

# PartnerRe

## **The Actuary as Chief Risk Officer**

Casualty Actuaries of Europe meeting

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## Who am I?

### Charles Goldie, FCAS 1993

- Head of Specialty Lines, PartnerRe Global
  - Agriculture
  - Aviation
  - Credit / Surety
  - Marine / Offshore Energy
  - Onshore Energy
  - Engineering
  - Specialty Casualty
  - Special Risks (Nuclear, Terrorism, etc.)
- Member of Global Executive Management





## That's very nice – What have I done to be up here?

### Previous

- **Head of Risk Mgmt. & Reserves**, PartnerRe Global
- Head of Specialty Lines, PartnerRe U.S.
- CUO Casualty Lines – Gerling Global Re US
- Head of Pricing – Gerling Global Re US
- Consultant – Milliman
- Various actuarial positions – ISO



## Definitions and Differences

### Actuarial

- Maximizing return (pricing)
- Minimizing transactional downside
- Keeping score (reserving)
- **Within the tails**
- Nearly entirely Quantitative

### Risk Management

- Mitigating risk
  - (includes actively ignoring)
- Preventing failure
- **Life in the tail**
- More Qualitative than Quantitative



## Effective Risk Management

### It's more than Models and Modelling

- Risk and Capital Modelling are in their infancy
- Our models regularly fail in the tail
- Risk Management is all about the tail

**Models can help to identify key risks – but cannot be relied on for all risks**

**Risk is not Volatility**

**Volatility is not Risk**



## Effective Risk Management (continued)

The Management part of Risk Mgmt is *Qualitative*

- Processes
- Controls
- Communication

Ultimately, it is about:

- People
- Attitudes
- Corporate Culture

**It is a people job – you need a visible champion.**



## The Risk Manager

Ensuring processes and controls are in place and up to date

Communication of issues

Very boring for most actuaries

- Actuaries have a role to play in the development of models that may support the risk management process – but this is a short term role.

*If you are asked to move to the risk management team early in your actuarial career, ask hard questions about what the future holds*

## The Chief Risk Officer

A “C-Suite” job

Influences strategic corporate decisions

Highly visible throughout the organization – a real people job

Communicates high-level concepts effectively and

Direct and frequent access to the CEO and Board

- If you don't have this, you aren't really a CRO
  - *(but congratulations on the really cool title)*

*It isn't immediately clear that a (re)insurance organization should have a CRO.*



## **Skills / Traits of an Effective CRO**

**Technical understanding of Insurance Risk**

**Strong understanding of Financial Markets Risk**

**Strong management skills**

- You will be managing things that you are not good at personally.

**Communication ability**

- Turning the technical into the understandable at all layers of the organization.



## Skills / Traits of an Effective CRO (continued)

### People Skills – A desire to interact

- Role cannot be performed effectively via email and memos
- The ultimate Management by Walking Around (flying around) position

### Humility

- Our industry has a legendary history of failure.
- Role models are rare.



## How is an Actuarial Background helpful for a CRO?

### Technical understanding of Insurance Risk

- Understands the *weaknesses* embedded in the technical analysis of Insurance Risk

### Strong understanding of Financial Markets Risk

- Understands the *weaknesses* embedded in Financial Market Risk analysis

### Actuarial Education Process is broadly spread across most risks faced by insurers

- There are few others in the business with such breadth of experience and knowledge so early in their career



## Career Path to CRO (or most other C-level positions)

*Assuming you are reasonably good at being an actuary...*

**Move “Up then Over”, not “Over then Up”**

**Focus on developing:**

- Managerial Skills Development Progression
  - Technical expert
  - Manager of a team where you have technical expertise
  - Manager of a team where you are not the expert
  - Manager of a function for which you have little or no experience at all
- Cross-functional Peer Relations
- An understanding of the limitations on technical analysis

