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**PRESIDENTIAL PERSPECTIVE**

Newsletter, November 2008



This being the last newsletter of the year, I shall make the question a little easier: In which year did the International Actuarial Association restructure itself into an association of associations, having been an association of individuals until then? Senders of the first two correct replies received by wim@actuarialsociety.org.za will each receive a six pack, either malted or soft.

As you may have gathered, this newsletter will report on international developments, but let us start with the "local is lekker" bits.

THE BUSINESS OF CHANGE

The theme of this year's Convention was *The Business of Change: 2010 and Beyond*. Prof Stan du Plessis delivered the keynote address, which provided an economist's perspective of regulation in the healthcare industry. Other South African speakers and presenters from outside the Actuarial Society included Leon Campher (CEO of the Association for Savings and Investment, or ASISA), Riaan de Jongh (Director: Centre for Business Informatics, North West University), Hendrik du Toit (CEO, Investec Asset Management), Rudolf Gouws (Chief Economist, Rand Merchant Bank) and Rory O'Brien (Partner, EMB Actuaries and Consultants). International speakers and presenters included Katsumi Hikasa (President-elect: International Actuarial Association), Ronnie Bowie (President, Faculty of Actuaries), Chris Carlson (President, Casualty Actuarial Society), Bozena Hinton (Vice-president, Institute of Actuaries in Australia), John Maroney (CEO, Institute of Actuaries in Australia) and Harry Panjer (Past President of the US Society of Actuaries and the Canadian Institute of Actuaries).

The Convention was attended by 659 delegates. This makes an interesting comparison with ten years ago when, at the Society's Jubilee Convention, attendance broke through the 300 barrier for the first time and 312 delegates registered.

Once again, I would like to thank Marquerithe Schreuder and the members of the organising committee for their hard work, which resulted in an event of high quality: Rika Cilliers, Carl Coutts-Trotter, Greg Douglas, Colin Dutkiewicz, Wim Els, Nikki Franklin, Paul Lewis and Kerrin Smith.

THE BUSINESS OF PERFORMANCE

As usual, a panel of the Research Committee adjudicated the various papers, and I had the pleasure of awarding prizes in the following categories:

RGA Prize for Best Paper by First-time Authors – *Generating Interest Rate Scenarios for Fixed Income Portfolio Optimisation*, by Helgard Raubenheimer and Machiel Kruger.

RGA Prize for Best Paper at the Convention – *Modeling the Market in a Risk-averse World*, by Rob Thomson.

RGA Prize for Best Paper Published in a Refereed Journal – Awarded jointly for *Mean Reversion in Investment Markets: The Implications for Investors and Regulators* by Anthony Asher and for *Sources of Error and Bias in Methods of Fertility Estimation Contingent on the P/F Ratio in a Time of Declining Fertility and Rising Mortality* by Tom Moultrie and Rob Dorrington.

Swiss Re Prize for Best Paper on Risk - *Modeling the Market in a Risk-averse World*, by Rob Thomson.

I wish to draw attention to an agreement with RGA and Swiss Re, in terms of which the author's costs of attendance at an international conference approved by the Research Committee will be paid. The payment is equal to the expenses incurred by the author in respect of travel, accommodation and conference fees, subject to a limit of R20 000. The payment must be claimed within five years after the award, provided that, if circumstances warrant it, the Committee may extend that period at its own discretion.

Congratulations, once again, to the above authors. One of my predecessors, John Rich, once referred to papers as the life blood of technical advance for our profession. It is safe to say that we are not anaemic!

PRESIDENT'S PRIZE, 2008

The President's Prize has been awarded annually since 1992. Initially, it was awarded for a meritorious paper. The criteria was subsequently expanded to include meritorious service to the profession. When sponsorships for papers were obtained, it was agreed to transfer the responsibility for adjudicating papers to the Research Committee, and the President's Award focused solely on meritorious service to the profession.

I am mindful of Mike Levett's tongue-in-cheek reference to the President's prerogative to extend the scope of the award, but there was no need to do it this year, and the applause when I presented Joubert Ferreira with the President's Prize for 2008 proved that this was recognition well deserved.

AND MORE

Congratulations, also, to Michael Goemans and Makhosi Ncube, and to Lauren Beinash, whose Convention papers (*Optimal Annuity Strategies After Retirement* and *Living Annuities: The Advisory Process*, respectively) have been discussed in the media. The stimulation of debate by papers presented by our members shows that the Society has left the ivory tower and the black box long ago.

AND EVEN MORE

When Rob Thomson obtained his PhD some five years ago, he quipped that it means “Phew! Done!” Leigh Johnson will experience similar elation and relief when he obtains his PhD in December this year. Leigh is a former winner of the Discovery Prize for the Best Honours Project by a student at a South African University. In addition, he has made a significant contribution to the activities of the Society, especially in respect of AIDS, where he has patiently responded to many enquiries referred to him by the Actuarial Society’s staff.

Congratulations, and very well done, Leigh!

NEW FACES

As I announced at the recent annual general meeting, Rowan Burger and Philip Zacharia were elected to Council. They have already become involved in the activities of Council during the recent strategic planning session, and I look forward to working with them during the rest of my term. Philip is the new student representative and Rowan filled the vacancy that arose when Nicky Patchett retired from Council. Nalen Naidoo relocated to London, and Jikku Joseph succeeded him as recently qualified member.

I would again like to thank Nicky and Nalen for their support and the valuable contribution they have made while on Council. I enjoyed working with them.

INTERNATIONAL ACTUARIAL ASSOCIATION MEETINGS, LIMASSOL

Committees and the Council of the International Actuarial Association (IAA) met in Limassol, Cyprus, from 1 to 4 November. The Actuarial Society was represented by Peter Doyle, Marius du Toit, Wim Els, Paul Lewis, Basil Reekie, Desmond Smith and me.

I would like to draw attention to the establishment of an interest group on microinsurance. This interest group intends making a presentation at the IAA meetings in Tallinn, Estonia, in May next year, and will probably become a subcommittee of the IAA’s Actuaries without Frontiers section.

It would not be me if this section did not include a reference to enterprise risk management, so here goes: Harry Panjer has made significant progress with drafting the syllabus, but it is becoming apparent that quality assurance will require more detailed attention. I believe the actuarial profession can play a

leading role in this area, and our Education and CPD Board will remain close to developments in this regard.

CPD is being recognised increasingly as a growing aspect of education, and I was encouraged by the enthusiasm with which Mickey Lowther's work on professionalism education for actuaries was received.

A further draft of the IAA's strategic plan was approved in principle, and member associations will be invited to comment on the draft shortly. This represents major progress with this initiative.

Interest in ICA2010 is building up. While there is a focus on Africa in general, I think members of the Actuarial Society should also see this as an opportunity and a challenge to present papers at the event. I am hoping that we will be well represented in the list of papers and presentations for 2010, and would encourage us to use 2009 sessionals, seminars and even the local Convention to develop ideas for 2010. The first call for papers has been circulated; if you have missed it, please contact Peter Withey – peter.withey@kpmg.co.za.

Paul Thornton, past President of the Institute of Actuaries, was elected President-elect of the IAA and will therefore be IAA President in 2010, when the Actuarial Society hosts the International Congress of Actuaries in Cape Town.

Basil Reekie was appointed as co-deputy chair of the Africa Subcommittee of the IAA's Advice and Assistance Committee. He was as a member of the IAA Fund Committee as well.

The IAA will soon publish a special newsletter on these meetings, and this will be brought to your attention.

IAA REPRESENTATION

Participation in IAA activities does not only provide participants with networking opportunities in exotic locations, but makes a meaningful contribution to the professional development of participants. Furthermore, the IAA is slowly positioning itself as the international organisation representing the actuarial profession. Apathy in this regard may leave one isolated and under-developed. A wealth of information is available, for example, in the IAA's virtual library – 465 342 results in 1.51 seconds for (what else?!) "enterprise risk management" – where one doesn't even have to worry about a dragon-librarian, or a co-user using a cell phone.

I would therefore urge members to join IAA Sections and to participate in the activities of the various committees. More information is available on www.actuaries.org, but we shall also circulate a brief summary of the roles of the various sections when we send out subscription fee reminders.

SUBSCRIPTIONS

The annual subscription renewal notices will be sent out shortly. As stated above, these will make provision for members to join IAA Sections as well.

The renewal notice will contain an information sheet to be completed by members as well. This is to ensure that we have updated contact and other information on the database. As part of this process, members will be requested to provide information on race as well. While some may understandably be reluctant to provide this information, it is required, as the Society receives regular enquiries about the demographic profile of its members. Furthermore, this information is essential for measuring progress and for setting targets in respect of membership diversity. I therefore appeal for your co-operation in this regard.

INTO 2009

We intend hosting a number of internally focused meetings during the first half of 2009. First of all, we intend presenting the results of a comprehensive review of the Constitution and Bye-laws to members at sessional meetings. This will be followed by a special general meeting to approve the revised documents.

Council has also held a strategic planning session recently, and the results, and revised strategic plan, will be presented at sessional meetings early in the year.

In addition, some of the practice area committees have already indicated that they are developing material for presentation at sessional meetings. A draft programme will be made available early in 2009.

As a gesture of goodwill at the end of the year, I have kept this newsletter shorter than usual. The intention, based on feedback from members (dare I say “readers”?!), is to have shorter, more regular newsletters next year. I would be remiss, however, if I neglected thanking each and every member of the Society for the energy and dedication that saw us through the year. In particular, I wish to express my appreciation to my colleagues on Council and the dedicated staff in both the Cape Town and Johannesburg offices of the Society for their commitment and support.

I wish all of you, and your loved ones, a peaceful festive season and a joyful 2009.

With kind regards



Garth Griffin
President

26 November 2008