



Article from

In the Public Interest

September 2016

Issue 13

Let's Talk: Interview with an Actuary in the Public Interest

Questions: Jeffery M. Rykhus

Responses: Derek Osborne

WHAT IS YOUR EDUCATIONAL BACKGROUND?

I went to high school in Montserrat (a small island in the Caribbean which has an active volcano and only 5,000 residents) and to college at the University of Waterloo. I received my FSA in 1999.

WHAT IS YOUR PROFESSIONAL BACKGROUND?

I spent two years with an insurance company in Trinidad, and 18 years with the National Insurance Board (social security) in The Bahamas. During this period I had a brief attachment at the Office of the Chief Actuary (Canada) and multiple actuarial and training engagements with the International Labour Organisation and International Social Security Association. I spent five years leading my own consulting firm and have now spent two years with Morneau Shepell in its recently established Bahamas office.

I served on the Council of the Caribbean Actuarial Association (CAA) for 12 years and was president from 2005 to 2007. I continue to serve on a CAA practice standard setting committee.

CAN YOU SAY MORE ABOUT WHAT YOU ARE DOING TODAY?

I recently joined a private sector Canadian benefits consulting firm (Morneau Shepell). Ninety-five percent of my work is still public sector related—social security systems, government (unfunded) pension plans and funded pension plans for quasi-public sector institutions in the Caribbean.

ARE THERE ANY BROAD GOALS THAT UNDERLIE YOUR ACTIVITIES?

Yes, to educate and inform decision makers and the general public, while promoting proactive reforms where necessary and good governance practices.

- Most governments in the Caribbean do not know the long-term cost of their unfunded civil service pensions.
- Most social security systems suffer from excessive political interference and have few, if any, documented good governance guidelines.

- Public sector institutions are highly resistant to changing the ways they operate, and major policy changes take years to be enacted.

CAN YOU DESCRIBE YOUR STYLE OF WORKING?

Reports and presentations should educate instead of intimidate, language should be simple, not perplexing, and charts should almost always be used instead of tables and numbers. Key decision makers seldom read the entire report; therefore, the executive summary must include all key highlights and necessary takeaways.

HAVE YOU SERVED ON ANY GOVERNMENT ADVISORY COMMITTEES?

I have served in a technical advisory capacity on several government advisory committees dealing with social security reform and the introduction of national health insurance.

IS THERE A SPECIFIC ISSUE YOU WOULD LIKE TO FOCUS ON?

Good governance. The Caribbean has a history of weak governance practices in the public sector. Social security and pensions involve long-term promises and large funds. Politicians typically have short-term planning horizons and wish to spend available funds. In a region where saving rates are low and the majority of workers do not participate in employer-linked private pension plans, national pensions are and will be critical to survival in old age. Therefore, ensuring that Caribbean social security and public pension systems are well-designed, well-administered and well-governed has been at the core of all my work in the public sector.

WHAT PREPARED YOU MOST FOR YOUR PROFESSIONAL ROLE?

I grew up in a family business, actively contributing and working where possible. My parents were very active in various public service organizations and promoted high levels of integrity both at home and in the organizations they supported.

I worked first as an employee in a private insurance company and then in a public sector environment, eventually becoming an advisor to senior government officials. I then led my own small consulting firm. I have, therefore, had the advantage of seeing things from multiple sides, which has allowed me to incorporate various perspectives into the advice that I provide.



Don't be intimidated by senior public officials. Respect is gained when you consistently give impartial and professional advice.

WHAT HAS BEEN IMPORTANT IN HELPING YOU FOCUS ON THE PUBLIC INTEREST?

The need for far-reaching change and new ways of doing things in the Caribbean. The influence that I can bring to important public sector institutions can significantly affect the lives of individuals in vulnerable groups.

WHAT PROFESSIONAL ACCOMPLISHMENT ARE YOU MOST PROUD OF?

Preparing an extensive research document on the State of Social Security in the English Speaking Caribbean that was eventually published and used in university courses. It is still used more than 10 years later.

In the mid 1990s the SOA provided a career planning tool for future actuaries. I fully embraced that tool. The goal that I set for myself back then was to become the premier social security actuary in the Caribbean. I have been told by some that I have achieved that goal.

ARE THERE ANY OTHER ACTUARIES THAT WORK DIRECTLY IN THE PUBLIC INTEREST THAT YOU ADMIRE?

Professor Rob Brown. He was one of my professors at the University of Waterloo, teaching what turned out to be my favorite course—demography. He has written many practical and enlightening papers on social security and public pensions, and I have had the pleasure of presenting with him at several actuarial conferences. I share his passion for sound decision making in the area of public pensions and the need for honest and responsible governance at all levels.

WHAT ARE SOME WAYS YOU HAVE BEEN ABLE TO STAND UP FOR THE PUBLIC INTEREST?

Doing whatever is necessary to ensure that reports that should be laid in parliament (made public) are so laid and shared with the general population. (Quite often, governments postpone laying reports, when they consider the findings unfavorable.)

- Highlighting poor governance practices where they exist.
- Holding my ground (in a public forum) when a government minister suggested ways of selecting board members that were contrary to legislation.

WHAT WAS YOUR MOST REWARDING JOB?

No single job clearly stands out as being “most” rewarding. However, helping to enact reforms which bring about material positive effects, especially when there was extreme resistance at the outset, is always rewarding. Being able to initiate and advise on several important reforms in Montserrat, the island of my birth in which I no longer reside, is at the top of that list, though!!

DO YOU HAVE ANY THOUGHTS TO SHARE WITH CURRENT AND FUTURE ACTUARIES WORKING IN PROFESSIONAL ROLES HAVING A DIRECT IMPACT ON THE PUBLIC?

Don't be intimidated by senior public officials. Respect is gained when you consistently give impartial and professional advice, regardless of who the senior official is and/or the government that is currently in power.

Even when most things may be positive, do not shy away from highlighting any negatives or early warning signals that could indicate trouble ahead. If something goes wrong 20 years after your report is written, those affected and those then in authority won't ask who the government minister or CEO was at the time, they will instead likely ask, “What did the actuary say?”

Be open to different approaches and systems from countries both large and small. Good policy ideas can come from anywhere.

Believe in, and love, what you do! ■



Derek Osborne, FSA, is a partner and senior actuary for Morneau Shepell (Bahamas). He can be contacted at dosborne@morneaushepell.com.