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**Interviewer:** Susan Looi

**Guest:** Gavin Pearce

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**Susan:** Hello and welcome to the Actuaries Institute CareerView podcast, I'm Susan Looi, Convener of the Actuaries Institute's Risk Management Practice Committee. Risk management is crucial to any organization and requires complex skills that an actuary can bring. How does an actuary ascend the corporate ladder to become a Chief Risk Officer of a company? Today, I'm joined by Gavin Pearce, Chief Risk Officer of icare, one of the largest general insurance providers in Australia who has created a unique title for himself as "Chief Risky Dude". Welcome Gavin.

**Gavin:** Thank You Susan.

**Susan:** In this episode, we're talking about the path towards becoming a CRO. What are the necessary educational requirements, experience and what is the view like from the top of the risk management world? Gavin, can you share with us a little bit about what a CRO does on a daily basis?

**Gavin:** I think for me, the thing I like about being a CRO is that it's never the same day twice, it's very broad in terms of who I'm talking to, what I'm talking about. I could be talking to the people at reception about physical security and safety or I could be talking to the board about our investment strategies or where things are going from an insurance risk perspective. I could be talking to our regulators or Treasury. It's so varied and that's what I love about the role.

**Susan:** It certainly sounds like a great and really broad role Gavin. Tell us a bit about your career path to becoming the CRO. How did it get to here where you are Chief Risky Dude?

**Gavin:** Yeah, I guess for me, the main thing for me was that I followed what I love doing. When I was little, I loved solving problems which sort of led me into mathematics and so after high school I went to university and studied statistics and in New Zealand, well I didn't even know what an actuary was when I started University. I just knew I wanted to study mathematics and it wasn't until I was four and a half years through University that an actuary from AMP came and did an employer day at Waikato University in Hamilton, New Zealand where I was and I thought well that sounds like an interesting career.

I'd done some accounting and economics at high school, obviously I was doing the statistics and so the next year I found myself applying for a job and getting a role at Tower in Wellington, so I moved there, this is showing my age in 1992. I moved to Wellington and started a role as an actuarial analyst, working for Tower and it was at that point I had to start working and studying full-time through the Actuaries Institute here in Australia, so it took me eight years to qualify as an actuary through the Institute whilst working full-time in New Zealand so that was a start. I qualified as an actuary, I sat my last exam, gosh in 2000, came over to Australia and for a few days and did the professionalism course down in Wollongong, back in those days and then it was at that point I thought well okay I want to do more than just the actuarial sort of side of things.

I want to get involved in broader business issues. I set about doing an MBA and I did that through the Henley Management College (Now Henley Business School) in the UK which again was working full-time, studying part-time and that took me three and a half years and because I was deliberately trying to do the MBA as something completely different and I guess trying to engage the right brain having used the left brain for most of my life, my dissertation or my thesis was on employee motivation, so really trying to understand people. So that was the MBA and in 2008 I was the Chief Actuary at ACC in New Zealand.

I got to a point where I'd been working for the ACC for eight years and I was really thinking what's next for me and I sort of I guess felt like I had hit the top of the ceiling if you like in New Zealand and moved here to Australia and again kept working in the actuarial field and it wasn't until four years ago, I got a call from a recruiter saying "Are you interested in getting into risk management?" and I think my response was 'Yes, but I'm not sure I'm ready' and he said "look, Zurich's looking for a new chief risk officer, they want someone who has got an actuarial background and they want someone that can grow into the role", they didn't need someone that was going to hit the ground running and I thought well that sounds exactly like me.

I knew very little about risk management. Unfortunately, I did share my concerns and my thoughts with my wife who then decided to tell a good friend of ours that "Gavin is starting as a CRO at Zurich the following week and knows nothing about risk management", which would have been fine apart from the fact the person was Kate Bible who worked at APRA (Australian Prudential Regulation Authority) at the time, so yeah that was one of those kind of awkward moments, but I think I've since realized, anyone that says they know everything there was to know about risk management is fooling themselves and others. It's certainly an evolving area but that's how I got into risk management and brings me to where I am today.

**Susan:** Yeah, hear hear. I mean it's a journey that you can never get to the end of really. In risk management, it is so broad. Gavin, I just wanted to pick on what you said that was a part of your background that was actually, quite interesting which is your dissertation, which you did on people. How has that helped you do you think in what you do today?

**Gavin:** The approach I'm taking to risk management is a very people focused approach. I think my belief and you're seeing it now in terms of APRA's focus on risk culture. When biases come out and talking about incentives and again people and what motivates them and how to motivate them and align with their motivations with those of your policyholders and so forth. For me I think it was the challenge of understanding the complexities of humans. I understood the complexities of statistics and now it was moving into something more complex and really understanding that people are both the greatest asset and the weakest link when it comes to any organization and in fact we are all in the industry of people. We work with people, we work for people, we produce products or deliver services to people. So, to understand people, I think is at the heart of everything that we do.

**Susan:** I think that's a great perspective to take. I don't know whether many people know but they will soon; You won recently, the Risk Manager of the Year Award from the RMIA, the Risk Management Institute of Australasia and you've recently hosted a session on building a risk management framework. Can you provide us with details of any innovations you've developed as a result of your significant experience in this space?

**Gavin:** Well I don't necessarily have significant experience so I think one of the things for me really is just that open mindset and desire to learn about the new profession of risk management I find myself in and I think coming to it and so I've only really been in formally in risk management for four years and I think coming up to it fresh with fresh eyes and sort of challenging the status quo and saying well why do you do that? why do you use a heat map and certainly coming from an actuarial background and understanding probability distributions and distributions of likelihood and severity and to see all of that valuable rich information disintegrated into one dot on a heat map almost brings you to tears.

It's things like that and so there must be something better and when thinking about how to report to the board or our audit and Risk Committee. Putting myself in the shoes of the board members and saying well what would they want to see? what are they? what's important to them? so I think again it's taken it that people focus and not being afraid to ask the dumb questions, seek clarification, sort of poke your nose in all around the place, that sort of inquisitive mind that that's my general approach I'm not sure I've done anything particularly innovative it's just been doing what feels right I think and not being tied to historical tools and then that people have used in risk management for years and years.

**Susan:** Yeah and it's interesting that you say this. At the moment, it's such a learning experience and things are changing so rapidly so I think even though it may not be an innovation you've done but just I think being part of the industry which is quite an early industry or a young industry I think compared to some of the more traditional actuarial practices, I think just means that we're part of that innovation itself going across industry, we can see it now. You mentioned that in terms of culture and APRA and other regulatory movements in that space, Gavin, in risk management you mentioned the Board, you mentioned the regulator, you mentioned people of course and your company, how do you deal with the requirements and expectations of all those different parties because it is a very broad range of stakeholders that you're dealing with.

**Gavin:** I think for me it's just treating people as people first and not getting caught up and any sort of hierarchy. It's for me, you never know when that little where that next little gem is going to come from and as I say it might be talking to a board member or it might be talking to someone in the mailroom and if you close your mind or don't avail yourself the opportunities to talk to a broad range of people, I think you're doing yourself, your job, your profession a disservice, so for me it's just get out there and talk to people, be the 'chief risky dude'. I mean the number of people who have commented on that and incites a conversation. It shows me as someone that just wants to get out there and talk to people. I'm not the 'chief no-risk officer' so yeah that's the approach.

**Susan:** I think this is something that our young actuaries out there in particular are interested in. Gavin, what other key skills do you think our actuaries will require if they're looking for a career in risk management?

**Gavin:** I think probably the first thing to unpack and that question is what does a career in risk management look like? and I think for me as the CRO of an organization, what I'm trying to incite across the whole of my organization is for everyone to think in a very risk aware way and make risk aware decisions and what we call intelligent risk-taking.

You can be involved at all different sorts of levels you don't have to be the CRO. I mean you can still get involved in risk management from a role within an actuarial team or a product team or an underwriting team or whatever but if you're wanting to, I guess have more involvement in risk management, I would say as an actuary, you would be expected to have all of the technical skills and so it's really those soft skills. It's the ability to build relationships, to show empathy, to influence people, to earn their trust because if you're not trusted then people won't share that information with you and then you can be blindsided by things quite easily.

**Susan:** Yeah and arguably those skills are needed in some of the more traditional actuarial fields. I guess what you're saying is that just because of a very broad range of issues and with the stakeholders that you deal with, those skills are even more important in a risk management role.

**Gavin:** I think for me as a risk manager, I'm expected to know a little bit about everything and so I guess I'm more of a sort of a connector and having that helicopter view of the organization and sort of see, well okay if something happens over here in an IT area. What impact might that have on our customers or our operational efficiency or they couldn't impact us in a financial way so being able to connect all the dots to see the whole picture and I think you can only do that if you take that sort of helicopter view and don't get caught down in the weeds and certainly I've had people ask me "well you spent all this time qualifying as an actuary and now you've kind of thrown it all away" and I'd say 'well I haven't thrown it away, it's one set of skills and my bag of tricks I just have to add more skills into the bag'.

**Susan:** Yeah, look I completely get that because coming from risk management myself, it's the actuarial skills and actuarial areas are very, very, important in an insurance organization but it is but one part of the organization whereas I think your role pretty much spans across all the different areas of the organization. What makes you stay awake at night as the chief risky dude Gavin?

**Gavin:** I guess for me, the things that I think about a lot is how do I continue to grow and develop myself and my team? How do I meet the ever-changing expectations and needs of the business? How do I keep on top of the changing risk profile of the organization? And that can come from things that are changing internally. I mean at icare, we've gone through a massive IT transformation and then people and processes so not sweating the small stuff and really focused on the big stuff and then there's everything that's going on in the external environment and that's everything from what's happening in the economy, what's happening with cyber security and cyber risk, those sorts of things, the Royal Commission. I mean, that can have knock-on effects in the broader context then just the financial services and working for a government agency that there's an insurance like entity, we'd certainly be looking for lessons learned from the Royal Commission as well. Just got to keep your mind and eye on the ball and be looking everywhere for where both risk and opportunity might come from.

**Susan:** Yeah, I think that's a good way to look at it, not just focus on the risks and the downside but also focusing on the outsides. Time for one last question. Risk management is really an emerging field of practice. There are not many actuaries involved in that area. Any last words of advice for other actuaries, be they young or older who might want to follow in your footsteps? They can be personal as well as professional advice.

**Gavin:** Yeah, I think just get out there and talk to people. If you have an interest in risk management, then talk to risk managers, talk to people in your organisation, talk to other risk managers. I've actually spent a lot of time on LinkedIn as some people may have seen. I've actually set up a group on LinkedIn called 'Sydney Risk Professionals', that's open to anyone to join and I've just used that as a way to communicate with other people within the Sydney area and we get together about once every three months, people can certainly come along to that.

If people want to connect with me on LinkedIn and share thoughts and ideas, happy for them to do that or point them in the direction of other people if they happen to live outside of Sydney. I think just get out there, talk to people, find out more about it, find out how you can get involved within the role that you've got and then if you want to take that further and get into a risk management role, it's an emerging field and profession and there are a lot of people hiring so just roll up your sleeves and get into it

**Susan:** And I think that's about all we've got time for. Thank you so much for joining us this afternoon Gavin, it's great to hear from someone in a Chief Risk Officer position and so close to the latest thinking in risk management. So thank you and audience we hope you've enjoyed this discussion. Do look out for career articles on Actuaries Digital and listen to the other episodes in CareerView podcast as always, we wish you well on your actuarial career journey.