



Actuarial Innovation in the Covid-19 Era - The Year that Was

23 June 2021

This essay is an expanded version of what IFoA President, Tan Suee Chieh, said in his remarks during 'The Year that Was' webinar on 7 May 2021, which marked the close of a two-week series of IFoA events on 'Actuarial Innovation in the Covid-19 Era'.

Introduction



I am pleased to have the opportunity to participate in the reflection on "*The Year that Was*".

I am very proud and grateful for what the IFoA and the actuarial profession – its members, the IFoA Covid-19 Action Taskforce (ICAT), and the Actuaries Response Group (ARG) have done in response to Covid-19 in *The Year That Was*. Outside looking in, say from Australia, from Europe, from Asia or from the

USA, the IFoA seems rather good. Indeed we can all be pleased with the way the IFoA and the actuarial profession responded to the pandemic.

As your President, I could not expect more of the IFoA and its members.

The Year that Was comprised a programme of activity and strategic innovation that started in January 2020 and culminated in the seminars of the last fortnight. The relevance, depth, scope and range of the topics, and the quality of the speakers, both internal and external, marks the IFoA profession's return in its public interest role in a compelling way and in a manner that counts and befits the historical reputation of the British actuarial profession.

The imagination, quality, responsiveness and effectiveness of ARG, led by Stuart McDonald, Matthew Edwards and Nicola Oliver, have been well acknowledged, praised and documented.

The more erudite work from ICAT of the IFoA has equally won praise. It was on Wednesday this week that Ross Clark in *The Spectator* wrote, "But the figures which arguably give the best overall view of the lethality

of the pandemic are those published by the Institute and Faculty of Actuaries as part of its Continuous Mortality Investigation. These look at mortality as a whole, and don't just compare it with a raw, five-year average as the ONS does". This is high praise indeed - a reflection of the methodical and diligent work by the team at CMI – well done to Matthew Edwards and the team.

The Year that Was was not about the pandemic alone.

There were many other highlights and positive outcomes across the year, and I want to talk about them, give praise, and draw a few lessons.

For me, the key events included:

- The formation of Actuaries for Transformation Change (ATC) in March 2020 which was consequential to events in the year
- The extraordinary achievement of putting exams online in April 2020
- Changes in our Governance within IFoA – thanks to Grahame Stott and Louise Pryor - which created the space for Project Moonshot – the implementation plan of the Vision, Skills Mindsets and Domains strategy (VSMD) to be launched quickly.
- The unanimous approval of the Council to the Climate Risk report in September 2020 and its subsequent stronger recommendation in November 2020 for a net-zero carbon emission target for the IFoA by 2030
- The curation and production of the thought leadership programme and the Patrick Poon Presidential speaker series, which is still going on.

If the Leadership Team had sat down in January 2020 to plan the year, all these outcomes would have seemed impossible, indeed - beyond imagination. I doubt we would have had the self-confidence and courage to set these as our goals for 2020. Because of the uncertainty and the crisis, we behaved reflexively and created what I would call “clumsy solutions”. Through listening to ourselves and each other, we did what we needed to do; and hence we are here today. During such extraordinary circumstances one cannot plan all we did as milestones, in our traditional way!

The Council and Management Board tapped into their collective wisdom to approve, allow and eventually encourage the executive to embrace many of the ATC recommendations in our feedback to government, promote an accelerated Moonshot program, and adopt the Climate Risk Report. If COVID-19 had not happened, I very much doubt these improvements would have happened or happened at the pace they did.

Today we want to be positive in our reflections but let us not suffer from hubris or under-estimate some of the challenges. There were difficulties, tensions, and differences of opinions – I have to say there were difficult moments. Looking back, they were beneficial and positive. The diversity of opinions – which we value, were held with mutual respect, and that did carry the day.

Reflections on the year's events

For me, *The Year that Was* is summed up through a series of key events, which I relay below as I personally experienced them.

January 2020: It is not just strategy, it's governance and culture, too - I was setting the scene. Stephen Mann joined the IFoA as CEO at the start of the month. Two important VSMD meetings were held on 16 January and 22 January – with Council and members. I called them magical meetings, as executives spoke up enthusiastically. That was the first time it dawned on us (Grahame Stott, Louise Pryor and me) that the thing we need to pay attention to was not the strategy but governance and culture.

February 2020: Blogging in Asia - I started blogging in Asia on the crisis in February 2020. Initially, it was appealing for calm and avoiding fear, panic and irrationality, as people across the world, and in Singapore, were panic-buying and hoarding food and toilet paper. And there was an increasing rise of racism against the Chinese in the USA, Europe and Australia. To ensure that my comments were sensible, I echoed those of the Singapore and UK government and WHO (World Health Organisation).

March 2020: Formation of ARG - The response to my postings on social media was very positive; I was invited to speak to various actuarial societies in Asia, and they were very well attended. I talked to about 1,000 people in half a dozen webinars over two months on Risk Uncertainty, Psychology and Judgment.

At the same time, I did not feel the IFoA had responded to the crisis. I knew our governance and processes would get in the way in responding to the crisis urgently and I feared we would waste the opportunity to contribute our unique talents to the meeting the challenge of the epidemic.

In early March, I needed to verify my prediction of 100,000 cases increasing to 1 million infections in 304 weeks. I reached out to Joseph Lu and Nicola Oliver. Joseph introduced me to an epidemiologist, Chris Martin. Nick Spencer suggested I contacted a guy called @actuarybyday on Twitter. On 6 March, I reached out to Stuart MacDonald to verify my figures. He confirmed it.

I knew we needed to act fast so in four days we had set up the C19 Actuaries Response Group or 'ARG' outside of the IFoA; although we were mindful to we must act in concert, therefore I embedded the Actuaries' Code in our respective charters. I wanted the Code to be the guide to our behaviours and that we must always be a credit to our profession.

April 2020: Actuaries for Transformational Change (ATC) - The Zoom meetings with ARG and the Asian webinars were a direct inspiration for the formation of ATC, which stated in its charter:

"We now see the COVID-19 crisis as a "burning platform" for humanity, our economic and political systems and our cultural life. It provides a unique opportunity to rethink how we want to operate the IFoA as a body, how we want to educate and train our actuaries, and how we want to re-position the profession to have a greater influence in this world of complexity and uncertainty."

The ATC members included FINSTiC Chair Ashok Gupta, Nico Aspinall, Neil Cattle, Sam Achord, Economics Members Interest Group (MIG) Chair Oliver Bettis, Martin White, Sustainability Board Chair Nick Spencer, past/future Chairs Nick Silver and Louise Pryor, and Lucy Saye.

The members of ATC were consequential in elevating the voice of thought leadership in the profession, highlighting sustainability issues and working behind the scenes in influencing regulatory developments. I spoke about the criticality of all these issues in my Presidential Address in June 2020 if we are to restore our influence.

Subsequently, members of the ATC were active and effective in participating in a practical way in the "Finance in the Public Interest Series" and in the feedback to the HM Treasury Financial Services Future Regulatory Framework Review.

April 2020 also saw the advent of IFoA online exams and webinars. The presidential team was quick in supporting this proposal, and though it was not without risk, it is an extraordinary achievement and the management team led by Stephen Mann deserves full credit.

June 2020: Presidential Address - I used ARG as the other outstanding example of how things could be done differently in this new world, and we should no longer look back. ARG and ATC gave the inspiration to the Presidential Address in June 2020 in bringing thought leadership to the foreground (with a flagship Thought Leadership Programme being launched in December) of the IFoA and in being bolder in adopting a more strategic posture in regulatory engagement.

July 2020: Project Moonshot (VSMD) launched - The introduction of examinations online was a clear example of why our current governance arrangements have to be varied, which led to discussions on the dissolution of corporate boards. This provided the space for the creation of Project Moonshot and Thought Leadership Curation Group.

November 2020: Climate Risk Report published - The original Climate Risk Report and its recommendations were adopted in September 2020. Still, a more specific set of recommendations calling for the IFoA to set a zero-carbon emissions policy by 2030 was adopted unanimously in November 2021.

December 2020: The Thought Leadership Programme launched (TLCG) – This significant thought leadership programme covered the "Finance in the Public Interest" series, "Actuarial Innovation in the Covid-19Era" series, the "Behavioural Science" series, and the more all-embracing Dr Patrick Poon Presidential Speaker Series.

All the lectures spoke to one of the five pillars enunciated in my presidential address.

- Pillar 1: We revive the spirit of a learned society and bring thought leadership to the foreground.
- Pillar 2: We implement the Vision, Skills, Mindsets, Domains (VSMD) strategy with pace and urgency.
- Pillar 3: We encourage the IFoA Executive Team to accelerate their cultural transformation.
- Pillar 4: We reappraise, with courage and imagination, the governance arrangements of the IFoA.
- Pillar 5: As a profession, we embark on a cultural transformation to create room for courage, curiosity, adaptability, judgment, imagination and a growth mindset.

January to March 2021: Impact - Stuart McDonald, John Robinson, Louis Rostow and the C19 Actuaries Response Group were increasingly referenced by government, academic and health authorities, quoted in the media and widely followed in social media. They won recognition and awards.

The work and the thinking of the ATC fed into the IFoA's response to the HM Treasury Financial Services Future Regulatory Framework Review in a fairly substantial way.

IFoA Governance Challenges

Several governance challenges arose because of the formations of the Covid-19 Actuaries Response Group and Actuaries for Transformational Change.

The role of the President: I was often challenged by critical friends on the Council. The debate was whether the role of the President was purely ambassadorial or should be playing on the pitch directly to members and advocating positions. In unique circumstances of *The Year that Was*, I did not feel I had the luxury of a choice, but felt compelled to play a full an active role.

Setting up Working Groups outside the system and involving the Presidential Team: I was directly involved in setting up two working groups outside the IFoA - the COVID-19 Actuaries Response Group and the Actuaries for Transformational Change. Should a President be involved in this, when it is entirely conceivable that groups could hold a view that is contradictory to the IFoA?

The process of setting up of Cross Practice Working Groups within the IFoA system: It was self-evident that it is difficult to set up working groups that traverse across practice areas, for instance, on data science, climate risk, and, more latterly, the Covid -19 crisis, unless the leadership team leads it. ICAT (IFoA Covid-19 Action Task Force) is an example. ICAT worked (as a test-and-learn/beta way of working) as opposed to the traditional IFoA Working Group process, which tends to rely on consensus.

Lessons from Covid-19, ARG, ICAT, Project Moonshot and TLCG: We learned that flexibility and reflexiveness in mindset and decision making are critical.

The role of Council: The wisdom of the group and the positive interventions on ARG and ATC; Council members did raise questions and concerns on the formations of both groups, but eventually, were very supportive of the efforts.

Tapping into the membership: There are many skillsets and capabilities embedded in our membership. A key lesson is that we have to explore multiple ways of “teasing out” and engaging these skillsets for the advantage of the profession.

Why Covid-19 ARG succeeded

In a special review session in September 2020 we identified some key factors in the success of C-19 ARG:

- There was passion and commitment of members coupled with a tremendous sense of urgency
- There was high mutual trust and confidence, as there were already established relationships, a degree of self-selection, a pre-existing network – and high motivation and chemistry
- The expertise of members and focus on the subject. A multidisciplinary approach seems to be an important feature
- Relevance of subject – to get traction with outside stakeholders, the subject must be of relevance
- Social media capability of the leaders is key to bringing the message out

- Individuals have driven beta version philosophy of bulletins so come across as stronger than 'written by committee' - critical for speed
- 75% support rather than unanimous sign-off
- The feedback loop on recognition in social media and publications – early supporters included *InsuranceERM*, *Investments and Pensions Europe (IPE)*, *The Spectator (January 2021)*, *Wall Street Journal* and BBC Radio 4's 'More or Less' programme.

This is in contrast with a typical IFoA working committee:

- The volunteer pool is usually more junior
- Not a self-selecting group and so building trust and chemistry takes more time
- Getting volunteers signed up is bureaucratic and arranging meetings appears to be painfully slow
- Process in IFoA seen to be an obstacle rather than helping.

There are advantages and disadvantages to the ARG approach. For example, considerations of diversity and inclusion were not high on the agenda in this situation, as the emphasis was given to familiarity and pace.

The lessons of *the year that was* for the IFoA

- Pluralism and evolving culture: holding the voice and the narrative at the centre – centralised democracy. Leadership and culture are the key ingredients.
- Reflexiveness. Judgment and Uncertainty. Courage and Imagination. These are qualities we need to model and encourage.
- The role of an engaged Management Board and Executive Team to be the voice of actuaries. Members must not be seen as participating only in the process. They have to be interested in the content, too! Hence the role of an engaged and interested Executive Team is critical
- The role of Council – collective wisdom of C19-ARG, ATC and Climate Report – when Council members are given time and are fully engaged, there seems to be a wisdom of crowds.
- Skilfully tapping into the resources of our membership – there needs to be a content visionary within IFoA centrally – to join the dots across practice boards and working parties, and bring certain thought leadership ideas to the foreground.
- We are making progress!

Tan Suee Chieh

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