

Good morning

The mid-term presidential address is usually a report back on the ambitious plans I sketched out this time last year. Kind of like the captain's log on the Starship Enterprise.

So I will be pleased if you find that I am boldly going where no man has gone before (or should that be woman!). So I am going to do just that and give you an update on some key initiatives and activities. But this is also a powerful platform and I intend to make use of it while I can. So there will also be a preachy bit!

If you recall, my themes were relevance, integrity and proportionality. It is vital that the actuarial profession remains relevant to the South African environment that we work in, and that we are making a positive contribution to economic and social development. This is an important reference point for the work we are doing.

Relevance

Our transformation strategy is top of mind when it comes to any discussion on relevance.

A key focus of this year has been the **ASSA Academy**. This has been a commitment to promote the qualification of our black student members while at the same time enhancing the support available to all students tackling the South African syllabus. We dived into this one and I want to credit Mike McDougall and Wim Els for being the feet on the ground that have made this happen. The interventions have included an induction programme, the distance learning programme for the A200 subjects offered by the UFS, and the communication sessions which have not only provided support for the A302 course but broader work-readiness skills as well. We even have youtube videos by MJ the student actuary!

We are learning as we go but the positive feedback has been very rewarding. In order to take this forward I am really pleased to announce that Lusani Mulaudzi will be taking on the role as principal of the ASSA Academy as he retires from Council this year. Thanks, Lusani, you are an exceptional role model and your enthusiasm for this project is infectious.

We have also updated the MOU we have with the Association of South African Black Actuarial Professionals (**ASABA**) and Takalani Madzhadzi and I signed it last month. This will enhance the interactions through each of us having a seat on the other's Council. Another aspect I am most excited about is positions in various practice area committees being taken up by ASABA representatives. I hope that encouraging active participation in the committees will provide learning opportunities but also promote diversification and broader thinking by those already in the committees. This is a big part of addressing the "hearts and minds" bit of transformation which is so much harder than the numbers part but

also so important. I encourage the ATOs to consider this kind of approach in order to promote both learning and diversity of thinking.

Our Young Members Convention is a joint initiative with ASABA and we had a second event this year, with the support of Investec. The YMC aims to broaden access to professional events, especially as the convention is getting so large and not necessarily accessible to all members! This year's event had a bit more technical content than the inaugural event last year and we have had positive feedback and ideas for future events and I hope the YMC continues to grow.

Education

What a critical time it is for higher education in South Africa. I firmly believe that education is the key to economic upliftment and revitalization for our beautiful country. It is so incredibly tragic that the failure to prioritise spending on education, particularly basic education, has given rise to a generation that are extremely frustrated at being excluded from opportunities. While our initiatives to promote Maths and Science at school level may only be a drop in the ocean, we really need to adopt the philosophy that every bit helps, especially interventions that target the development of teaching skills.

The uprising on our campuses has been a major worry. Obviously for me personally, as a teacher at Wits, it has been really disconcerting to see the violence and destruction and to come face to face with the anger and frustration which even took on an ugly racial tinge. I really want to commend my academic colleagues across all the universities for being so steadfast in your commitment to teaching. But it is too easy to dismiss this as thuggery and criminality. While those actions can't be condoned, the underlying dynamic can't be ignored. Everyone deserves the opportunity to learn and grow and become a productive, fulfilled participant in a thriving economy.

There is no doubt in my mind that education is the key to making that happen, but maybe not quite in the self-serving way that the protesting fallists envisage. As Martin Luther King Jr said on 23 August 1963: *"Let us not seek to satisfy our thirst for freedom by drinking from the cup of bitterness and hatred."*

Our profession can contribute to building sustainable structures for education funding and I am really pleased that we are already part of this. You are going to hear from Sizwe Nxasana later today about the ISFAP plans to integrate grant and loan funding with capital sources including social bonds. The sustainability of these kind of structures is based on the principle of giving back – from each according to his means – to each according his needs.....

As many of you may be aware, we have two trusts focusing on education. The ASET is focused at the school level and particularly initiatives that promote maths and science education. Not just to nurture future actuaries but other scarce skills in fields like engineering and medicine. We have some important partners in these initiatives like Paper Video and SAICA. And then we have the ASDT whose primary focus is at the university level providing support to the

accredited programmes across six universities. Both of these entities are donor funded and ASSA makes an annual contribution to ASDT from our own subscription revenue.

As part of our transformation programme we want to provide additional support at university level in addition to the support post-university that the ASSA Academy is providing and the support that the SAADP is providing to students they are funding.

To this end you are going to have the opportunity to donate to both the ASET and the ASDT when you pay your 2017 subscription and also if you visit the ASSA stand in the exhibition hall. Both of these trusts are able to offer section 18 certificates. Please be generous. (#ASDTMUSTRISE)

We also have a bit of a revolution happening in our own actuarial education system. As a FMA of the IAA we need to be compliant with the **IAA syllabus** by 2019. This applies to the Associate level. We are in good shape for this, particularly as SA was well-represented in the IAA syllabus development process through the tireless efforts of Andrew Gladwin. A more challenging issue right now is the revisions that the IFoA is making to the **technical subjects**. As you probably know these are largely covered by the accredited university programmes. This revolution has been a timely trigger for us to contemplate the next steps for the South African actuarial education framework. Andrew Gladwin and Nalen Naidoo are heading up a Curriculum Taskforce investigating our options. It has been really thrilling for me to see the actuarial academics pulling together to think this through. Since 2010 we have been developing our own education framework in a kind of top-down approach. Starting with fellowship subjects and incremental customization of the material to SA circumstances. We now have a range of fellowship subjects, including banking, with supporting material and tuition support at the F100 and F200 levels.

This year saw the completion of the **Retirement and Related Benefits**. We have localized the **A301** exam this year. All of this means that the material is relevant to South Africa (decolonized if you will !) and also that the offshore money flows are reduced. I think a large number of us experienced syllabus changes and frustrating transition arrangements during our own qualification process, so it is a case of the more things change the more they stay the same!

But I don't want to be too flippant when it comes to addressing the challenge of decolonisation. This is an integral part of the hearts and minds part of transformation. But what is it? It seems various protagonists are using the term liberally as a vague reference to some kind of cultural change in education.

I acknowledge that I have benefitted from my privileged position. I have had opportunities not accessible to many others. I really want to contribute to making a difference and opening doors for others. My privilege means that I can't necessarily understand the depth of the pain that denied opportunities cause, but I hope it can give me the means to help make a change that will mean that past unfairness is not perpetuated.

I really believe that we need to stop judging each other based on where we have come from and pull together and push forward. I have been making a real effort to try and understand what decolonisation means and what we can do about it. I found that Dr Kenosi Mosalaka put it quite eloquently in his recent letter to the Star Newspaper when he said:

“Decolonized education will imbue Africans with a sense of self worth, confidence, knowledge of and confidence in historical and potential African excellence and exorcise inferiority and a sense of victimhood.”

I understand this to mean not just teaching established thinking but rather encouraging a contribution to it as skills are developed. It is about promoting dignity and respect and dealing with the “how” of learning rather than just the “what”. I hope that this will trigger some thinking about actuarial education and also stimulate some research topics on integrating risk management with traditional structures.

This brings me back to my theme of relevance. If we are teaching skills that are valuable in delivering economic prosperity and social security in South Africa then we will be providing South Africa with relevant actuarial skills. So that’s what our Curriculum Taskforce needs to consider as a central theme.

So bear that in mind when contemplating your CPD. The CPD framework is also being revolutionized at the moment. Mickey Lowther has been instrumental in these developments with Tobe Hope and Nico van der Colff of the Professional Matters Board. Remember that CPD is about your professional obligation to maintain and develop your competence for the work that you do and the roles that you fulfil. To this end it should be a useful tool to help you identify where you may have gaps and it should be a case that you are merely documenting and logging what you are doing anyway to work in a way that is true to our professional code. So whether you are in a technical, executive, statutory or strategic role CPD is relevant to you.

Our task as ASSA is to ensure that the value of our brand is protected. The esteem in which we are held by the public, our colleagues and our clients exists because of the relevant knowledge we are expected to have. So please embrace our new system launched at yesterday’s plenary and make your personal professional development plan work for you!

On the global front ...

We have just hosted the IAA meetings here in Cape Town. It was certainly not too difficult to persuade our international colleagues to come to beautiful Cape Town at this time of year and I am so pleased that many have stayed on to join us at this convention. We have finalized our MRA with the Canadian Institute of Actuaries and also with the Casualty Actuarial Society. I think Peter Withey will agree that our participation in the various IAA committees is both stimulating and important in informing us of developments in actuarial practice and our

challenge is to continue to maintain the balance between international and local relevance.

Integrity

Moving on to talk about the way we work

Isn't it sad that TCF has become a regulatory imperative? Doesn't it make sense that for a business to be sustainable it should be treating its customers with care and respect and delivering them products of value that address their diverse needs. Obviously the answer is no, and that's why TCF is here, but why? Is it because products in the financial services space are so complex that it is not too difficult to throw in some extra margins, contingencies and low probability coverages.

Or maybe that there are vulnerable and financially unsophisticated target markets that are not in a position to critically evaluate quality. Is it because the pressure of people's consumptive desires is too good an opportunity to miss in terms of creating a profitable unsecured loan book? How do we address this if all the parties in the chain from the product provider to the agent and even some benefitting community members are in on the game? Do we wring our hands and say that is how things are being done, sad but true... and dive right in. No, we cannot and we need to change the mindset that each one of us can't make a difference. As the cliché goes: all it takes for evil to prosper is for good men (and women) to do nothing.

It is intolerable to me that members of our profession are involved in retrenchment protection to pensioners, expensive credit life cover on short-term furniture loans, maybe even credit life cover to low income borrowers full stop. Insure the lender but don't use over-priced life cover as a mechanism to inflate charges and bypass the credit regulations, which exist for protection of the public interest. And where do I even start when it comes to selling funeral policies to child social grant recipients. I am appalled that recipients of child support grants can be even conceived as being a target market for anything other than care, help and support. But some clever marketer is congratulating himself (or herself) on creating a distribution network that is literally taking the food from starving children.

So there is my rant. But what is my suggestion?

Neil Savage and the Market Conduct Committee are looking at the role the profession can play in protecting the public interest when it comes to unscrupulous behaviour.

But we can each play a role in taking action, and calling it out, when we see things that simply aren't right. It's not ok to be associated with such practices in any way. As professionals we can't pigeon hole ourselves as product developers or reserve calculators with no interest or influence on how the products are marketed or sold.

During the course of my career I have sometimes found myself in the position of challenging established thinking. This was very much the case in the early days of actuarial involvement in healthcare. I sometimes found myself bumping heads with those who argued that things have “**always been done this way**”. Well that doesn’t make it right!

And then I find myself faced with practices of highly questionable integrity. Doctors charging for services not rendered, or providing services not clinically required to make up the perceived gaps in income. Even actuaries involved in credit life cover with questionable value when it comes to short-term unsecured debt. And we step up to the excuse “**everyone else is doing it**”. Well that most certainly doesn’t make it right. I’m sure at some point your mother has asked you if everyone jumped over a cliff would you go to?

As I battle to get my head around highly educated and privileged people justifying their actions which effectively rip off poor people. I thought that the excuses couldn’t get worse. But then I found myself faced with the expression: “**If we didn’t do it, someone else would**”. Let me let that sink in. Since when is integrity measured by being the least worst? Integrity is measured by being accountable for what you do, accountable to you! Now there is someone who is difficult to fool.

So if you ever find yourself justifying an action with the excuse: it’s always been done this way, everyone else is doing it, or, if I don’t do it someone else will. Please stop and re-evaluate. Please ask yourself if you are really delivering value, particularly when it comes to vulnerable stakeholders and if you can’t justify your actions with absolute certainty then the course of action is clear..... don’t do it!

Our mission as a profession should be to evaluate not just profitability but value to all stakeholders. And if these elements are not in balance, the project is not viable.

To me Integrity is strongly associated with fear and courage. It is not about the absence of fear (because it is important to be aware of, and plan for consequences which is a core skill we have) but the courage to overcome fear when it comes to doing the right thing. Or encouraging others to do the right thing. I really value the position of Trust we have and this is something we should cherish and not commoditize. And another word I’d like to associate with integrity is humility. We know a lot but we don’t know everything. And I don’t really know what it’s like to be you. So it’s not for me to tell the decision makers that I advise what to do because I know better, but rather to give them a map and a compass to help them make informed decisions

So please think about the bigger picture and not the immediate gains.

Proportionality

We certainly live in interesting times when it comes to political and regulatory developments! We have a new solvency framework to get to grips with, on again off again retirement reform, healthcare regulatory reform, new governance codes, data privacy rules, credit reform. You will notice that many of these developments are about expanding access and narrowing the gap between the haves and have-nots.

As my amazing Aunt Inez is often quoted as saying: *"Those who 'have' can always argue that tomorrow is the right time for change. For the 'have-nots' today is not soon enough."*

I am sure that we have all asked ourselves at some point: How much is enough? I have been following with interest various articles by Ann Crotty discussing the issue of executive remuneration and suggesting that various remuneration committees may be self-serving in considering remuneration levels of executives. And that benchmarking is just a self-fulfilling prophecy. Again, we come back to the argument of "just because everyone else is doing it" doesn't make it right.

I share Joe Biden's lament:

"For too long in this society, we have celebrated unrestrained individualism over common community. For too long ..., we have been lulled by the anthem of self-interest. ..., self-aggrandizement has been the full-throated cry of this society: "I've got mine, so why don't you get yours" and "What's in it for me?"

I am disappointed that King 4 stopped short at tackling this one. Do we really buy into the self-serving arguments of executive remuneration? Once you have a comfortable home and lifestyle, good education and healthcare for your family and maybe some nice annual holidays, and a secure future, isn't the obligation to share rather than to hoard. As a profession we are well-equipped to answer the question of how much is enough. As a profession I think we can do more shareholder activism when it comes to considerations such as executive remuneration as well as feathering our own nests. And I salute those enlightened enough to realize that there comes a time when it's actually more rewarding to give back than watch the investments accumulate.

At ASSA we are able to assist with lots of opportunities to give back.

So here is my call to action. We have a number of regulatory and legislative changes affecting members in different areas of the profession. SAM is hopefully going live in July next year and will live up to the many hours of preparation and discussion that have gone into the structure. An important factor is the impact of a low interest rate environment and this is a concern for solvency modeling globally. There is a need for further research and recommendations here.

We have engaged with stakeholders in government and unions around the issue of retirement reform and broader social security reform. Fatima Badat and the Social Security forum have been working on terms of reference for a social security project. The intention here is to bring together work that has already

been done as well as to do further research and modeling. So please look at contributing in whole or in part if you have been involved in work in this area.

The Demography and Epidemiology Committee has also issued a tender for work on updating the subpopulation model that is such an important part of risk assessment. The CSI committee is doing great work that forms a foundation for work many of us do.

Divya Babu's team at Actuaries Without Frontiers is doing incredible work in terms of financial inclusion and financial literacy (with the iMali game).

There are also lots of opportunities in the education space in terms of learning material, tutoring and mentoring. We have had a recent call for fellows to join a mentorship programme which will include a training and support framework.

And, as I mentioned, even if your involvement is in the form of financial support to the education trusts, this is most welcome. So keep in touch, which will hopefully be easier once we roll out a shiny new website, and get involved where you can.

I have had an incredible year and I am looking forward to more of the same. There has been a lot to deal with and sometimes I find myself wishing I could be in many places at the same time. Thank you Peter for being so willing to step into the breach when called to do so and being such a helpful and wise sounding board. I am so appreciative of the commitment of the team at the ASSA office who often go well beyond their job descriptions to keep our ship on course.

I hope that it's not a reflection on me that we have lost two executives this year! I think it's a reflection of the opportunity for growth that ASSA offers. Petrus Bierman made an incredible contribution to the education programme during his time as education executive especially in terms of tuition development and normative skills. Thank you Petrus and I wish you well in your new position at Sanlam. And Janine Laubscher has been an incredible asset. Also incredibly brave being an accountant employed by the actuarial profession! She has been committed, meticulous and super-organized and has kept us on track but also steered us through some crises. Thank you Janine and I wish you loads of success in your career with Genre. So certainly some big shoes to fill and Conrad Backeberg has hit the ground running and embraced the challenges of education strategy with aplomb to date. Thank you for your willingness to dive in. We are also in the process of appointing our new finance and operations executive and we will introduce you to her soon.

And thank you to my colleagues on Council. Our discussions and debates are always stimulating, often robust and I am also pleased that our meetings usually also include some laughter. I'd like to especially mention Trevor Pascoe, Michael Tichereva, Lusani Malaudzi and Riyadh Mayet who have come to the end of their terms and to welcome the new council members. And also thank you to Christopher Rudzuna who has served as the student rep this year. And thank you to all of you for being so engaged with your profession. We had a record

number of nominees for the council positions and over 52% of members participated in the Council elections. I am thrilled that my experience has inspired my own Steph to get involved rather than to run a mile! We also have an incredible number of committed volunteers.

Thank you to all of you who are ambassadors for our profession in how you do what you do every day in addressing complex issues and delivering value.

So finally I would like to thank my family for putting up with me being so distracted this yearLaura and Stephanie, my patient, beautiful hardworking girls; my cheerleading Dad and especially Noel, the incredibly caring and supportive man I am marrying in 23 sleeps!

Thank you for being here to listen to me this morning. I hope I have given you some food for thought and that you are feeling challenged and encouraged!

And I guess all that remains for me to say is: Beam me up Scotty.