two 1's). Then the fourth line describes 21 as 1211 (one 2, one 1).



Ms. Shilpa Mainekar
shilpa_vm@hotmail.com

Correct solutions were received from

Puzzle No 253:

1. Mahadevan P.
2. Keshav Dingliwala
3. Dilip S. Anand
4. Richard Leiser-Banks
5. Prarambh Shah
6. Meenakshi Tewari
7. Hemant Rupani
8. Prasham Rambhia
9. Mrityunjaya Dagar
10. Aarthi Ravikumar
11. Megha Dhall
12. Fenam Sogani
13. Vaishno Devi M.
14. Nitesh Prabhu
15. Hemant Patel
16. Harmeet Singh

17. Rachit Kamdar
18. Graham Lyons
19. Varsha Agarwal
20. Pashmina Jajodia
21. Sneha Poddar
22. Parag Ahuja
23. Prajesh Dhanuka
24. Dipesh Gupta
25. Krina Gudka
26. Anushmita Roy
27. Abhilekha Baid
28. Shriram Dayama
29. Hemant Malani

Puzzle No 254:

1. Anurag Biyani
2. Keshav Dingliwala
3. Dilip S. Anand
4. Richard Leiser-Banks
5. Prarambh Shah

6. Meenakshi Tewari
7. Hemant Rupani
8. Prasham Rambhia
9. Aarthi Ravikumar
10. Megha Dhall
11. Fenam Sogani
12. Nitesh Prabhu
13. Hemant Patel
14. Harmeet Singh
15. Rachit Kamdar
16. Graham Lyons
17. Varsha Agarwal
18. Pashmina Jajodia
19. Jay Jalan
20. Prajesh Dhanuka
21. Dipesh Gupta
22. Krina Gudka
23. Shriram Dayama
24. Hemant Malani



Srilanka

Ensuring Examination Success (Part 2)

COUNTRY REPORT

This article continues from where the previous one left off, focusing on the CA, ST and SA level examinations; published in September 2016 Issue of 'the Actuary India magazine'

Examinations

The weeks leading up to the exam, you should significantly reduce your study and seek to recover your energy levels. Identify the key challenging areas and concentrate your efforts there. This extends beyond knowledge of the core reading.

For example, you may not be good at using the calculator efficiently, or at answering the questions efficiently and neatly.

You need not answer the questions in the provided order. First read through the paper carefully, order the questions in terms of difficulty, and attempt the easier questions first. This will build your confidence for the later sections of the paper.

Read the questions extremely carefully! Otherwise, the answer provided might not be relevant to the question.

Understanding the key words included in the questions is essential. Each word such as 'comment', 'discuss', 'explain', etc. has its own specific meaning. Further, the number of marks provide invaluable information as to the type of answer sought. To understand the phrases and marking schedules, peruse the past papers and solutions carefully with this in mind.

Finally make sure that you provide your answers neatly and legibly. This is vital to passing!

CA

CA1 can be identified as the key milestone towards the FIA, because it is the first foray into the essay-style exams, and is currently the longest exam. If you can clear CA1 then you can most likely complete the entire program.

Due to the sheer volume of material, it is usual for students to take a year to absorb the information. There is more breadth than depth as compared with the later subjects. As a result, solid absorption is the key. This takes time, so read the materials as early as possible and allow your subconscious to do the work.

ST

These exams drill further into details than CA1, with less breadth. The emphasis is on deeper understanding of the key concepts relating to the particular subject area, with more

practical application. Therefore, the key skill examined is in application of the materials to practical situations.

In these subjects there will be chapters that are related and tend to feature in the same questions. Make sure you have a sound mental map of these relationships.

SA

The significant part about this level is that the paper contains only a few questions. There is assumed knowledge of topical areas outside of the core reading, so be prepared. When answering questions, choose the significant points only, in order of relevance. This is very different from CA1 where a list of all points (irrespective of importance) is generally expected.

For the SA and ST levels, be mindful of past success rates, and choose the subjects carefully!



Mindset

At the later stages, motivation plays arguably the most important role of all. It is usual for students to be challenged with negative thoughts such as, *"I'll be doing these exams forever", "I'm so fatigued after all these years of diligent study", "I don't think I can see this through",* etc.

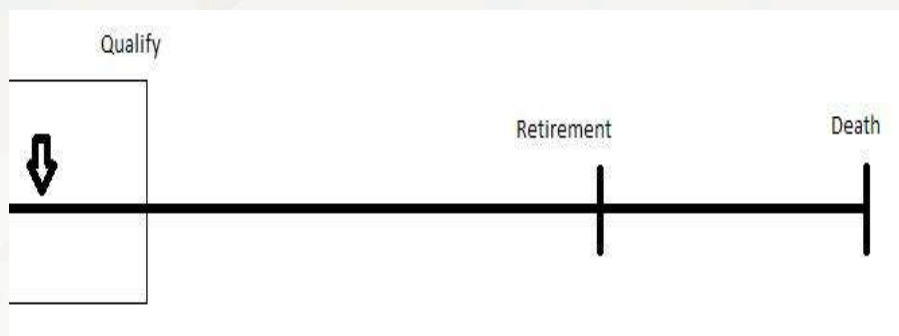
It is imperative that you manage your mindset. Negative thoughts and mindsets need to be managed so that they do not dominate the studies, eventually resulting in our giving up.

There are many possible ways of managing the mind; below follows one example.

From the below perspective we may infer that we are fatigued after prolonged years of study (pre-school, school, college, university, actuarial):



A more useful perspective for decision-making follows:



About the author

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Chief Actuary

AIA Insurance Lanka PLC

Remove the past from the decision-making process! Having already done so much work, only a marginal further effort is required to qualify, thereby setting you up for a long and successful career- and a long and comfortable retirement!

Finally, I wish you the very best on your road to the FIA! ■

CALL FOR ARTICLES



We invite articles from the members and non members with subject area being issues related to actuarial field, developments in the field and other related topics which are beneficial for the students of the institute.

The font size of the article ought to be 9.5. Also request you to mark one or two sentences that represents gist of the article. We will place it as 'break-out' box as it will improve readability. Also it will be great help if you can suggest some pictures that can be used with the article, just to make it attractive. Articles should be original and not previously published. All the articles published in the magazine are guided by EDITORIAL POLICY of the Institute.

The guidelines and cut-off date for submitting the articles are available at :

http://actuariesindia.org.in/subMenu.aspx?id=1068&val=submit_article



CA2 TOPPER - October 2016 MR. KARTIKEY KANDOI

Congratulations

*Mr. Kartikey Kandoi, for being the Topper in
CA2 Exam held in October 2016.*

1. Tell us about yourself, your educational background and your hobbies?

Thanks for the warm wishes!!!

I am from Rajasthan, completed 12th in commerce stream (without Maths) from there and came to Mumbai for Chartered Accountancy Course following the footsteps of my elder brother and cousins. Being from a Marwari family, I had special love for numbers, be it Accountancy or Maths. I completed CA in 2013 while working in Deloitte, post that joined K. A. Pandit with 2 Actuarial papers to my credit and today I am left with only CA3 for Actuarial Qualification. We need to maintain a right balance of work, study and social life.

My rule is to focus on one thing at a time and put my 100% effort in that. My hobbies include Cricket, Cooking, Movies, Music and the one thing I like the most is WWE.

2. How did your parents, family and friends contribute to your success?

My family has always been special for me, they always had faith in me and this is the result of their blessings that today I'm here. People say behind every successful man there is a woman, I could say I had three women, my late grandmother, my mother and my lovely sister. Thanks to my father for giving me courage to stay positive and goal oriented. Relatives and friends had always been an integral part of my success and given all possible support.

3. How many hours of study on an average per day did you put in to top the CA2 result where in only 14 candidates passed out?

There is no specific schedule of study time, CA2 requires modeling techniques & documentation tactics which I learnt while working. Experience at the time of Audit in CA had also helped me.

In today's era, all Actuarial companies have their own software; I encourage students to know basics of those models rather than directly adapting the system.

On an average, I put 1-2 hour of regular study. I studied from past IFOA papers to understand the examiner's expectations. I don't have the habit of writing mock exam papers or practice writing; so I choose to give the IFOA exam which helped me a lot.

4. How much time do you think one requires for serious preparation for this examination?

For CA2, we first need to understand that the main objective is documentation and analysis of result rather than just modeling. One must devote 30-35 hours of dedicated study to get a good grasp of the subject.

5. Did you face any difficulty while studying this subject?

Generally for any exam we refer study material of IAI & past exam papers. But for CA2 India, we don't have past papers. Exam papers available on IFOA website are very helpful. I want to

thank Mr. Chetan Toshniwal for giving me counseling and showing right path for CA2. Generally students put more effort on model, but documentation plays a crucial role.

6. CA2 is a 7.5 hour long exam which examines documentation, analysis and reporting skills of the candidates within the given timeframe. What was your strategy to cover all these aspects while preparing for exam?

Effectively we have only 6.5 hour to work and 30 minutes reading time.

In the exam we are given 30 minutes reading time, I feel that time is very crucial and should be devoted to understand the background information and question requirement carefully. This time should also be utilized to identify assumptions and next steps.

We can apportion next 15 minutes for planning what workbooks are needed tables required for each calculation. What information to be kept as variable.

Excel model should be completed in maximum 1.5 hours. In that also I bifurcated time to first complete basic steps in approx 1 hour, then kept some time for additional scenario modeling, revalidating answer by reasonableness check & self checks. We need to maintain colour coding, to ensure documentation is accurate.

Audit Trail requires 2 hours to complete. Ensure proper sign posting and document all checks made in model.

At this stage keep 20-30 minutes buffer time, in case earlier stage requires more time.

Summary requires 2 hours, generally there is a myth that we can write summary from Audit trail and can be finished in 30-40 minutes, but we need to understand that summary is for a senior actuary and require brief description of methodology and detailed analysis of results & next steps.

Finally keep 15-20 minutes buffer to oversee full answer.

7. How has this exam helped you at the professional level?

CA2 teaches us to perform work in an arranged manner. We may build a model but without proper documentation, it is unlikely to be useful in the long run.

8. How do you think you can add value to the Actuarial Profession?

I would like to set up a committee at the Institute level, which can actively listen to students queries and suggestions. It must include Actuaries who will actually understand the concerns and can take the matter forward in the interest of students of the profession at large.

I would like to arrange some educational seminars for students at ST/ SA level, as we can see there are 80 students who are 1 paper short of fellowship.

I would like to help the the Institute to prepare India Specific reading material of SA level exams.

Currently Institute's policy on practical exam (CA2 & CA3 specifically) is significantly different than written exam, in terms of past papers on website, result date publication, provide verification and certified answer sheet, exam seat restrictions. I would like to bridge this gap to ensure all exams have same rule, as ultimately these are also compulsory exams for qualification.

Currently Institute's policy on practical exam (CA3 specifically) is significantly different from IFOA, in term of providing core reading of previous subjects (CT series & CA1), this should be provided as objective of exam is communication by explaining technical aspect to Non technical person/executive. I would like to bridge this gap as both institutes have mutual recognition of exemption for this paper, so the rule must be the same.

In case of CA3, I would like the Institute to arrange for a 1 day session,

like we have in CA2. So, students can have proper idea about what examiner requires. Alternatively study material on same needs to be provided which should include some sample format of communication methods and other aspects should be covered.

Currently CA2, IAI format is different than IFOA, due to which exemption for same is not available from IFOA; I would like to bridge this gap by aligning IAI format to bring in line with IFOA, to ensure students can gain benefit of exemption in this subject like other subjects.

In case of CT9, exam should be conducted at Institute center in exam condition and also give more weight on Actuaries Act, Ethics in that paper.

9. What was your purpose while selecting this course - Core Application Model Documentation, Analysis and Reporting?

I kept CA2 exam as my last exam in order to gain appropriate working experience. Target was to complete written exam earlier (which I completed in less than 3.5 years) and keep practical exam for qualification completion. ■

PEOPLE'S MOVE



Vijay Balgobin

Chief Actuarial Officer of the State Insurance Company of Mauritius has now retired as from 01 January 2017.

He is now operating as a private independent actuary involved in actuarial advice and training in the pensions and life industry in Mauritius.



First Marathon Run Experience from an Actuarial Colleague



It was 17th January 2016; I was standing in the footpath near Worli, when I went to drop my father-in-law for Mumbai Marathon. My father-in-law was of 74 years old and I am very young, if I want to compare with him. I was cheering for him, while he was running the marathon. Feel proud and happy that he was doing this at this age and was feeling very sad about myself. I thought let me try next time.

Getting encouraged I had filled up the form for current years marathon which was held on 15th January 2017. I was little hesitant whether to go for run or not on the day of running as some of my friends having rich experienced on the same, suggested that if you

don't practice and go for the same you may be hurt and wounded by some of the other runners in number of few thousands. I literally got scared and choose not to run the current year. Then I again tried to analyze if I do not try how would I know whether I can run or not. I had called one of my colleagues to get the final advice at 10 PM on the previous day, to understand the pros and cons of my running in this marathon without any practice. I got energized and took the call that let me try.

I was very early to the starting point of the marathon and met some of my colleagues and asked a very important question: 'Up to how much time the organizer will allow me to reach the finishing line'? They replied there is

no time limit. I got more strength as I know I can at least walk down and try to complete. To my surprise I was able to complete this within reasonable time being the first timer for any marathon of 21 Km. I feel proud that I have completed the same and thank myself with learning that if we try; possibly we can do or at least can reach near our destination.

Similarly our actuarial examination would be like this if all the students try to be determined and start running in the actuarial journey they would be able to complete the path of Fellowship within reasonable time. I hope for the best to all the students who want to appear for the coming diet of March 2017 in their respective papers.



Standard Chartered Mumbai Marathon

On January 15, 2017 I ran my 5th full marathon at the Standard Chartered Mumbai Marathon 2017. Why? Well, firstly distance running helps increase one's endurance. As an aerobic exercise it has a positive impact by making one's heart stronger, improve circulation, and strengthen one's muscles. Distance running is also said to help in de-

stressing and experiencing the "runner's high" on a regular basis. The actual run-day has a buzz about it from the thousands who volunteer at the event and the countless Mumbaikars who line the streets cheering from their yards offering water, oranges, energy bars or a sprinkler - the day is filled with good people!!! You also get a fleeting, up-close glimpse of the professional runners as they pass you, sprinting with effortless, graceful, gazelle-like strides. And for that satisfaction of completing the distance overcoming the elements, physical fatigue, dehydration, cramps etc. These are just a few reasons why a normally lazy person like me ends up registering for the 26.2 Mile (42.195K) run each year.



The famous Czech long-distance runner Emil Zatopek captured the feeling of marathon running when he said "We are different, in essence, from other men. If you want to win something, run 100 meters. If you want to experience something, run a marathon." For the statistically inclined, my own timing this year was 4 hours 53 minutes 51 seconds.

Your
bold
ambitions

+

Our
healthy insights

=

More
moments like this



Finding fresh ways to provide more people with greater security. Helping people to build for the future and enjoy longer, healthier lives. These are ambitions we share. At Swiss Re we believe that partnering with you will create innovative ways to manage health issues and improve the outcomes. That's why we want to share our expertise and insights from around the world to help you address your market needs. And that's why we truly relish those moments when we see results: those achievements, great and small, along the road to a healthier future for all. **We're smarter together.**

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