



Institute of Actuaries of India

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the Actuary INDIA

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Serving the Cause of Public Interest

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The Actuary India – Editorial Policy

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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;

- a. Disseminating information,
- b. Communicating developments affecting the Institute members in particular and the actuarial profession in general,
- c. Articulating issues of contemporary concern to the members of the profession.
- d. Cementing and developing relationships across membership by promoting discussion and dialogue on professional issues.
- e. Discussing and debating issues particularly of public interest, which could be served by the actuarial profession,
- f. 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;

- a. there is a growing emphasis on the globalization of the actuarial profession;
- b. there is an imminent need to position the profession in a business context which transcends the traditional and specific actuarial applications.
- c. 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:

- a. Members of other international actuarial associations across the globe
- b. Regulators and government officials
- c. Professionals from allied professions such as banking and other financial services
- d. Academia
- e. Professionals from other disciplines whose views are of interest to the actuarial profession
- f. 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.

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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

Since my last communication with you, big historic and unexpected events transpired the world that may have a long-lasting impact on the national and international politico-economic front. Along side these unexpected events, we, the Institute of Actuaries of India, successfully organized the **20th Asian Actuarial Conference (AAC)** in Gurgaon, the National Capital Region, India.

The two important events occurred on two consecutive dates on 8/11 and 9/11; the first event was demonetization of Indian currencies of denomination 500 and 1000 and the second event was the surprising US presidential election result. The currency demonetization may have significant short, medium as well as long term socio, economic, business and political impact on the country while the US presidential election result may induce renewing international ties with the US and perhaps some disruptions in certain areas in the world. There is a take away for actuaries from these events. There could be big unexpected events, which might disrupt the businesses in a big way. As part of the

risk management the business should be ready for such unknown unknowns impacting their businesses and they should have the risk mitigation plans in place. The businesses are now busy in assessing the adverse impacts and the also the potential opportunities in their respective businesses and we actuaries have also a significant role to play in helping the business in managing the risks and capitalizing the opportunities in a better way.

Coincidentally, the 20th Asian Actuarial Conference (“AAC”) also began on 9/11 for four days in Gurgaon with the theme “**Changing Asian Societies: Challenges and Opportunities**”. Many of you would have attended the same and witnessed/ participated in the discussions in the conference. Over 700 delegates (close to 300 from overseas and over 400 from India) attended the conference from more than 25 countries. There were total 4 plenary sessions and 36 parallel sessions in the conference besides opening ceremony on the first day, closing ceremony followed by the Gala dinner on the last day along with half day Delhi sightseeing tour for

delegates on day 2 of the conference. This conference was perhaps first of its kind truly an international actuarial conference hosted by us in India and represented by a large number of speakers/ panelists and delegates from India, Asian countries and many countries from the rest of the world.

Mr. T S Vijayan, the Chairman, Insurance Regulatory and Development Authority of India inaugurated the conference who kindly took out valuable time from his busy schedule and travelled all the way from Hyderabad to Gurgaon. In his inaugural address, he touched upon many topics relevant for the conference in Indian, Asian as well as in global context where actuaries have a significant role to play. He recognized the role of actuaries in providing the development and stability in the insurance industry across the world. He also emphasized the confidence bestowed by the Senior Management in the insurance industry on actuaries. It is, therefore, much more important that the Indian Actuarial Profession, not only maintain such confidence but also enhance it over the time through our services to the industry.

He further stressed that given the low insurance penetration there are immense insurance growth potential in the Asian countries. He referenced to the Pradhan Mantri Jeevan Jyoti Yojana covered 120 million lives indicating that if the insurance is available at an affordable price, there is a large market for such products. On the emerging risk side, he advised insurance players to consider risks from economic uncertainty, environment changes, Technological development, social media impact and changing customer behavior and incorporate into the business decisions. He mentioned that to maintain the transparency, the insurance industry should be ready for the public review.

I thank all the IRDAI senior officials including **Ms. Pournima Gupte**, Member Actuary and **Mr. Nilesh Sathe**, Member Life, who blessed the conference and also contributed by way of joining the panel discussions, moderating sessions and offering their valuable views and comments.

In the conference many excellent papers were presented on the topics

of life, non-life, health, pension, investment, Mergers and Acquisitions etc. All the contributions made by presenters and moderators were par excellence. I would like to mention that such a big conference cannot be a success without hard work by the **Organizing team, the volunteers and the Institute staff**. Through this page, I once again thank all of them for their hard work during days and nights for so many months. The leadership of the Institute do recognize that. I would like to mention here that the next AAC will be held in Beijing, China.

On 14th October 2016, the Institute had organised the capacity building seminar on "IndAS for Life Insurance" to discuss the issues and to bring out some clarity on the potential implementation of IFRS in insurance. There were 5 speakers of subject matter expert and over 100 participants who attended the program from the life insurance industry. There are many such programs being planned for coming months on the current issues and development where actuarial profession has to proactively

respond and contribute.

For our students, the Institute has announced the start of online coaching classes for 7 Core Technical (CT) subjects. I would like to encourage students to make the best use of available opportunities to progress further in your quest to become an Actuary. For senior students, we are also working on to conduct face to face coaching and council sessions for select CA and SA level papers where many students stuck. By the time you will be reading this message, the results of September examination would be around the corner in early December, I wish everyone a success.

At the end, I would touch upon equally important topic, though a personal one, I was a successful finisher in "Airtel Delhi Half Marathon" on 20th Nov 2016. I would encourage many of you should participate in such runs in 2017 and we would like to see flashes of success runners in our Actuary India Magazine. Good luck for all those who are running Mumbai Marathon 2017 in January!



We invite readers to respond briefly to our articles and to suggest new features with letters to the editor. Kindly mail your responses on library@actuariesindia.org with your name & contact details. Appropriate responses will be published in Actuary India magazine with the approval of competent authority.



From the Desk of

Chief Editor

– Mr. Sunil Sharma

It's really great feeling to write to you after the grand success of the 20th Asian Actuarial Conference (AAC) which was held from 9-12 November, 2016 in Hyatt Regency, NCR, Gurugram. We noticed overwhelming response from the delegates from Financial Services Industry, be it insurers, consultants, regulators, KPOs, TPAs from all across the world. Many thanks to media persons and volunteers who worked hard to ensure the event AAC gets good coverage in media. The conference was attended by over 700 people from across 26 countries. Being a member of the 20th AAC organising committee, I was extremely pleased with the flow of energy among the delegates and the electrifying environment. It was an amazing experience to conduct a Seminar, with AAC format which is significantly different from the GCA format. Having Mr. T S Vijayan, current Chairman, IRDAI and Mr. N. Rangachary, the first Chairman IRDAI in the AAC event was unique to the event.

It's worth noting that the 20th AAC event coincided with the announcement of Demonetisation of ₹500 and ₹1000 notes by the Prime Minister, a great move to curb the black money in the history of India.

While there was some inconvenience to the delegates due to liquidity crunch, there were no major issues as the hotel was accepting cards. It was truly heart touching and proud moment to see our Indian delegates giving cash to the foreign delegates to help manage their liquidity.

Some estimate suggests that ₹500 and ₹1,000 notes account for 80% of the bank notes circulating in India. Given enormous size of the economy and geography it may take some time for the demonetisation process to get completed successfully. Government has given the facility to exchange the old notes in banks and post offices. All old notes can be deposited in the bank accounts. While there are some short terms challenges, it is a scheme which is expected to take the country to higher orbit. I do believe that if we as people and a nation pull this off it is transformational for Indians. It is expected that the removal of 500 and 100 Rupees note will help to:

- remove or control to large extent the black money from the economy
- stall the circulation of large volume of counterfeit currency
- curb the funding of antisocial element like smuggling, terrorism,

spying etc.

The overall demand is expected to be affected to an extent. Following sectors may have moderation in demand from consumer side:

- consumer goods
- Real Estate and Property
- Gold and luxury goods

Prices in real estate and property sector are likely to fall, especially for sale of properties in secondary market where major part of the transaction is cash based rather than based on cheques or bank transfers.

This dynamic landscape, resulting from economic development, brings a significant amount of opportunities and challenges to the insurance sector. Let's help to whatever extent we can by educating the people in particular, the feet on street to use banking system effectively and digitisation of money to ease the transformation. A little effort from all of us in educating people about using cash cards, credit cards, Money wallets to make payment will make a significant difference. Let's make an impact on the society. I look forward to the successful execution of demonetisation and digitisation of money. With this note, I would like to sign off.

IRDAI Chairman's interaction with The Economic Times, the publication has filed the story and also mentioned Asian Actuarial Conference in it.

(This has featured in six editions of The Economic Times – Delhi, Mumbai, Kolkata, Chennai, Balgalore and Hyderabad- Dated 16th November 2016)

Permission to increase equity exposure will be decided on a case-to-case basis: IRDA chief

Dheeraj.Tiwari
@timesgroup.com

New Delhi: The Insurance Regulatory & Development Authority of India is open to insurers surpassing the 15% limit on equity holdings in a company under some conditions.

"In certain circumstances, certain companies will like to have higher exposure," IRDAI chairman TS Vijayan told ET. "If someone wants higher exposure in a particular company, they will have to take specific permission of the authority."

Vijayan added that such a provision is fair and follows the principles of good risk management.

The move may allow Life Insurance Corporation of India (LIC), the country's largest insurer, to participate in the government's sale of shares in blue chip companies held by the Specified Undertaking of the Unit Trust of India (SUUTI).

Earlier this month, the government sold a 1.63% stake in Larsen & Toubro for ₹2,100 crore. LIC didn't take part in the stake sale.

At present, LIC holds 16.04% stake in L&T, 14.34% stake in ITC and 14.47% in Axis Bank.

"If the regulator permits, the insurer can raise its stake to as high as 20%," said a government official aware of the deliberations, adding that LIC is already in talks with IRDAI. Vijayan said

Okay to Exposure

Higher equity exposure likely with IRDAI permission



LIC said to be in talks with the insurance regulator on raising equity stake

Govt sold 1.63% stake in L&T for ₹2,100 cr in Oct

Move may allow LIC to participate in govt stake sale in blue chip companies held through SUUTI

LIC holds 16.04% stake in L&T, 14.34% in ITC and 14.47% in Axis Bank

Govt's holding in SUUTI is worth ₹62,000 crore



"If some cos approach us on that we will like to see whether that company itself is clear on what they ask for, we will examine, whether all requirements are fulfilled"

TS Vijayan
IRDAI chairman

id the watchdog will examine each case individually.

"If some companies approach us on that, we will like to see whether that company itself is

clear on what they ask for, we will examine whether all requirements are fulfilled," he said. The regulator would like to ensure that all the due diligence has been done.

The government's stake held by SUUTI is collectively valued at almost ₹62,000 crore, more than the ₹56,500 crore budgeted from disinvestment in the current financial year.

Vijayan said there is a lot of glo-

bal interest in India's insurance sector, as evinced at the recent Asian Actuarial Conference.

On the impact of the Goods and Services Tax, which the government may introduce in the next financial year, the regulator said the insurance industry already pays service tax.

"Whatever initial hurdles are there will be smoothened out," he said, adding that insurance companies have not raised any issues.

The regulator noted that the challenge for insurance companies is product distribution and widening their reach.

"If you look at the economy in India, a lot of distribution is happening through the e-commerce platform... Many companies have taken initial steps,"

ET VIEW

Don't Tweak Rules, Abruptly

A policy flip flop to ensure that the government has ready takers for shares of companies that it holds through SUUTI is not a good idea. Exposure to a single investee company is capped to ensure diversification of risk in an insurance company's equity portfolio. A diversified portfolio is in the interest of policy-holders. A case to case approval by IRDAI goes against the grain of equal treatment of all insurers.

Vijayan said.

On the issue of listing state-run general insurers, Vijayan said the government has decided in principle to list the companies. "Officially, they have not told us," he added.

**'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 NOVEMBER 2016**

**happy
birthday**

MR M G DIWAN

MR A GHOSAL

MR K J PRADHAN

to you!





Coverage Report



20th Asian Actuarial Conference

“Changing Asian Societies: Challenges and Opportunities”

Submitted by:



The 20th Asian Actuarial Conference (20th AAC), an event of the Asian Actuarial Congress (AAC) being organized by the Institute of Actuaries of India on behalf of AAC, was inaugurated with a keynote address by T.S. Vijayan, Chairman IRDAI.



T.S. Vijayan, Chairman IRDAI inaugurating the 20th Asian Actuarial Conference 2016 in the presence of Sanjeeb Kumar, President, Institute of Actuaries of India; Rajesh Dalmia, Chairman 20th AAC; Jerry Brown, President Elect, Society of Actuaries, USA; Alissa Holz, SVP & Chief Pricing Actuary RGA and R. Arunachalam, Vice President, Institute of Actuaries of India.

Asia's Emergence as the Engine of Global Economy Will Provide Greater Opportunities for Insurance and Actuaries Sector in India to Offer Affordability and Accessibility of Services - IRDAI Chairman

Hosted for the first time in India, the Conference created a confluence of over 700 professionals including actuaries, risk officers, policy makers, subject matter experts and other stakeholders in the financial services space from across the globe.

Echoing the theme of '**Changing Asian Societies: Challenges and Opportunities**' that underscores the Conference, **T.S. Vijayan** commented in his inaugural address, "While nearly 60 percent of world's population resides in Asia their contribution towards global economy is about 33 percent. As the economic growth rates of Asian countries are significantly higher than the developed economies of the West, this presents greater opportunities for the insurance and actuarial profession."

Emphasizing his faith in the potential lying within the unmet demand of insurance services in Asian economies and pointing out the levels of insurance penetration, the Chairman added, "In addition to the premium densities, the number of lives covered and amount of risks covered should also be the focus for the industry." Drawing the attention of delegates to the successful implementation of affordable insurance schemes, introduced by the Government of India in the recent past, he added that over 120 million people in India participating in the programs shows the desire of Indian societies to avail insurance. Providing insurance coverage at affordable premium and availability of cover are the challenges in Asia and India in particular.

Sanjeeb Kumar, President, Institute of Actuaries of India, the organizers of the Conference addressed the delegates on the developments in the Indian actuarial profession as well as outlined the strategies to attract and nurture the talent pool to support the industry's growth. "Although the role of actuaries as a profession is witnessing steady increase in demand, we have around 70,000 working actuaries globally. There is a shortage of approximately 40,000 actuaries globally. Indian Actuarial profession consist of over 10,600 members which includes over 330 Fellows and over 160 Associate members. We have about 35 newly-qualified actuaries in FY 2016 and over next few years we aim to have over 100 newly qualified actuaries each year," he added.

Rajesh Dalmia, Chair of 20th AAC and former President IAI said, "In future, in order to foster a promising ecosystem for newly-qualified actuaries, there is a need to push the boundaries of profession traditional areas where actuarial expertise is of significance."

The AAC programme covers 4 plenary sessions and 36 concurrent sessions, providing insights into the current issues related to the actuarial profession and industry. The concurrent sessions cover general insurance, health insurance, claim inflation, risk function effectiveness and pension and employee benefits.

The Asian Actuarial Congress (AAC) was established in 1981 with initial nine Actuarial Societies representing

respective countries. Year 2005 gave it a new colour when the Indian Actuarial Profession then called Actuarial Society of India became its member, the first new one after 1981. As of now the Actuarial Societies in Australia, China, Hong Kong, Thailand, Indonesia, Japan, Korea, Malaysia, Philippines, Singapore, Chinese Taipei and India constitute its members. The activities of AAC now envelope whole of Asia.

Rajesh Dalmia, Chairman 20th AAC; **N. Rangachary**, First Chairman of IRDAI; **Jerry Brown** President Elect, Society of Actuaries, USA; **Alissa Holz**, SVP and Chief Pricing Actuary at Reinsurance Group of America; **Sanjeeb Kumar**, President, Institute of Actuaries of India; **R. Arunachalam**, Vice-President, Institute of Actuaries of India; **Nilesh Sathe**, Member (Life), IRDAI; **Mary Frances Miller**, CAS and **K. Subrahmanyam**, Former ED, IRDAI; were some of the eminent panelists who participated in the inaugural session and the subsequent panel discussions.

The conference witnessed participation of over 700 delegates from 26 countries.

About Institute of Actuaries of India:

Institute of Actuaries of India is a statutory body established under The Actuaries Act 2006 (35 of 2006) for regulation of profession of Actuaries in India. ■

This Coverage appeared in print and digital media mentioned on page 10 to 15 of this magazine



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3rd Capacity Building Seminar on “IndAS for Life Insurance”

REPORTAGE

Organized by: Advisory Group on Life Insurance

Venue: Hotel Sea Princess, Mumbai

Date: 14th October 2016

Name of the Chairperson:

B N Rangarajan

Speakers / Presenters:

Rajosik Banerjee, Partner, AAS and Head FRM, KPMG

Kailash Mittal, Director – Advisory Management, KPMG

Rajesh Dalmia, Senior Partner, EY

Charanjit Attra, Partner, Financial Accounting Advisory Services, EY

Ashutosh Pednekar, Partner, M P Chitale & Co

Brief about the Seminar:

The seminar was organised against the backdrop of the adoption of IFRS (called Ind AS) accounting standards in India. As per the IRDAI circular issued on 1st Mar 2016, all insurers will have to comply with Ind AS for their Financial Statements for accounting periods beginning on or after 1 April 2018, with comparatives for the periods ending 31 March 2018. Insurers also need to be prepared to submit proforma Ind AS financial statements to IRDAI from the quarter ending 31 December 2016 onwards.

The purpose of the seminar was to discuss the implications of and issues arising from the proposed implementation. More specifically, the seminar was devoted to the two standards that are expected to have the most impact on Financial Statements:

- Ind AS 104 – “Insurance Contracts”
- Ind AS 109 – “Financial Instruments”

Seminar Highlights:

The seminar started with a quick welcome from **Mr. B N Rangarajan**



who is the Chair of Advisory Group on Life Insurance. He introduced the various speakers and thanked them for their participation. The Keynote address was delivered by **Mr. Sanjeeb Kumar**, President of The Institute of Actuaries of India.



He touched upon the initiatives of the Institute and how the seminar was organised within a short time for the benefit of members. He hoped that

the seminar presents enough brainstorming opportunities for all the participants.

The first session was presented by **Mr. Rajosik Banerjee**.



He started by setting the context in terms of the key takeaways from IRDAI's circular Ind AS. It requires the Audit committee to oversee the implementation of Ind AS and report to the Board who would be ultimately responsible for compliance with Ind AS. Companies need to evaluate the impact of adopting Ind AS on capital adequacy and impact on solvency. The timeline of implementation requires that the Ind AS opening balance sheet be prepared as at 1st April 2017 so that comparative for FY 2017-18 can be published in the first Ind AS compliant statements for FY 2018-19. Ind AS are principle based standards and emphasise substance over form as against the current prescriptive guidance issued by the Regulator.

The speaker then moved on to specifics of Ind AS 109. As against

current Indian GAAP which classifies Investments as Short term and Long term, Ind AS requires classification into three categories: Fair Value through P&L (FVTPL), Fair Value through Other Comprehensive Income (FVOCI) and Amortised cost. All equity instruments will be classified as FVTPL except if they are not held for trading in which case there is an option to choose FVOCI without being recycled through P&L. Debt classification will be driven by the business model assessment approved by Key Managerial Personnel. Only the debt instruments that are held to collect sole repayments of principal and interest can be classified at amortised cost. It is expected that in practice, companies will have a mixed model for debt with a significant portion being FVOCI with others being Amortised Cost and in some cases FVTPL. For Impairment of Financial Instruments, Ind AS 109 moves away from the incurred loss model to an expected loss model. Companies will have to classify those financial instruments which are not FVTPL into one of the three stages of credit risks defined. Different measurements of Credit loss need to be provided based on the stage in which an instrument belongs. It is expected that this will lead to higher degree of volatility in provisioning when an instrument moves from 1 year expected credit loss to a lifetime expected credit loss.

The challenge in implementation of Ind AS 109 is that international benchmarking is not available. Hence there might be divergent views on areas of judgement, e.g. whether credit loss needs to be provided on Gilt securities. It will require many system considerations like tagging of categorisation of contracts, capturing the effective interest rate for amortisation, etc. Extensive disclosures are required under the standard in areas such as Credit Risk, Liquidity Risk, Market Risk, methods used to arrive at Fair Value etc.

The second session was on Ind AS 104 and it was presented by **Mr. Kailash Mittal**.



He started by stressing that Ind AS 104 is only an interim standard and hence does not aim at a uniform accounting policy. Instead, it specifies certain minimum criteria, which if satisfied by the current valuation methodology, the same can be continued. It provides lots of disclosure requirements and aims at pushing the accounting policy towards fair value. Ind AS classifies contracts between Insurance and Investment based on whether it transfers significant insurance risk by agreeing to compensate policyholder for adverse impact from uncertain future event. However there is no guidance on what is 'significant'. However it covers within its scope those Investment contracts that have a Discretionary Participation feature (DPF). Example of Investment contract without DPF is a Unit Linked Plan with no significant insurance risk. Such plan will be covered under Ind AS 109 instead of Ind AS 104.

The speaker further stated that Ind AS 104 specifies cases where unbundling of the Insurance and Investment component is either required or optional or prohibited. If unbundling is done, then 'deposit accounting' will be applied to the investment component which will have an impact on the top line. Also, the liability on the deposit component will be governed by Ind AS 109 and hence will be fair valued. The speaker then moved onto the requirement of separating an embedded derivative from

the host contract. However, it is not required if the embedded derivative is itself an insurance contract. The next thing which was discussed was Deferred Acquisition cost against future revenues. However it applies only if NPV method of reserving is used and since Indian regulations require GPV method of reserving, it is not relevant in the Indian context.

The speaker then covered the requirement to perform a Liability Adequacy Test (LAT) to assess at each reporting date using current estimates of future cashflows whether the recognised Insurance liabilities are adequate, and to charge to deficiency, if any, to Profit or Loss. Also, an insurer is not allowed to hold Global reserves which are in the nature of Income smoothing mechanism or those which are held against contracts not in existence as on the reporting date. Further, Ind AS 104 explicitly prohibits offsetting reinsurance assets against related insurance liabilities. Also insurer should recognise at each reporting date if its Reinsurance asset is impaired and provide for the same. The session was concluded by discussing the various detailed disclosures required under Ind AS 104 relating to different risks and uncertainty the insurance contracts are exposed to.

The next session post lunch was presented by **Mr. Rajesh Dalmia**



and dealt with the implementation challenges and important decisions under Ind AS 104. He explained the concept of Contract boundaries which will be part of Phase II IFRS standard.

It will be important to consider these in case of certain lines of business like Pension contracts, One year renewable contracts etc while determining Insurance or Investment classification. Cash flows are within the boundary of an insurance contract when the entity can compel the policyholder to pay the premiums or has a substantive obligation to provide the policyholder with coverage or other services. Next was the discussion on what is significant insurance risk. It was stated that globally the quantum of significance was regarded somewhere around 5%-10%. There was a view from one of the participant that care should be taken while interpreting what is significant as significant does not mean substantial. Also, time value of money needs to be considered and hence certain contracts might not be classifiable as insurance, for e.g. Immediate Annuity for life at 5% with ROP on death will most certainly not be classifiable as insurance.

Next the speaker asked the audience to consider whether in certain cases all obligations arising from a deposit component can be said to be recognised. If that is not the case, then unbundling will be compulsory. Potential cases include a Highest NAV product where the current NAV is lower than the highest NAV, ULIP with an x% return guarantee and currently in the money. Next was whether certain reserves currently held by various insurance companies can be held under Ind AS. Potential cases to consider include Data Inadequacy reserve, Operational risk reserve, Closure to NB reserve etc. Then the speaker highlighted cases where consideration should be given to whether the LAT is satisfied. Potential areas include highest NAV guarantees, maintenance expense overruns, if F&U says payout at x% of Asset share for Par product then whether TB is adequate, UPR for Group term even though experience shows claims > premium etc.

The speaker also highlighted the cases where a possible Reinsurance asset impairment may arise. Situations include assuming 100% future recoveries where past experience shows less than 100%, violation of any terms of the reinsurance treaty, drop in credit rating of reinsurer etc. Also, situations to be considered as potential embedded derivatives which might need to be separated include ULIP with a floor on investment return, option to purchase a rider, highest NAV guarantee, settlement option in ULIP contracts, Paidup / Revival options on all contracts etc. The presentation ended with a mention that it seems shadow accounting will not apply to any set of products in the Indian context.

The next session was presented by **Mr. Charanjit Attra** covering implementation challenges and important decisions under Ind AS 109.



covering implementation challenges and important decisions under Ind AS 109. He first dealt with the definition of a Financial Instrument and explained that it is a broader term than what is commonly understood. He also explained the definition of equity instrument. Regarding the 'Business model' assessment for classification of Debt, it refers to how an entity manages its financial assets in order to generate cashflows and create value for the company. It usually reflects how performance of financial assets is evaluated and reported and how the risks affecting them are managed. Information about past sales should not be considered in isolation as they

do not drive the business model. Examples of sales consistent with Amortised cost include infrequent sales even if significant, sale on deterioration of credit quality in line with a documented policy etc. He also stressed that a business model is required to result in FVOCI categorisation as it is neither a residual category nor a free choice. FVTPL is the residual category for all instruments failing either the contractual cash flow or the business model test. Financial Assets can be reclassified only when the Business model is changed.

The speaker then explained how to ascertain whether increase in credit risk is 'significant'. This can be done by making operational simplifications like a rebuttable presumption based on say, a 30 days past due criteria. For certain securities a simplified approach for expected credit loss is allowed. He also dealt with criteria for derecognition of financial instruments.

The final session of the day was conducted by **Mr. Ashutosh Pednekar**.



He started by giving a brief about the international transition from IAS 39 to IFRS 9 which will be applicable from January 2018 and their major differences. He also spoke about Phase II of Insurance standard which is now designated as IFRS 17 which will be effective not before January 2020. Globally this has led to a concern that the financial statements of insurers during this interim period will be difficult to understand as there will be accounting mismatches and apparent volatility that may arise in profit or

loss. To overcome this, the IAB has given two options viz. an overlay approach which will permit to adjust the profit or loss by applying IAS 39 to eligible financial assets and a temporary exemption approach for companies whose activities are predominantly connected with insurance which will allow deferring implementation of IFRS 9.

The situation in India is that we do not have an equivalent of IAS 39 under Ind AS. India has early adopted Ind AS 109 for non BFSI entities and some of these have insurance subsidiaries that are currently bound by IRDA regulations on accounting and valuing financial assets and liabilities. To address these issues the Accounting Standards Board of ICAI has constituted a study group, whose recommendations will be considered to pronounce the final amendments

to the accounting standards. Matters being examined include why to deny options that are available internationally and whether it will matter that we have never applied IAS 39 earlier. Also opting for Temporary Exemption Approach will not reduce cost & effort since Ind AS 109 will need a disclosure.

Overall, the sessions conducted were highly interactive with very good participation from the audience. They certainly went a long way in sanitising the audience with the requirements of the two major Ind AS as well as the practical implementation challenges and key decisions to be made. ■

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 Reliance Life Insurance

Participant's Feedbacks

The two sessions each on IND AS 104 & 109 should have been combined. If you have two sessions on same topic a lot of overlap happens. Instead that time can be used for productive discussion

The session were too long & had a lot of repetition. We could have focussed more on the liabilities given majority of delegates were Actuaries

Seminar should not include wider topics. It would be great if the presentations made during seminar is shared

Entire topics were two days length while the same were covered in one day which was too exhaustive for the participants

More focused presentation on each major aspect covered

Should have further sessions - 3-4 months later

More such capacity building seminars should take place

The last session should not have been beyond 5.00pm

Nice topics, Good Presentations. Should have follow up seminar

Few areas were repetition among the speakers. Such repetition should be avoided

Quite exhaustive for a single day session. Should be held for two days with few workshops on the topics covered

The topics covered were relevant to objective i.e on IND AS in Life Insurance

Workshop can be conducted with Practical Exercises. Practical Examples products, contracts & Financial Statements may be discussed



Tools of an Actuary

Anything used as a means of accomplishing a task or purpose is a tool. Many professionals use different tools in order to perform their tasks. A surgeon uses scissors, knife, forceps; a potter uses a wheel; a carpenter uses squares, saw, hammers; a painter uses brushes etc. Similarly an electrician, mechanic, weaver, architect, warrior, musician, barber, hunter etc use different tools in their day to day work. However, there are some professionals such as a lawyer, accountant, actor, singer, politician etc who perhaps don't need any tool to accomplish their tasks. Does an actuary fall in the first or in the second category and whether he uses or doesn't use any tool in order to carry out his work?

About a decade and a half ago I happened to be a part of an interview committee for candidates who were all actuarial students. I asked the candidates, "As a surgeon uses surgical tools in surgery, whether an actuary uses any tools in his work. If so, what are those tools?" None could reply this question. Later I was told that after the interview of one or two candidates, others came to know about this question being asked in the interview. They referred the actuarial books but could not make out the tools being used by an actuary.

By a tool people generally believe a device or implement used to carry out a function whether manually or by a machine. Such tools are tangible tools which can be precisely measured and assessed. Most of the

professions use tangible tools which are quite interesting not only for those professionals but for general public also.

In all professional courses the professionals are trained for the use of tools, techniques and principles involved in that profession. The initial core technical subjects studied in the professional course of actuarial science cover the tools and techniques used by the actuaries. The tools are the basic instruments of a profession whereas the techniques are a set of skills learnt by the professionals to perform their work skillfully. An actuary needs to use theory of probability and compound interest in his actuarial work the way a surgeon needs surgical instruments in surgery. Therefore "Theory of Probability" and "Compound Interest" are categorized as tools of an actuary.

Some people may argue that a calculator or computer is also an actuarial tool as it is used by actuaries. If we consider it as actuarial tool, then perhaps log table or other calculating machines used by actuaries earlier may be regarded as actuarial tools. But these are computation tools used by many professionals.

The tools of some of the professions are used exclusively by such professionals only. They might have been created by such professionals at the time of or after the origin of their profession. Potter's wheel may probably be one such example. On the other hand, there are other professions whose

tools have multiple uses. In such cases the tools might have been invented prior to the origin of the profession.

Actuarial tools were originated prior to the origin of the actuarial profession. Though probability in some form might be in use even before but in 1654 a gambler's dispute led to the creation of a mathematical theory of probability by two famous French mathematicians, Blaise Pascal and Pierre de Fermat. And the other tool, the compound interest is being used by money lenders from the time immemorial. Thus actuaries borrowed Compound Interest from money lenders and picked up Theory of Probability from the gamblers who were using it for their bets. Thus origin of both the actuarial tools is bad. Gambling, in general, is not regarded good and is punishable offence in many jurisdictions of the world. Money lending is also prohibited in some communities. The money received as interest or through gambling is not hard earned money and is not regarded good by many.

With the passage of time the tools improve which helps the professionals also to improve in their work and bring more precision and efficiency. In case of some professions some of the tools may be replaced by the new ones and some more may even be introduced. Surgery is one such profession where a lot of improvement in tools has taken place. Actuarial tools have also improved from the time of their origin.

When we talk of tools, a tool-kit or

a tool box comes to our mind. The tool box is designed according to the set of tools used by a professional and is generally unique for that profession. Tool boxes are created for tangible tools. As actuarial tools are intangible in nature they don't need a tool box.

The tools of some professions generate further employment for other professionals. There are companies which not only manufacture the tools but are also engaged in systematic research and development towards innovation, introduction and improvement of those tools. Such research and development activity is carried out generally either by the user professionals themselves or in consultation with those professionals. Then there are firms which are engaged in the marketing of those tools. Thus the tools of many professions are a source of employment for other professionals.

Actuarial tools, on the other hand, are the source of limited employment. Earlier the actuaries used to have printed tables of compound interest at various rates, mortality and life tables and other probability values. The printing and marketing of these tables used to provide some employment. Now-a-days actuaries use specific software involving probability values and compound interest rates which

provides some employment to actuaries and others.

There is a famous proverb- a bad workman blames his tools and this may be true with many professionals. An actuary, however, when makes mistakes does not blame his tools. Perhaps he may not do so. He rather blames the data provided to him.

An actuary, however, when makes mistakes does not blame his tools. Perhaps he may not do so. He rather blames the data provided to him.

In the end I recall an incident which was narrated to me by Dr Rajas K. Parchure, who used to work as Professor in National Insurance Academy, Pune. Once around the beginning of this century he had visited the Institute

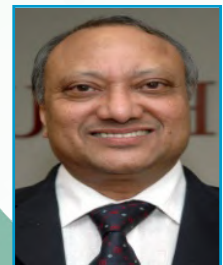
of Actuaries, UK. On the way to the Staple Inn in London, the well-known UK Institute's office, he asked the cab driver, "You might have been to this building earlier. Do you know the place?" The driver told yes he had been earlier and knew the place. Then Dr Parchure asked, "Do you know who the actuaries are and what they do?" At this the driver replied, "I have dropped many of my clients earlier at Staple Inn. However, I don't know who actuaries are and what they do. But they are good people"

Thus though the tools of an actuary might have bad origin, Actuaries are good people.

Thus though the tools of an actuary might have bad origin, Actuaries are good people.

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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://www.acturariesindia.org.in/subMenu.aspx?id=106&val=submit_article



Application of Stress Testing

Background

Value at Risk (VaR) is central to economic capital calculation used under both Basel-II/III and Solvency-II regime. This enables banks and insurance companies to calculate the appropriate level of economic capital to maintain its solvency position to the desired level of confidence based on the risks that it present within certain time frame.

VaR is defined as the maximum loss that a financial institution can suffer in a given time frame and within a certain confidence level. VaR uses statistical distribution to calculate the losses(capital requirement) within a given confidence level (say 99.5%) over a required time horizon (a month or a year). However, such measure often fails to capture the amount of loss sitting in the tail of the distribution.

VaR is a good measure to quantify loss amount that occurs with relatively high frequency up to a defined level of probability; however, it is relatively poor in capturing the amount of loss beyond the defined level of probability which can be catastrophic in nature for the Company. To assess such losses, Stress and Scenario testing (SST) is used in banking and insurance industry. SST is developing into a very strong tool as a part of risk management in financial sectors, though sensitivity testing have been used in the actuarial domain for last many years to assess the movement of results but there is a slight difference between Sensitivity testing and Stress

testing. The differences are covered later in the section.

Purpose of SST

The purpose of SST is to measure the impact of potential adverse scenario that may arise to the institution helping them to devise action plan for responding to and managing the risks identified in the stress testing exercise. This helps in assessing the risks facing the Company and keep adequate capital to absorb the losses should such large shock occur in future. SST helps Board and senior management understand the Company's risk profile to an identified level of stresses. It allows them to take a better informed decision about the risk tolerance capacity appropriate for them. The success of SST comes from right understanding of SST results on the part of senior management and the Board and thereby helping them development of appropriate scenarios. The management action plan devised to mitigate the risk should be practical and achievable. If the action plan are superficial, then the purpose of SST will be defeated and the Company will fail to withstand the crisis situation.

Application of SST in Life Insurance and Banks

SST is getting quite popular in insurance and banking sector to identify and quantify risks that can damage the survival of the firm. Regulatory bodies round the world are prescribing mandatory stresses and scenarios to be tested. Apart from mandatory requirement, SST also plays key role in risk assessment.

Life Insurance

In life insurance sector, SST helps in assessing and quantifying risks in various areas such as business planning, product development & pricing, Assets and Liability matching, solvency testing, capital requirement, business deals, decision making etc.

In each of the areas the SST extends over future time period by stressing key parameters such as new business, interest rate, lapses, demographic conditions, regulatory changes, change in product mix etc. The results of SST generates spectrum of scenarios over the future time period on the state of the world if such risks occurs. It is for the management to plan for mitigation action by accepting, transferring, managing or avoiding risks, and if none of the actions are possible then keep additional capital.

However, the success of SST depends on number of factors such as

- Clear understanding differences between Stress testing, Sensitivity testing, and Scenarios building
- Identifying right scenarios for right purpose
- Understanding of SST results by the Senior Management and the Board
- Development of realistic and doable Management action plans

Differences between Stress, Sensitivity and Scenario building

Stress testing and Scenario analysis are often interchangeably referred

in the context of risk management. However, stress testing is a bottom up approach while scenario analysis is a top-down approach. Stress testing is about a large change in the risk factor while scenario analysis is an alternative state of the world. Stress testing quantifies the loss under the extreme event without assigning the probability of happening of an event.

Scenario testing

A scenario is all possible future outcomes at a point of time or over a period of time. A scenario may be generated through one or more events or changes in circumstances through identification or simulation of several risk factors over a period of time. A scenario testing is useful to generate many possible outcomes for management to study and take appropriate action.

The Management is to decide whether the scenarios are standalone or correlated and interpret the results and create management action accordingly.

Therefore, the Management should be aware of whether the test performed is a stress test or sensitivity testing based on the requirements of the Company

Sensitivity testing

A sensitivity testing is a set of alternate assumption about the future state of environment. This alternate scenario can result from a single or multiple risk factors occurring over a short or long period of time. A scenario used in sensitivity testing could be a small change in the risk factor or their likelihood of occurrence. Sensitivity testing is useful in understanding say 1% impact of the change in the interest rate on the profitability of the Company. Stress test on the one hand would test the extreme movements in interest rate say 70% up and down from the base position, while scenario testing could be a range of interest rate movement from 10% to 50% up and down from the base position.

Identifying the right Scenario

The success of SST depends on a lot on identifying right scenarios based on the profile of assets and

liability. For example, a portfolio with predominantly protection business will require stresses based on mortality and persistency, a severe stress test on interest rate risk will not be useful in this case. Similarly, a portfolio with predominantly a single premium, Group and annuity products will not require severe stress testing on persistency while a portfolio with traditional and unit-linked products will require strong persistency test.

At times it is difficult to convince management to pay attention in developing the stresses and its result.

During the Global financial crisis, it was noted by the Senior Supervisors Group that some firms found it challenging to persuade their senior management and the business line management to develop and pay sufficient attention to the results of forward-looking stress scenarios that assumed large price movements.

Development of realistic and doable Management action

The full benefits of SST can only be realized if the management actions developed to manage the risks are realistic and doable. It has been observed at times that the management action is itself a risk because either the actions are not attainable or they are impractical given the portfolio. For example, if the stress on interest rate results into large change in the assets and liability mismatch and the mitigating action is to re-price products, however, if the entire portfolio is of non-par products, the mitigation action will require re-pricing of entire portfolio and thereby the Company will not have any new product to sell. So this action is not practical, the Company needs products diversification in this case first.

Understanding of SST results by Senior Management and Board

The final ounce of SST results rests on the understanding of results of SST by the Senior Management, their recommendations to the Board and how seriously the Board acts. Millions of pages have been written as a part of a discussion of 2008 economic crisis

pointing fingers towards Board where Board has either failed to appreciate risks or take right corrective action.

Banking

The situation is quite similar in the banking industry where the SST is quite a popular tool in assessing the capital adequacy in the Banks. In the US the Dodd-Frank Wall Street Reforms, and Consumer Protection Act requires the Board of Governors of the Federal Reserve to conduct annual supervisory stress test of bank under three supervisory scenarios- baseline, adverse and severely adverse. The adverse and severely adverse scenarios are hypothetical in nature to assess the resilience of banks under adverse environment. The stresses span over a period of time; for example for 2016 stresses, the stresses level span over the first quarter of 2016 to the first quarter of 2019. Following scenarios are considered for baseline 2016 scenarios

- **Six scenarios of economic activity-** Real and Nominal GDP, Unemployment, real and nominal disposable income, Inflation
- **Six scenarios of Interest rate-** Rate on 3-months T-bill, 10 years Treasury Yield, 5 Year Treasury Yield, BBB corporate Yield, 30-year mortgage and Prime rate
- **Four scenarios of asset prices-** Dow Jones Stock Index, House Price Index, Commercial Real Estate Price Index and Market volatility index
- **12 international scenarios-** three each scenario related GDP, inflation and USD Exchange rate in Euro, Developing Asian Countries, Japan and the UK

The baseline scenarios consider moderate economic expansion through the projection period with GDP growing at 2.5% as an example, the adverse scenario is weakening of economic activity with GDP growing at 1.75% as an example while severely adverse scenario represent severe global recession.

These scenarios fence the banks against plausible national and international risks that may arise in future. The purpose of above scenario testing is to estimate projected revenues, losses, reserves, and capital level.

These risk assessment helps eyes keep wide open to the spectrum of risks and ready with risk mitigation plan, however, such stress tests does not guarantee that no banks or insurance company would ever fail in future. A word of caution that sometimes, these stress tests may give false sense of protection against the risks which are either not thought off or built into the culture of the organization or systemic in nature.

Conclusion

- To a large extent, SST helps in knowing the adverse future state of world and plan accordingly.

- There are critical factors on which the success of SST depends, just the results of SST is not going to save the financial institutions but to embed risk culture into the organization

At this point of time, the fencing around financial institution looks

appropriate using SST, however, it is interesting to watch under what circumstances any insurance company or bank fails in future those using SST as a part of their risk management practice.

(Please share your thoughts.)

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The Service Quality Conundrum



Darshinis are restaurant formats in Bangalore where there are no seating arrangements. Their intention is to do volume business but take-aways/ parcels are available. The quality of food items supplied in these restaurant formats is often good. Generally the prices in these restaurants are considered reasonable as they are segmented towards the middle class populace. One gets a wide choice of South Indian food items and some of these restaurants have also introduced North Indian items on their menu.

Venkatesh Ganapathy

Last week I visited a darshini closer home after 6 months. In the last 1 month, another new restaurant had opened in the vicinity of this old restaurant. I was astounded to find that this place was cleaner than before, the service was fast, quality had greatly improved and the owner had even managed to cut the prices. It left me wondering - how competition has impacted service quality!

Service marketing experts have defined service quality as the gap between expectations and perceptions. The legendary SERV-QUAL model is now widely acknowledged as a seminal piece of academic work. This model helps in assessing service quality. Service being

a people's business, it is difficult to assess quality objectively. When Ritz Carlton hotel in USA decided to launch their TQM program, they had to face many challenges but they eventually enjoyed a successful culmination of their efforts. Sir Patrick Mene, the COO, led these efforts from the front.

Patrick Mene was the corporate director of quality at Ritz Carlton and he said, "People need to understand the economics of quality. When you don't satisfy all of the customers all of the time, it can cost you a fortune. So we found that the benefits more than outweighed any problems. A quality approach to running a business is the most cost-effective, least capital-intensive path to profitability."

Christian Gronroos

Christian Gronroos had proposed the two-dimensional model of service quality comprising the twin elements of technical quality and functional quality. Technical quality refers to the outcome of a service delivery and functional quality refers to the process by which service is delivered.



SERVICE QUALITY
SATISFACTION
LOYALTY
SUPPORT
COMMUNICATION
FEEDBACK
TRUST

Times have changed and today there is a greater understanding about service quality models and greater awareness about standards of service quality. However the fact remains that services continue to be about perceptions and experiences of customers.

Although customer satisfaction is important, organizations need to look further. They must avoid creating dissatisfied customers because of product or service failures. Studies have shown that dissatisfied customers tell twice as many friends about the bad service than they tell about good



ones. Companies must try to develop loyal customers – those who stay with a company and make positive referrals.

Customers who are merely satisfied may often purchase from competitors because of convenience or promotions. Loyal customers place a priority on doing business with a particular organization and they will go out of the way to stay with the company.

Christian Gronroos had proposed the two-dimensional model of service quality comprising the twin elements of technical quality and functional quality. Technical quality refers to the outcome of a service delivery and functional quality refers to the process by which service is delivered.

The legendary SERV-QUAL model by Padmanabhan, Zeithaml etc identified 5 dimensions of service quality - Reliability, Responsiveness, Assurance, Tangibles and Empathy. Since their path breaking research on the subject, the authors have received wide acclaim and a fair amount of criticism too. The model presents a perspective about service quality from a customer's stand point. However, each service industry has its own peculiar characteristics. The SERV-QUAL model does not take this into



consideration. Ample evidence of academic research is found wherein researchers have tried to re-build the SERVQUAL model in their own way.

We often tend to assume that service quality considers the effect of competition. But this is often assumed or taken for granted. Dimensions like reliability or responsiveness are often evaluated by customer with regards to the service delivered to him. So, if I were to respond to a SERV-QUAL survey, I would place my options based on the experience that I gained from the specific service provider.

While this gives the service provider a solid basis for measuring service quality

from the customer's perspective, the change in quality brought about by intensified competition is not given the attention due to it. One can argue that reliability and responsiveness of a service provider has to be outstanding vis-a-vis the competition. But the SERVQUAL model is silent on this aspect. Are my responses specific to the services that I received? Do my SERVQUAL ratings reflect the perception that I gained from other service providers providing a similar service and which in turn shaped my present perception?

If a service provider is far ahead of the competition and he constantly updates his processes in response to changing market conditions, then competition poses no threat for him. But in the situation contrary to this, intense competition forces the provider to improve service quality regardless of the customer's perceptions or expectations. In this case, the provider is forced to alter his own bench marks in response to what the competition has to offer.

The key question is - Does the customer rate the dimensions of service quality with respect to competition? May be not. His perception may be coloured by a recent service experience which may be superlative or egregious. This is really food for thought and presents an exciting avenue for future research.

Five Dimensions

- Reliability
- Responsiveness
- Assurance
- Empathy
- Tangibles

POST SCRIPT

It is indeed sad that Patrick Mene who was the Vice President of Programs and Standards at the Ritz Carlton Hotel Company (owned by Marriott) and worked at the hotel for over 12 years had to struggle for his dues from the organization when he fell sick. In an appeal to social media networks, his 17-year old daughter had mentioned that Ritz Carlton won two National Quality Awards twice and it was due to the persistent efforts of Patrick Mene.

Pat Mene loved working for the Ritz. However one day he had a massive stroke that left him totally disabled. The Ritz-Carlton Company told his wife that Patrick's disability benefits would be paid within 90 days. Prudential was the insurance company and even they committed that they would hand over the

cheque. But it seems that the cheque never arrived. Many years have passed since but Patrick Mene did not receive the benefits. Ritz puts the blame on Prudential while Prudential blames Ritz. In this blame game, Marriott represents the third party that had also washed its hands off the incident.

The above anecdote shows how callous the companies were in resolving the claims. The basic objective of insurance is to help someone when he needs help the most and if this can't be done (for whatever reasons) then the very purpose of insurance is defeated.

About the author

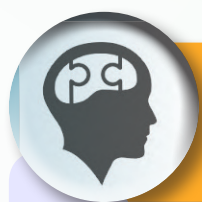
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Mind Exercise

PUZZLE

Puzzle No 253

A very famous chemist was found murdered in his kitchen today. The police have narrowed it down to six suspects. They know it was a two man job. Their names: Felice, Maxwell, Archibald, Nicolas, Jordan, and Xavier.

A note was also found with the body: '26-3-58/28-27-57-16'.

Who are the killers?

Puzzle No 254

What is the next number in the sequence?

1 11 21 1211 111221
312211

Answers to puzzles

Puzzle No 251:

One cup

Puzzle No 252:

Person 1153

Note: There was a typo in this puzzle. Correct number of people sitting around a circular table were 1600.

Correct solutions

were received from

Puzzle No 251:

1. Mayank Jain
2. ParthVira
3. MeghaDhall
4. Dilip Anand
5. IyyanarSelvam K
6. ShuvajitChakraborty
7. R. Mythili
8. Keshav Bajaj
9. AbhilekhaBaid
10. SampadaKelkar

11. B. Krishnan
12. Shikha Agarwal
13. SumanSaurabh
14. VinodShelar
15. Samarth Jain
16. Richard Leiser-Banks
17. Samarth Jain
18. HemantRupani

Puzzle No 252:

1. Harmeet Singh
2. MeghaDhall
3. Dilip Anand

4. ParthVira
5. Graham Lyons
6. R. Mythili
7. Keshav Bajaj
8. B. Krishnan
9. Shikha Agarwal
10. SumanSaurabh
11. HemantRupani

Ms. Shilpa Mainekar

shilpa_vm@hotmail.com





ACET TOPPER - OCTOBER 2016 MR. ANKIT GOEL

SUCCESS STORY



Congratulations

Mr. Ankit Goel, for being Topper in AECT Exam held in October 2016.

What were the basic mantras of your success?

The mantra for success is not taking any shortcuts and being passionate about what I am doing.

Tell us about yourself, your educational background and your hobbies

I currently live in Mumbai and am working with Securities and Exchange Board of India.

I completed my Master in Management (Business Analytics) from Indian Institute of Science, Bangalore in 2013 immediately after my Bachelors in Technology in Computer Science and Engineering from UPTU. Post that, I have worked with HP Global Analytics in Bangalore for a brief period of 5 months.

I like to play cricket, football and badminton. I also like to travel and explore new places.

When did you decide to take up Actuarial professional course?

It has been my constant endeavour to learn new things and keep enhancing my skillset. So, I decided to take up the Actuarial professional course in July, 2016.

How much time do you think one requires for serious preparation for this exam?

Much of the course for ACET is similar to MBA entrance exam. The major difference lies in the Mathematics and Statistics sections. Studying for an hour a day for 2-3 months should be enough to prepare for the exam.

How did you start preparation for the ACET?

I used the NCERT textbooks for Standard IX to XII for Mathematics to prepare for the exam. Since I had already done my MBA, I did not need special preparation for the other sections.

How do you visualize your success?

Clearing the ACET exam is just the first step in a long journey. However, it is definitely a confidence booster.

What were your strong points which enabled you to achieve success in ACET?

Mathematics was my favourite subject in school. I had already prepared for my MBA entrance exams 5 years ago. So, no special preparation was required for most sections of the exam. That enabled me to successfully clear ACET.

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

I have completed my Masters with a specialisation in Business Analytics and later worked with HP Global Analytics as a Business Analyst in the Digital Analytics space. That has provided me with a base in statistics and how the same is being applied in the industry for optimization of business processes. Combining actuarial skills with the market facing knowledge would help facilitate better decision making and problem solving.

Are you working somewhere? Describe a typical work week?

Currently, I am working at Securities and Exchange Board of India (SEBI)

as an Assistant Manager in the Investment Management Department. My division regulates multiple market intermediaries, such as, Alternative Investment Funds, portfolio managers, investment advisers, research analysts, etc.

Typical work in my current profile includes granting registration to the aforementioned market intermediaries, conducting inspections, providing clarifications to intermediaries regarding any regulatory concerns that they have and also working on new regulations and strengthening existing regulations.

What are you passionate about?

I am passionate about cricket and exploring new places.

What are some of the mistakes that an average aspirant can avoid for better time management? What is your message for them?

I would suggest to go through the sample paper properly that is provided at the time of registration for ACET. Also, it is better if one learns to derive the formulae rather than just trying to remember all of them. This might seem time consuming at first but helps one remember formulae more effectively and reduces the time need for revision.

Any comments on your experience with ACET process.

The exam was well designed covering range of topics and ensuring that the pre-requisite skill for the professional course are evaluated. However, it would have been better if the answer sheet and marks obtained were also disclosed at the time of declaring the result.

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+

Our
healthy insights

=

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