

MEDIA RELEASE: 2011 PRESIDENTIAL ADDRESS

**Actuarial Society of South Africa
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Professions that Abuse Their Positions of Trust may Become Irrelevant

The President-elect of the Actuarial Society of South Africa, Themba Gamedze, has called on members of the actuarial profession to vigorously challenge the value they provide to society or face becoming irrelevant.

Delivering the Presidential address on the second day of the 2011 Actuarial Society Convention in Johannesburg earlier today, Gamedze pointed out to the more than 1 000 fellow actuaries in attendance that chartered accountants as well as auditors have suffered damning indictments for their role in the global financial crisis.

But, he warned, the growing tide of public mistrust is directed at anyone in financial services regarded as having been in a position to warn the public, including actuaries.

Gamedze went on to say that as a result the relevance of these professions is increasingly being questioned by society.

"There is wide-spread frustration with professionals, both in the public and private sectors, who are regarded as having failed in their responsibility to provide early warning to investors about the disaster that eventually happened."

He added that investors and independent commentators are equally frustrated with global regulators who failed to hold these professions accountable.

According to Gamedze, it is not surprising then that society is questioning the relevance of the very professions that should have anticipated and prevented the meltdown that eventually followed years of excesses, mismanagement and even fraud.

"It is therefore becoming critically important for us as professionals in general and actuaries in particular to challenge ourselves vigorously about the value we provide society. In doing so, we shall find ourselves already on the road towards retaining and

extending the relevance of our contribution, even in an environment of historically unprecedented change.”

Gamedze pointed out that a director of a life company in 1990 would have had to comply with not more than five pieces of legislation in order to meet fiduciary responsibilities. Today, just 22 years later, a responsible director is required to be aware of the provisions of well over 1 000 different pieces of legislation, he added.

“There is no doubt therefore that the key to the future success of our profession lies in developing an ability to anticipate, or at least to respond rapidly to change.”

With this in mind South Africa became one of the first countries in the world to formally start training actuaries to devise and implement effective risk strategies for organisations. South Africa’s Chartered Enterprise Risk Actuary (CERA) qualification was approved by the CERA Global Association in Switzerland in January this year.

“We are very proud of the fact that we produced our first Chartered Enterprise Risk Actuaries in 2011.”

Gamedze said the traditional actuarial skill-set, enhanced by new training such as the CERA qualification, enables actuaries to provide decision-makers with robust frameworks to support their decision-making in a very wide range of commercial, macro-economic and social challenges.

“As a profession we need to promote the fact that actuaries have the skills, both technical and non-technical, to make a significant contribution outside the areas in which they have traditionally worked. Risk management is just one example.”

But, said Gamedze, professions also need to make a firm commitment not to abuse their positions of trust and enforce professionalism through a strict disciplinary process.

“In the case of the Actuarial Society, the Code of Conduct has two central objectives. The most important of these is to provide a practical way to protect the general public from possible exploitation by our members in terms of potentially harmful activities that are not covered in the legislative framework. A sound disciplinary process also has the effect of safeguarding the reputation of the profession by ensuring that offenders are brought to book.”

Gamedze announced that the Society has just released its new disciplinary process, which, once implemented, will introduce stricter measures to enforce professional conduct among members.

Draft versions of the Society’s new Code of Professional Conduct and the new Disciplinary Procedure are currently out for consultation.

Ends

Note to editors: Themba Gamedze is an actuary and a Fellow of the Actuarial Society of South Africa and the Institute of Actuaries. He is also the Founding President of the Association of South African Black Actuarial Professionals and currently serves as President-elect of the Actuarial Society of South Africa.

Gamedze is a non-executive director at Santam and Credit Guarantee Insurance, and is also an independent trustee of the Alexander Forbes Retirement Fund. He serves on the Board of the South African Actuarial Development Programme (SAADP) established with the purpose of attracting more black professionals to the actuarial profession.

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The Actuarial Society of South Africa is the professional organisation for actuaries and actuarial students in South Africa. The vision of the Actuarial Society is an actuarial profession of substance and stature, serving, and valued by, our communities as a primary source of authoritative advice and thought leadership in the understanding, modeling and management of financial and other measurable risk.