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Mike Clark

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A CERA working in wider fields

Could you give us a brief description of your job history and what you're working on now?

I started off many years ago, I guess, as a fairly traditional actuarial trainee initially. I soon moved out of insurance into investment management. After some time running money, I actually took a job with the profession where we set up a professional education unit. After some years there I joined an investment management company who I left two years ago and I settled then for working in the areas of responsible investment: quite a feature on climate change risks working with asset owners. I guess that's a jargon word for pension fund trustees, insurance companies and other pools of capital, investment managers, regulators, policymakers, so really quite a wide remit now.

Are there any interesting projects you are working on at the moment?

I'm honoured to be working with a UK House of Commons select committee, they're doing a green finance inquiry, and I'm their specialist advisor on that. I'm a non-executive director at Brunel. In the UK there has been a pooling project over the last two or three years where local authority pension funds have been brought together and their investments are managed by the works of the central body. I'm a non-executive director at Brunel and I chair the audit and risk and compliance committee there. I have a client in the States, I'm also on an investment advisory committee of an Investment Management based in the UK, so it's a wide range of I guess these days one might call it a portfolio career.

Over the course of your career, what have been the main technical challenges you've had to face and where your actuarial background has been of most value?

Well I guess the technical challenges came early on because these days most of my work is with people, ideas and policy. It's as much behaviour as technical. So, for example, the IFoA published a risk alert last year on climate change. Risk alerts are one of the tools the profession uses to alert members of the profession to particular issues. I contributed to the production of that and am very keen to promote that I think that some of the systemic risks like climate change have great opportunities for actuaries and indeed CERA members. From this point in my career I've got more used to some of the sort of bigger systemic risks that we might talk about during the course of this conversation.

You mentioned you now work mostly in climate area, which is not a traditional area of actuarial practice. How did you find your actual actuarial background fits in these non-technical challenges?

I had an early understanding of risk through my formal training, clearly investment management, where I spent a lot of my working life. Risk is all over the place and I think, increasingly, I've seen what you might call big picture risks. I do a lot of work around the sustainable development goals. Now I know that's one thing the profession is encouraging actuaries to get involved in and we can actually see those goals having risks attached to them if we, society/humanity, is working towards those and not achieving those or

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achieving those more slowly or achieving those poorly, those are risks. I remember a good colleague of mine many years ago said ‘risk is an ex-ante concept who has an ex-post friend called pain’ and that has framed my view of risk, that it is this slightly nebulous thing that’s hard to get hold of, but bad and sometimes good things can happen. It’s as much about getting people engaged with these issues. My work with the select committee is really helping work with and challenge government about progressing green finance in the UK. I suppose most of my work is less technical these days but more about policy behaviour and moving particular issues on.

When you found yourself working in these wider fields, as we call it, did you find it was a natural progression that you got there or was it more of a leap?

Well, it sort of felt just like life. I think it was a natural progression. I think what you do realise when you move away from what you might call traditional fields is the whole new range of skills you need to acquire so I guess I don’t have much problem filling my CPD requirements every year. If I talk briefly about working with the profession on teaching; I knew very little about teaching so there are clearly interpersonal teaching skills. There’s also some of the frames of teaching. When I started that work, the profession didn’t have a syllabus. I think the syllabus is now seen as part of the furniture. So actually learning how to design a syllabus, learning objectives, some of the technical things, those are the skills that you have to acquire to be at all useful in what you’re doing. I think as I’ve got more involved with some of these policy issues, I’ve become a great fan of Systems Theory/Dynamic Systems Theory, the work of Donella Meadows and others I found that a very helpful way of thinking about the way that organisations and different parts of the system, regulators, investors, actuaries, investment consultants, work together. The influences on them, the conversations between the different actors. I’d say I’ve added to my worldview is some sense of system series, systems dynamics and intervention in the system.

You mentioned earlier about these sustainable development goals and the risks associated with them. Do you see that as a big professional challenge that you or other actuaries will have to face in the next five to ten years?

Yes, I think the minute you say challenge, I’d say opportunity. A lot of the skills which I know many of my professional colleagues have and I don’t, for example scenario modelling. Scenario work or technical model work arising out of the financial stability board’s task force for climate related financial disclosures, there’s a great focus on scenarios, scenario testing. Are we heading for a two-degree world or a three-degree world or something worse? The skills which many of my professional colleagues have are highly applicable, so if I was encouraging people for new interesting things to get involved in, then I’d certainly say that the scenario work around climate change would be professionally satisfying and actually very useful.

Looking at what CERA holders these days what they’ve had to study, is there anything else you’d want to add on to that syllabus or encourage them to look further into?

I have this sense of an enterprise risk management often focussed on organisations. I’m sure many of those concepts can be applied to a higher level, maybe at the national level in the context of the Paris agreement. The Paris agreement on climate change signed by over 190 countries reasonably recently. I’m sure some of those enterprise risk concepts can be applied at national level. Some of the readers of this are probably familiar with this notion of nationally determined contributions, how individual countries are linking evidence and contributing to meeting the climate change challenge. I’m sure if the CGA decides that this is a direction that some of their members will go then I think the sustainable development goals the SDGs clearly climate action where we actually have to good sign post on what to do. I think climate action number 13 of the 17 and it links in with some ESG factors, which you know many of us are familiar with in investment already. So one can see ESG as being slightly lower level manifestation of SDG goals and risks.