Actuaries Institute Podcast
Title: Actuaries Institute's response to COVID-19

Date: 14 May 2020
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Speaker: Jennifer Lang
Duration: 18:55

Introduction:

John: Well, hello, everyone. And welcome to another episode of the Actuaries Institute podcast. My name is John McLenaghan, and I'm the Head of Public Policy at the Institute. Today, I'm joined by Jennifer Lang, who was recently made the Convenor of the Institute's COVID-19 Working Group.

Following the outbreak of the pandemic, the Institute decided to form the group to steer the profession's response to COVID-19. It aims to assist business, government and the broader community to understand the impacts of the virus, and Jennifer has kindly volunteered to lead the working group. It's utilizing the skillset that we know actuaries have to bring some objectivity to the discussions and debates about COVID-19. Welcome, Jennifer.

Jennifer: Thanks very much for having me, John.

John: What was the basis for forming the Working Group? How did that happen?

Jennifer: There were quite a few actuaries talking about COVID-19. Alex Stitt, who wrote a paper back in 2006 about pandemics, was spending a lot of time on it. And we realized early on that it was actually important to get a focus for all of the activity. Plus, obviously, COVID-19 is going to have a huge impact on the actuarial profession and the companies we support, so we thought it was really important to have a focus for that and a group to really support the profession.

John: Before we get to the different focus of the working group, what's the makeup and structure?

Jennifer: Actually, it comes back a little bit to the focus. I spent a bit of time thinking about what should we be doing, and there's two big picture things we should be doing. We should be supporting our membership, and we should be supporting society in ways that we can do best. Actuaries have a unique skillset: we're professional, we're skilled at scenario testing, and we have a really good crossover between statistical and financial insights, so we want to bring that to helping society but also helping our profession.

Coming back to the makeup of the working group, it's a little bit of a combination of both of those things. We've got representatives if the key main practice area, so life insurance, health insurance, superannuation, general insurance, so that we're supporting our members who are supporting those areas.

But we're also trying to make sure that we're supporting wider society, so we've got people looking at how do we support directors of companies, whether they're actuaries or not. What role can we play in modeling? What role can we play in supporting treasury behind the scenes in actually thinking about some of the things they're doing and how that's going to impact the economy.

So, it's a wide remit, and the tricky thing is to make sure that we stay in places where we think we've got a real comparative advantage; where we can make a real difference to this crisis that's facing all of us.

John: **Have you had enough volunteer support to establish the working group and its workstreams?**

Jennifer: The great thing about the profession, as you know, John, is it's full of people who are really interested in helping. We had more than 70 volunteers in two days, and so we've got a peak working group, and then we've got a number of volunteers working in particular practice areas or particular areas like modeling, or life insurance, or general insurance, and so on. I think we've managed to utilize the skills of almost all of our volunteers, but it's been fantastic, the response that we've got.

John: **And to date, you mentioned the focus of the group, what have been some of the areas of interest or some of even the outputs of the group.**

Jennifer: We've done a huge amount in the time since we started, and I actually can't remember how long it is since we started. But we've started really looking more at what our profession needs as a big focus. We've built what we call the Pandemic Resource Centre, which has been great, with the help of Actuaries Institute staff. That's a place where we bring together all the content that we think will be helpful to our members. As part of that, we've been developing pandemic briefing notes for each of the key practice areas. So, a briefing note for people supporting general insurers, a briefing note for people supporting superannuation-defined benefits, and so on.

So, what we're doing is, rather than each actuary having to figure out for themselves in this crisis what should we be doing, we're trying to build a briefing note that says, "Here's all the things that you should consider as you support your companies." So, should you be considering pricing? What should you be considering your evaluation?" And all of those different aspects. I'd really encourage anyone listening to this podcast to go and have a look. There's some really good content there, and if you are needing to do anything to do with COVID-19, supporting your company or in your professional life, you will find something that's helpful there.

John: **I know a lot of actuaries will be now involved in year-end activities. Is that covered yet or something the working groups looking at, at the moment?**

Jennifer: Well, so I think year end is a big issue for when should we change our assumptions and things like that. But if you take a step back, the things that actuaries do in supporting their companies by helping them understand their financials are things that they're always doing. The briefing notes really help actuaries to think about all of the different things that they should think about. So, should you be reviewing your risk margins? How should you review your assumptions? What should you think about with your capital?

Year end is just one small part of all of the things that actuaries do to support their companies. It's a big part, obviously, because you're striking a set of accounts that you need to be going through a full process for, but it's not the only thing because what you should be doing is helping your company make sure it really understands its financial state.

John: **I understand there was an Insights session very early on that attracted a record number of attendees. I think it was over 400. There's obviously a real thirst for information and assistance within the membership. Are there any other insights sessions planned?**

Jennifer: We were quite proud of that because I think we were the first insights session that was a hundred percent virtual. The Institute really pivoted quite fast so that we could do that virtual session. And yeah, that was very much a session to look at the overall big picture of the pandemic and some of the big pictures for each of the different practice areas.

What we've done now is we've had a few sessions for individual practice areas. We had one this week on life insurance. Had a general insurance one. There's been a health insurance practice committee one. So there's been a number of different insights sessions for specific areas, and we're going to keep going with those kinds of things going forward for what are the specific topics that people think we need to talk to the membership about.

Then, most likely, next one will be looking at capital management. That's something that covers a broad range of different parts of the practice areas. So, what should you be thinking about when you're looking at how to manage the capital for a financial institution going through COVID-19?

John: **I also know that you've established some discussion groups on the Institutes Pandemic Resources site. Are these meant for senior actuaries to contribute their thoughts and guidance or more geared for younger actuaries to give them a chance to ask questions, or is it a combination of both?**

Jennifer: Both, I think, John. One of the things that I've noticed is that because I'm interested in this, lots of different people are including them in their email chains about what's happening, how things are working, what do they consider. But what we wanted to do was give a place for our membership to talk about things with each other, so it's private to the membership. You can only join the discussion group if you're a member of the Actuaries Institute. But to enable people to draw attention to a particular really useful source of data, or raise a particular issue about how should you deal with this in your evaluation, those kinds of things, we thought it'd be really useful to have members to have a place to look at them.

Particularly, if you're interested, go and have a look at the broad COVID-19 place, where there's a number of different places where people have shared data sources. But the most interesting thing for me recently was the life insurance group subgroup on mortality put some really interesting statistics about death rates in different countries, and also co-morbidities and which co-morbidities were really more likely to lead to worse outcomes. So, there's some really interesting work that's going on across the profession, and that gives people a chance to have a look at it and discuss it.

John: **Our excellent Communications Team tells me also that it's almost a record number of contributions in a very short space of time to *Actuaries Digital*. I think there's been 29 articles submitted. So once again, it shows**

there's a great interest amongst the membership to contribute to discussions and to provide assistance to other members. On that score, we're still looking for articles, and I think the breadth of topic, even though it's all about the pandemic, is truly amazing. So, there's a great ability within the profession to quickly get their heads around this particular issue and to produce some really worthy papers.

Jennifer: Yeah, I agree, and I hadn't actually realized it was that many, John. It's amazing what the profession can do when we actually ask for help. It's just incredible what a great profession it is, to pull together. So, there's something there for most people in terms of the issues that they would need to worry about, but also there's some really interesting articles about the whole pandemic and how it's affecting the world. It's definitely worth a look, and it's actually organized so that you can go and find things according to different topics, so it's... I think it's definitely worth looking at.

John: You mentioned before, one of the key areas of focus is the profession, obviously. The other one is the community and society more generally. How is the working group operating in that space? Is it a matter of critiquing models or providing advice to government?

Jennifer: What we've done is we've offered ourself to help, and I know that there's a number of actuaries who are in the background helping different aspects of the pandemic: what are the kinds of things that treasury should think about in the different financial responses that they have? And also, people who have been looking at the models that have been used and making commentary on them. But I think one of the key...the key thing we need to get the right balance for is, we are really good at modeling. We are really good at the control cycle. But we're not epidemiologists, so what we're trying to do is make sure that we're contributing where we've got something unique to add.

From my own personal perspective, I think that the actuarial control cycle is really the place where we should be playing. If you think about the actuarial control cycle, that's actuaries who have a model, who form hypotheses about the future and assumptions about the future, and then we test them, and then we change our model. That's exactly what we as a whole society need to do at the moment. Nobody really knows what's going to happen with COVID-19. So, the more we can say, "Here's what we think is going to happen. Here's the assumptions we've made. Let's make sure that we test those assumptions really well, and then change, tweak, move, depending on what we learn about what actually happens with this new disease that nobody really understands yet."

I think that's the kind of framework that we can add to the conversation. So, the modeling team has started to think about what are the things that researchers suggest that we should be testing so that we can actually have a good impact on the best way we can get out of this COVID-19 scenario with as few debts as possible and as much as vibrant an economy as possible.

John: **I see that there's been a few actuaries quoted now in the media, so obviously the professions' expertise is recognized. There's been some commentary on early access to super and also the modeling of asymptomatic transmission. Is that something you're specifically doing, or is it more a matter of influencing policy from behind the scenes?**

Jennifer: I think it's both. I think what we need to be doing is just making sure if we have something useful to say, that we say it, but if we... But sometimes it's more useful to contribute behind the scenes. So, it really depends on the issue. But I think it comes back to actuaries have a lot to add, but we need to make sure that we're adding in places where we have the expertise. We have the expertise in a number of different ways around how to manage a model in a unique environment, understanding the superannuation environment, understanding insurance.

There's a lot of different places we have good expertise. In some places, we can have the most influence behind the scenes, and sometimes it's more influence actually being in the media and having an influence on public debate. So, it's really horses for courses, but I guess it comes back to this crisis is affecting pretty much everything about all of our lives, so we need to contribute as much as we can to help.

John: **Now, I'll ask you to gaze into your crystal ball. How long do you think we'll go through this period till we can start to really recognize an exit phase? And the work of the working group, is that continue on for some time or do you see its work being devolved to the practice areas?**

Jennifer: I suspect the answer to those questions is the same. I think we'll probably have a working group for the time that we think that we're in a crisis. It's probably already moving a little bit into a different phase, where the practice committees are working on their specific practice issues, so then we're working within the practice. But the working group's function is really to try and bring the profession together. I mentioned capital before. Capital is an issue that affects all practice areas, so the more that we can help all practice areas think about it together and get a unique and cross-practice, cross-profession, view of capital, the better, I think.

How long are we going to be in this crisis? I don't know that I know any more than anyone else, but people say a vaccine in 12 to 18 months is as optimistic as we can be. And until that, I think we'll be in an environment where we'll all be worried about COVID-19 and we'll all need to have a whole different way of managing ourselves and the institutions that we support.

John: **Just in terms of a call to action now. Is there anything that the membership can provide by way of feedback through this podcast or just the various Institute channels about issues that they'd like to see the COVID-19 Working Group focus on?**

Jennifer: We've asked for feedback a lot through the different webinars we've had and through the various insights sessions we've had and also the article, so we'd love feedback. Because, I guess, the key thing is the whole point of this working group is to support the membership, so we need to make sure that we're doing the things that the membership would like us to do.

I'd very much encouraged people to go and have a look in the discussion group and ask questions there because the more discussion we have, the more we will actually be supporting the membership. But also, have a look at who's on the working group and representing different practice areas, and if you've got an interest in that particular practice area, don't hesitate to contact the practice area, or me, as the convener.

John: **And just from a personal perspective, what has been the most interesting and surprising aspect of the profession that you've noticed during this crisis?**

Jennifer: I mean, I think people said this to me before, and I've been in and out of volunteering for the profession for most of my career, but it has blown me away at how many people have been really willing to volunteer and put their personal time into some really impressive pieces of thought leadership to help the whole profession. It is great to see so many people volunteering, and thanks to all of them. Hopefully, some of them are listening to this podcast. So that's certainly been impressive. We have a group of really smart, thoughtful people who have a lot of interesting things to add to the conversation.

My brother, who lives in Spain, so he's pretty much at the epicenter of some of this, did comment to me that this is almost an actuary’s dream, having a pandemic because actuaries have always wanted to model these things. I don't think it is our dream. But I think actuaries have spent more time thinking about what might happen than most people, so actuaries have really got a lot of interesting insights to add to the conversation. It's been great to see that come out.

John: **Well, thanks, Jennifer. That's all we have time for today, but congratulations to you and that Working Group. I understand it's something like 80 actuaries involved in the working group and its workstreams, and that's a terrific effort.**

Listeners, we hope you've enjoyed this discussion. You can check out the Actuaries Institute podcast for more thought leadership content on our website. If you do have any questions or comments, or suggested issues for the COVID-19 Working Group to look at, we'd love to hear from you. Thanks for joining the podcast, Jennifer. It's been a pleasure.

Jennifer: Thank you very much, John. I do have to give a small plug to my own personal blog, which is called *Actuarial Eye*, where I've been blogging about COVID-19 every few days. So, if you're interested, have a look at that as well. Thanks for listening.

John: **I'm sure we will. Thanks.**