

**ACTUARIAL SOCIETY OF SOUTH AFRICA
PRESIDENTIAL ADDRESS 2005/6
Adrian Baskir, B. Bus Sci (Hons), FIA, FASSA
Delivered at the 2005 ASSA Convention on 8 November 2005
Gallagher Estate, Midrand**

Past Presidents, Fellow Members, Members and Distinguished Guests

On 24 July 2003, Graeme Smith opened the innings for South Africa in his first major Test match as SA's youngest captain against England at Edgbaston in Birmingham. I would imagine that when Graeme walked out to bat, he had similar feelings of apprehension, tension, determination and pride to those feelings which I am experiencing right now as I stand before you today to open my innings as President of ASSA. Graeme scored 277 and a week later scored 259 at the spiritual home of cricket, Lord's in London. Thank you for the honour and privilege afforded to me of serving you as members of the actuarial profession and for the opportunity that I now have to repay my debt to my profession. I must formally pay tribute to Janina for her leadership of ASSA over the last two years. She has certainly dedicated many hours of toil and sweat and has, I believe reinvigorated the profession through her efforts. Filling her boots will not be easy. Embarking on a two-year stint of office I'll also be happy to look back on two double centuries in those two years.

In 1989 when I completed my final examination of the Institute of Actuaries, one of my actuarial friends called my mother in East London and congratulated her on the fact that she had now given birth to 1% of the South African actuarial population. This was premised on two things - (1) my brother Brian had qualified about two years earlier and (2) there were about 200 actuaries in SA at the time. Although factually slightly incorrect in that I still had to fulfil a further 18 months experience requirement, I think this is a record that will stand for many years to come - perhaps forever. Sibling actuaries were a relatively rare occurrence at that time. There have been others since, but I'm sure this audience will have quickly worked out that in order to match my mother's achievement today, someone would need to produce 6 sibling actuaries as our population of actuaries has blossomed to some 600 today.

Genetics and family ties have long fascinated me and being a sportsfan, it is of particular interest to me when a new sporting star emerges on the scene who is the child or sibling of a former top sportsman. One has only to think of the Pollocks and Kirstens of SA cricket to illustrate the point. We have also seen within the SA actuarial community a number of family ties emerging - I've mentioned siblings but in the last few years we also have a number of sons and daughters of actuaries joining the qualified ranks and more recently we've seen the 'emergence' of a plethora of actuarial couples. In fact, I hosted a dinner of newly qualified actuaries in Cape Town a few weeks back and there were three such couples present. I will leave it to the geneticist or anthropologist to predict what kind of next generation 'superactuary' will be the fertile fruits of such a union.

These recent phenomena can be explained by the relative youth of the profession in our country - 57 years young as well as the fact that the number of women in the

profession numbered under 10 until the mid-nineties. Clearly the exposure to the risk of marrying a fellow actuary was historically pretty small.

So why my pre-occupation with families this morning? I believe that the actuarial population in South Africa is one large family. A family that is facing a number of threats to their unity, to their future existence and to their relevance in SA society.

Stephen Covey, although he has adapted his 7 Habits work, has yet to write about the 7 Habits of Highly Effective Professions. However, he did write about *'The 7 Habits of Highly Effective Families'* so I will use the actuarial family analogy to analyse today's challenges to our profession in SA.

- *"Habit 1: Be Proactive – Becoming an Agent for Change in Your Family.*
- *Habit 2: Begin with the End in Mind – Developing a Family Mission Statement.*
- *Habit 3: Put First Things First – Making Family a Priority in a Turbulent World.*
- *Habit 4: Think "Win-Win" – Moving from "Me" to "We".*
- *Habit 5: Seek First to Understand ... Then Be Understood – Solving Family Problems Through Empathetic Communication.*
- *Habit 6: Synergise – Building Family Unity Through Celebrating Differences.*
- *Habit 7: Sharpen the Saw – Renewing the Family Spirit Through Traditions."*

Habit 1: Be Proactive – Becoming an Agent for Change in Your Family

In my two stints on ASSA Council it became obvious to me that some members of our family were shirking their duties. Over the years the various leaders have sought to drive a culture of volunteerism amongst our membership. Whilst this has yielded some success in terms of encouraging members to serve on committees, research topics or participate in the education process, the challenge is threefold.

- Firstly we must continue to foster a culture of volunteerism. It is an indictment of our profession that only one position on Council for 2005/6 is contested. Many of our committees are populated by the same stalwarts and have become almost a closed shop. It is refreshing to see some new presenters of papers at this Convention and some new members serving on some of the newer committees established. This year we also created the opportunity for members to serve our community in a different manner with our Habitat for Humanity initiative. This was a success and thanks to the 36 ASSA members who participated in this project yesterday – an important one in showing a broader social conscience for ASSA. I remain of the opinion that there is a significant silent majority out there who could be proactively doing more to help our profession deal with our unique challenges. At our last Convention, Rob Rusconi delivered an award-winning paper that had significant ramifications for both the SA profession and the life industry that many of us serve. Rob acted as a Change Agent. It is easy to get into victim mode and accuse Sir Derek Morris, and Messrs Vuyani Ngalwana and Bruce Cameron of attacking the profession, albeit without malicious intent. Stand up and be counted. Don't be shy. During my term of office I intend to approach many of you to serve the profession in various guises. Please remember my plea before responding in the affirmative to my request.

- Paradoxically, the second challenge here is that we need to be more professional about our profession. Whilst volunteerism will always be needed we are probably getting to the stage where ASSA will need to employ some full-time actuarial resources. This has been mooted in the past and this family is a poor family and has therefore not had sufficient funding to justify such appointments. However the burden on our lay office-bearers, our Executive Director and his staff is becoming too large and complex. There are many issues that require a dedicated actuary to deal with rather than rely upon the efforts of someone who has a day job. I therefore intend re-opening the question of us employing a full-time Staff Actuary, as our sister actuarial bodies do internationally. We will need to find some creative solutions to meeting the financial requirements, though.
- In between these two extremes lies a third challenge. Actuaries are willing to do work on behalf of ASSA – but require compensation for their time beyond being able to ‘clock up’ CPD hours. This has become self-evident in the area of education as we have sought to develop our own SA Fellowship syllabus, material and examinations. A further area that requires a paradigm shift is in the domain of Research. During the course of 2005, the Research Committee recognised the fact that research grants were being sought sporadically and would relate to topics of the researcher’s choice. It was agreed that, to further promote South African research the award of research grants shall be extended to include the explicit commissioning of specific research projects of strategic importance to the actuarial profession in South Africa or topics identified by ASSA Committees for tender. The researcher would therefore be paid for their work albeit that it is not intended for this to be at commercial rates. Again this comes with financial challenges that need to be dealt with.

Habit 2: Begin with the End in Mind – Developing a Family Mission Statement

In 1998 ASSA developed a Strategic Plan. This was revisited in 2000 and 2003. Whilst I believe there are many elements of the strategic plan that remain relevant, a number of developments in recent years require us to look at our strategy afresh.

We also need to critically assess why some of the elements of that plan have not been achieved. Was the strategy appropriate? Did we misread the environment or was the response sufficient? Some of the macro issues (which I will deal with in a bit more depth elsewhere) that need to be factored into our thinking here are transformation, SA education, professional development changes and The Actuary post-Morris.

Michael Leeman, in his paper *‘The Financial Sector Charter, Some Implications for Actuaries’* delivered at the 2004 ASSA Convention, said: “A *comprehensive transformation charter is a necessary (though obviously not sufficient) step in this direction.*” He went on to add: “*a Charter is an essential first step in establishing our transformation credentials and credibility.*” I believe this does not go far enough. Whilst it is true that ASSA does not have a Transformation Charter, I believe the Charter should be more wide-ranging. An ASSA Charter should set out the ‘end game’ for the profession in SA. What is our mission in South African society? What are our goals and targets? Whilst transforming the profession is a key challenge demographically, we need to form positions on the SA Fellowship, on Professional Development and on ASSA’s role in the community and in Africa.

It is necessary for us to re-assess the ASSA Strategic Plan with a view to incorporating it into an ASSA Charter and Strategic Plan. Council will consider this and consult as broadly as possible with members as well as other stakeholders such as ASABA, FSB and actuarial employers. Earlier this year we established a BEE Task team to look at Transformation issues and I intend to kick-start this Task Team into taking this further, albeit with Council giving it a wider remit.

Habit 3: Put First Things First – Making Family a Priority in a Turbulent World

We live in a turbulent world. The story is told of Prof Einstein setting an assignment for a class of students. When one of his students challenged him by pointing out that the same assignment had been set the previous year, Einstein apparently responded that; *“The questions may indeed be the same, but the answers may be different”*.

I'd like to draw two separate threads from this story – (1) re-examining some of our practices and responses of the past; and (2) SA actuarial education needs

- As a young bright-eyed actuarial student in my first few working months at Old Mutual I had just studied the pro's and con's of mutual vs proprietary life offices and asked a senior actuary, at that time, when Old Mutual would demutualise. The indignant response was: *“It will never happen”*. Perhaps the standard answers and assumptions we made in the past need to be looked at again. The Pension Funds Adjudicator certainly seems to be of this opinion. Some other examples here are the professions views on the introduction of community rating and open enrolment to medical schemes in the nineties, our views on pensions surplus issues, pensions mis-selling in the UK and many others. We should satisfy ourselves that our past actions could be defended. Mike Codron introduced the concept of 'Crocodiles' that lurk waiting to 'bite' the profession during his ASSA Presidency. So if you identify any such crocodiles that can come back to bite us, rather let us identify and rectify them proactively before they snap their jaws.
- In 2003 we introduced the SA Fellowship examinations which enabled students to join the South African actuarial family through studying material authored in SA, based on SA actuarial practice, taught in SA and writing examinations set in SA and marked in SA. However this remains under the auspices of the UK profession and students in SA still retain the option of writing either the SA or UK Fellowship examinations. In September 2005, 19 candidates out of 71 wrote SA Fellowship exams (27%) although if one focuses on Healthcare, Pensions and Life the numbers improve to 18 out of 48 (37,5%). Council also did a snap survey of the candidates in terms of their choices. The key barrier to the SA exams was the perceived lack of adequate support albeit that this was significantly enhanced this session. Respondents had no strong objections to being required to write an SA-only paper to practice here although some concerns were expressed concerning international recognition. Some felt it would be easier to pass the SA papers – not because of differing standards but because they were being examined on material which they had local knowledge of. Quo vadis? What follows will probably be regarded as among my more controversial remarks this morning. Whilst take-up is improving, the SA fellowship exams need a higher take up rate or the UK

profession seems keen to take this responsibility back. There appears to be NO reason for us to terminate this initiative and we should resist this. The results to date are encouraging and we need to encourage MORE students to pursue this route. This country needs actuaries with local knowledge, who have studied local material and written local exams. We need to carefully consider whether students should continue to be able to write UK Fellowship exams in SA or apply our minds to finding other incentives for them to pursue an SA Fellowship. To my mind, it is only a matter of time before we will force this issue. We need to think about this NOW. The consequences of this could be far-reaching.

So (1) make time for your actuarial family, put your profession first. (2) Lets ensure that we focus on producing SA trained and qualified actuaries as a priority.

Habit 4: Think “Win-Win” – Moving from “Me” to “We”

In the SA Actuarial Journal Vol 5 Editorial, Rob Thompson wrote: *“During the apartheid years, actuarial research was remarkably silent about the effects of that system on the financial risks faced by the public. In retrospect, it becomes clear that the absence of such criticism may be construed as a political statement by default.”*

Referring again to Michael Leeman (2004 Convention): (The actuarial profession) *“certainly runs the risk of being marginalized in the eyes of Government and regulators. Our influence has waned, our professional track record has not been without fault, yet our core professional responsibility of protecting individual’s financial interest demands that we regain our previous status as a pre-eminent profession whose views should be sought and followed by our political policymakers when it comes to matters of financial interest.”*

Janina Slawski during her Presidency enhanced the crocodile imagery by referring to ‘geckoes’ as things ASSA can be proud of. Our public image has indeed waned and we need to work hard at remaining relevant and maintaining the confidence of our various customer stakeholders – not only Government, but commercially too. Other professions are ‘eating our lunch’ and we will need to develop strategies to enhance our public professional image. In many instances actuaries will represent opposing stakeholders and interests. Remember to maintain an open mind, objectivity and act in a professional manner. Opposing views and conflict should be healthy and constructive rather than destroying an already shaky public image.

However, such conflicts can lead to a breach of our Professional Conduct Standards. The onus on you is to report your suspicions. We have significantly enhanced our Disciplinary Process recently and we need justice that is done and seen to be done. Only then can we hold our heads high and claim another gecko - that we have the appropriate checks and balances in place to inspire public confidence.

A softer aspect of our public image is what I term the ‘ASSA Brand’. Our Society runs the risk of being seen in a similar vein to the Food & Wine Society or Birdwatcher’s Society. Coupled with a heraldic emblem that has a thistle, grainsack, three sigmas, something that looks like a top hat and a Latin expression, this is not exactly a marketer’s dream assignment. A survey at last year’s Convention indicated

general satisfaction with the name although the vote was split on continued usage of the emblem. Whilst I respect the wishes of those surveyed in terms of retaining the ASSA name, I am convinced that a fresh image will be significantly enhanced through a modern, more African emblem and the Communication Committee will pursue this. Hopefully by next year's Convention our transformation thrust will be epitomised by a symbol more reflective of our African roots and identity.

As actuaries we are like cricketing all-rounders and at various times represent the interests of:

- our employer;
- the industry in which we conduct our business;
- a working party or special interest group;
- ourselves;
- or our profession.

It seems to me that there are often instances where the profession is reluctant to take a view as a professional body or perhaps where the profession is lowest on ones hierarchy of priorities.

Section 9 of the Professional Conduct Standards (PCS) deals with Publicity. Some extracts:

- *“...any form of publicity which may give a member an unjustified or unfair professional advantage, as opposed to a legitimate commercial advantage, is prohibited. Publicity which is likely to detract from the standing of the profession is prohibited unless the criticism forms part of a justifiable debate conducted in the public interest.”*
- *“Members must ensure that their publicity ... is appropriate to the profession.”*
- *“A member speaking in public or writing for publication should normally seek to ensure that it is made clear in what capacity the contribution is made.”*

Where issues arise, particularly in public forums, often individual actuaries will promote a view, on behalf of, or in the interests of their employer or work on / represent industry responses thereto. The public is left confused as to whether this is the actuarial profession's view especially where the individual is a known actuary or even includes the term “actuary” in their title. Meanwhile, it is left to a handful of the usual suspects to come up with an ASSA response ... if at all. Thank you to those who have contributed in this regard. We must ensure that the profession takes a view clearly demarcated from commercial interests and articulated as such.

Habit 5: Seek First to Understand ... Then Be Understood – Solving Family Problems

Whilst on the subject of professional conduct, I wish to draw your attention to Section 4.4.1 of the PCS which stipulates: *“On becoming aware of any matter which appears to be a material breach by another member of any professional guidance or other guidance, a member must take appropriate action at the earliest opportunity.”*

Section 3 of the PCSSA – the Professional Conduct Standards applicable in South Africa stipulates: *“A member that believes there has been a breach of PCSSA*

(including PCS) has a duty to bring the matter to the attention of the President or President-Elect.”

We have improved our disciplinary processes to facilitate the swift execution of justice. However, it is reliant on you. In cricket, the umpire can only give a batsman out after an appeal from the fielders. We need you to report any suspicions. A robust profession such as ours operating in such a dynamic environment is likely to lead to conflicts. However the Professional Conduct Committee deals with a relatively few complaints and this cannot be healthy. It is your obligation to the profession to blow the whistle when you have suspicions.

We should also strive to resolve issues within the confines of the family. Good families celebrate their joys in public and their sorrows in private. Let us keep our ‘dirty linen’ in the ‘laundry’ not the media. Whilst not suppressing what’s in the public interest, it is in the interests of the profession for us sort it out at home and then communicate properly and empathetically with stakeholders ... including the media.

A good illustration here is the launch of ASABA earlier this year. There are many misconceptions around ASABA and some members of ASSA perceive ASABA to be some kind of threat. Council has been engaging with ASABA and hopefully from today’s earlier session, it is clear to you that (1) ASABA is part of the SA actuarial family (2) ASABA and ASSA’s activities are complementary, not conflicting and (3) ASSA and ASABA are committed to working together. We sought to understand then to be understood.

Habit 6: Synergise – Building Family Unity Through Celebrating Differences

Key Thrust 3 of ASSA Strategic Plan is to Ensure Diversity. It reads: *“Ensure that the membership profile of the profession increasingly reflects the demographic profile of the country, while realising that progress will be slow due to factors outside the control of the profession. The process may take decades to complete but it is essential that progress is measured annually in a clear and objective manner.”*

I have already commented around transformation during the Plenary session earlier today. However, some general comments. In my introduction, I spoke of the relative lack of women in the profession until recently. The first SA female actuary, Pat Potgieter, qualified in 1955. Heather McLeod became our second female actuary in 1988, 33 years later. Today we have 104 female actuaries (17%). Abe Nduru, the first black African qualified in SA in 1995 and in 2001 Themba Gamedze became the first SA-born black African actuary. Today there are 41 black actuaries including 16 black Africans (7%). This year, the first SA-born black African female actuary qualified - Ndivhuwo Ravele. We cannot wait 33 years for the second. The Strategic Plan indicates that the process will take decades to complete. Whilst a healthy dose of realism helps, quite frankly, we just do not have this luxury. We need to urgently find ways to redress this imbalance. Of the 54 new qualifiers this year, only 8 were black (15%). At that rate, the pace of demographic change will be too slow.

It is my view that the ASSA Charter I referred to in Habit 2 needs to include specific targets for black and black female actuaries as most other charters do. These targets

will need to be informed by a demographic projection model which reflects the needs of the country, the realities of qualifying and the need to act as a catalyst for some significant action by the profession. I envisage ASABA playing a significant part in negotiating these targets as well as in finding the solutions.

I would also like to return to my theme around the SA Fellowship and the need for an 'Africanised' version of our emblem. Without trotting out the usual 'Rainbow Nation' clichés, I believe that we should learn from the emerging group of black and female actuaries that potentially bring a different approach to problem solving and to the profession. This mix has the potential for us to create a unique actuary – the South African actuary - who is educated and qualified in SA, who is as technically proficient as any counterpart elsewhere on the globe, but who also brings to his profession a diversity of experience and a difference in his approach that reflects on his South African background.

Quoting again from Rob Thomson's SAAJ Vol 5 Editorial: *"It must be recognised, however, that the values of African philosophies are those that inform the milieu in which South African actuaries practice."* And later *"...organic holistic thinking is required of the African actuary of the future, thinking that will take seriously the principles of solidarity and reciprocity."*

SA-educated professionals in various disciplines are sought after in other countries. South African or African actuaries should enjoy similar status.

Habit 7: Sharpen the Saw – Renewing the Family Spirit Through Traditions

Cricket teams need to spend time together in the nets, fielding practice and discussing tactics. Highly effective families sharpen the saw by exercising together, learning new things together, and relaxing together.

There are a number of aspects to this:

- Exercising Together. I spoke of volunteerism under Habit 1. The various ASSA activities in which you can participate, are like exercising together. Serving on committees, education, research, discussion groups and forums. Participate and share and you will be rewarded. Even at this Convention, stand up and contribute to the discussions. We all owe our profession a debt of service and I urge you to service that debt otherwise the debit balance will continue to rise. In limited overs cricket, when one is chasing a target, the slower your run rate achieved, the faster you need to score in the final overs.
- Learning Together. This brings me to Continuing Professional Development (CPD). Compared with some other professions, our CPD requirements are not onerous. 15 hours formal CPD (and you can count the last half hour of my address) and 52 informal hours. As a result of the Morris Review, the CPD requirements in the UK are being reviewed and details thereof will be provided by Emil Boeke tomorrow. I will therefore restrict my remarks to two issues:

- (1) There are currently 162 CPD certificates in issue for our 600 Fellow members. In many areas of actuarial work, it is not mandatory to hold a CPD certificate, especially where one is not seeking a Practising Certificate. However, it is good practice to ensure that you have one. I shall be optimistic and assume that the remaining 438 Fellows are indeed fulfilling the CPD requirements, they merely have not gone through the formal process of seeking certification to verify that. With the changes envisaged, working actuary will effectively require self-certification – a responsibility we should all shoulder with honesty and integrity.
 - (2) The 15/52 requirements or whatever will emerge in the future is a bare minimum. If you are struggling to find activities to meet that minimum you are in trouble. It is good practice to significantly exceed those requirements. From ASSA's perspective, we will endeavour to offer a programme of events and opportunities that enable you to fulfil the requirements. But the onus remains on you to seek out those activities.
- Relaxing Together. Last year, the attendees at one of our Professionalism Courses suggested that ASSA has a more extensive social programme. The Programme Committee agreed to incorporate this into their plans. This extends beyond the Mid-year Dinner. But even at this Convention of the 460 registered attendees, only 220 will attend tonight's dinner. Socialising with your fellow actuaries is important. Traditionally, actuarial lunch clubs have been an excellent way of interacting informally with actuaries from diverse employers and fields. So form or join actuarial lunch groups or supper clubs – it will enhance the diversity of your actuarial experience. One of my colleagues remarked to me that he attended Conventions simply for the networking opportunities. So take advantage of those. Who knows, perhaps some 'relaxing together' could expose you to the risk of joining that growing list of actuarial couples within the actuarial family...

Concluding remarks

In building on the crocodile and gecko imagery of previous Presidents, today I'd like to add a further one – 'chameleons'. These are aspects of the South African actuarial profession that need to change or are changing. I have highlighted a number of these chameleons:

- Fostering volunteerism in an increasingly commercial & demanding environment.
- Developing an ASSA Charter
- Dealing with Diversity and Transformation
- SA Fellowship – Quo vadis?
- Looking back and challenging our past paradigms
- Public image and Brand ASSA
- Commercial vs Professional views
- Whistleblowing when necessary
- Renewing and rejuvenating our profession

Stephen Covey said: *“One of the best parts of being a family is that you can encourage one another. You can put courage into one another. You can believe in one another. You can affirm one another.”* The ASSA family likewise needs to help each other to meet these challenges.

Albert E Gray said: *“The successful person has the habit of doing the things unsuccessful people don’t like to do. They don’t like doing them either but they subordinate their disliking by the strength of their purpose.”* Some of the chameleons will not be easy to deal with and my remarks have at times been controversial. Similarly, our responses may not be universally popular within the profession.

I’d like to end by returning to the Graeme Smith captaincy analogy. He managed to conquer the apprehension and doubts with superlative performances. Whilst Graeme was scoring all those runs in the two Tests mentioned, he offered the fielders a number of catches that were dropped and my Executive Director tells me that the England bowling attack was very friendly in those days.

During my Presidential term of office, I have no doubt that I together, with my Council, will also make mistakes. However, I hope that you will help us to achieve our objectives through your ‘friendly bowling’ in the form of support and constructive input. Hopefully, we too can score double centuries and exceed all expectations.

Thank you