

PRESIDENTIAL ADDRESS

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OCTOBER 2018



Good morning colleagues. Welcome to the second day of our flagship event for year – the 2018 ASSA Convention. While the Practice Areas Seminars provide the opportunity to focus on practice specific matters the convention provides the opportunity for us to engage far wider.

With a 2 year term of office as president, this year's convention gives me the opportunity in this presidential address to apply a degree of introspection as to what progress we have made in our strategic objectives, a 'state of the profession' address if you wish, but also to present a bit of the vision and issues that are foremost in my mind as I look forward.

Those of you who were at the 2017 Convention and paid attention to my presidential address at that time may recall my depiction of the theme of 'Relevance' that I have set for my presidency with the image of the 3 legged pot. The pot represents ASSA, the contents our professional promise, the 3 legs the strands of relevance to the international actuarial community, to our members and to the society we serve and the fire itself the enabling strategic priorities. If we do not deliver on the strategic priorities or if any one of the legs is missing the structure cannot deliver and the 'product' is not optimal. I feel that this picture gives, me at least, a visual representation against which I can test what we do as ASSA.



SO..... how are we performing then.

Let me start with the Strategic priorities themselves and then look at how that flows into the other elements of our strategic picture, the legs and the content of the pot itself.

Volunteerism

Volunteerism is both a massive asset to ASSA but also a great risk in that the extent of the contribution of our members to the Society is huge and if this spirit of volunteerism were to decline the ability to meet our goals will be severely restricted. The contribution of members lies not only in the time and effort that is provided to the society but also in the fact that the involvement of practitioners in our structures assists in helping ASSA remain relevant in all three areas I have highlighted. So it is with deep appreciation to everyone involved in volunteering for ASSA in any role that I acknowledge you. Thank you!

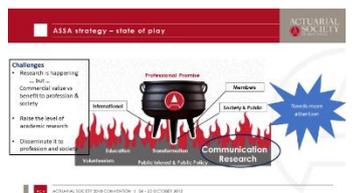


Communication and Research

I have grouped these two together because Research provides material to enable us to demonstrate our value as both actuaries and as a profession, and communication reflects how we make that visible to stakeholders.

At the start of the year Council concluded that Research remained a challenge and Communication was not as effective as it should be. I think that a similar conclusion would be reached if we were to assess ourselves right now.

I think that there is significant research happening in the profession but much of that is not shared because of the intellectual property it represents and the consequent potential real loss of commercial value. The challenge for us as a profession is how we can get both this form of research into a wider domain without losing the competitive edge that it may give our employers, and how we extend more formal academic research topics and capabilities. This is an ongoing challenge. Then once research is done, how do we disseminate it to both our own internal audience and to a wider audience is the next challenge.



Education

I am convinced that ASSA has a world class education system, and here I include both the academic and the normative aspects of the programme. I



believe that South African actuaries can hold their heads up high in the international community and are well regarded in the fields in which we work because of the quality of our Education system. Our thanks in this space must go to all those involved in the Education pipeline from the ASSA Education board, the universities providing education in the pipeline and the many volunteers to ensure this is maintained.

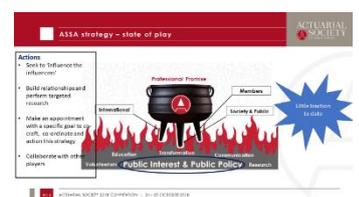
Sometimes I hear criticism of our education process and saying that it is ‘too onerous’ and in particular I have heard comments that the Normative elements and related workshops are too extensive. While it may be valid that they take some time and effort I think that these programmes are fundamental to what makes SA Actuaries well rounded and effective. I do not think I am alone in this view.

I must also note that the Education syllabus cannot remain static or else we will be become irrelevant as a profession. In the same way as the education in the profession when our oldest living member of the society, Mr Peter Bieber, qualified in 1951 was quite different to what it is today, so too the syllabus of tomorrow will need to continually change to reflect the needs of our stakeholders over time. The Education Board have this clearly in their vision and will continue to maintain a syllabus for the South African Actuary that is both relevant to the time and up to the standards we expect of our profession.

Public Interest and Public Service

At the 2017 council strategy session the key objective of ASSA was articulated as “Delivering on the professional promise, transformed and relevant to South Africa. Fulfilling stakeholders expectations; acting in the Public interest and sustainable into the long term”.

Serving the public interest is therefore a key part of the vision and mission of ASSA. There also seems to be potential demand for our services in this space. The State President in his speech at the SAADP Gala Dinner in 2017, when he was still Deputy President, said “In a developing country such as



ours, having accurate, reliable and detailed insight about our possible futures is crucial to the achievement of our developmental goals. The skills you possess and the methods you employ enable us, as partners in development, to plan and manage our economic trajectory with a semblance of confidence and certainty. Your work is at the centre of our financial ecosystem. It is critical to its performance, its sustainability and ultimately its survival. It informs how we deploy our resources, how we manage risk and how we prepare for the future.”

ASSA efforts to date have, however, not resulted in the desired outcomes for the profession. After various debates at Council, it was agreed that more was needed to influence the public debate and build relationships with targeted stakeholders and that this should be added as an additional specified strategic focus in 2018. As a result, it was agreed to make an appointment of an individual with a specific focus to seek to influence policy and policymakers, and to conduct or source targeted research in the space. In tandem with this the Stakeholder Board has been working on developing a potential approach to the achieving the goal we have of ‘Influencing the influencers’.

I hope that after the council meeting next month we will be able to make an announcement in this regard.

The appointment process has highlighted for me some points that are worth noting.

- Firstly, we already have a number of members working in the Public Sector or providing advice and/or comment to public issues.. We somehow need to leverage off this to show that the profession can play a role without it being seen as partisan to specific viewpoints.
- Secondly, this is a ‘special area’ with its own language and protocols. As such a first priority for the appointee to this role will be to establish a special interest task force to progress our influence in this space.

— Thirdly, ASABA appears to have achieved some traction in this space and we need to leverage of each others work for the benefit of the profession as a whole.

Transformation

Now, some of you may be tempted to switch off, thinking ‘here he goes again’. Well you are right ‘here he goes again’ – this is a topic that I will continue to ‘beat the drum’ on because to me it is without a doubt the most critical element for the development of a profession that is relevant to our South African society.

The definition that ASSA has established of what Transformation means to us is - “Transformation of the Actuarial Society and the actuarial profession is about fairness and inclusion. It is about every member of the Society feeling welcomed, appreciated and inspired to succeed and contribute. It is also about fulfilling our professional promise by ensuring that the work that actuaries do is relevant to the diverse South African public whose interest we serve.” Until we meet these objectives I will continue to publicly and privately talk about it. Unfortunately, feedback from the member survey and comments that I have seen and heard in actuarial meetings, at both ends of the spectrum, indicate that we still have a way to go in this area.

You may ask why I feel so strongly about this and why I continue to prod our profession forward in it? It is partly because of the fact that I see it as an imperative for the profession, but I also encourage it because of my own continuing journey in the area that has been challenging but also profoundly enriching.

Through my own experience as I have engaged with this I am convinced that we as a profession need to engage with one another to learn to see the person beneath the societal stereotype, develop an appreciation of others, a recognition of our own biases and build a level of relationship

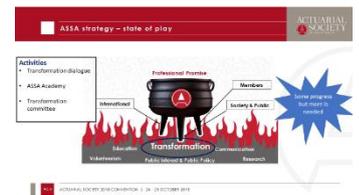


that allows us to hold one another accountable to this goal. It is for this reason that I challenge each one of us to make the effort to have at least one meaningful engagement with someone we have not met before, and ideally with someone who is quite different to yourself. I have found that such intentional engagements widen our horizons and help us to develop the culture of inclusion we are seeking to develop in the profession.

Enough of my personal reflections though. How is ASSA performing in this space? I think we are making some progress with the initiatives that we have implemented but there is still a long way to go. But as I have spoken to members I have become aware that many members are unaware of what ASSA is doing in the space. So here are a few examples:

- Transformation dialogue. We have been providing various forums to enable members to engage with one another on the subject of transformation and inclusion.
- ASSA Academy. Established in 2015 the Academy has an intended focus to provide additional support in identified areas where students, especially previously disadvantaged students, were struggling. The academy has improved the progress of students through the exams. But here is the problem – people, even the intended beneficiaries of the programme, do not know of its existence or choose not to access the opportunity.
- ASSA Transformation Committee reports directly to council and is chaired by the President Elect. It is responsible for providing direction to Council in respect of transformation and is primarily a co-ordinating committee to ensure that our efforts and limited resources are well utilised. Significant partners in the transformation space such as SAADP and ASABA are represented in the committee so that we try to limit duplication of effort where possible.

The committee has for some time been considering how we define ‘what is good’ in respect of transformation and setting goals

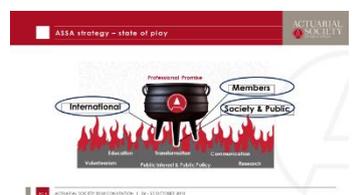
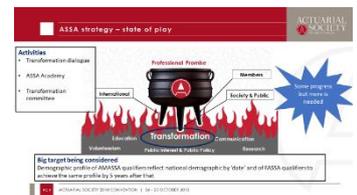


accordingly. In 2018 the committee presented to Council a proposed transformation target.-This has not as yet been approved by council and the Transformation Committee has been asked to ‘put more flesh on the bones’ of the proposal and in particular to identify the actions we should be taking as a Society to reach the target. I am mentioning the target being considered today to give members an indication of the direction of thinking – elements of the target may yet change.

The target that has been proposed for consideration is “that the demographic profile of those qualifying as Associate members (AMASSA) should reflect the national demographic profile by ‘date’ (initially suggested as 2028) , and that the profile of those qualifying as Fellow members 5 years after that should reflect the national profile.” Please note that this is about those reaching the milestones and not the overall profile of the profession.

This, if accepted, is undoubtedly a stretch target or a BHAG, given that we are only able to influence a portion of the journey to qualification and are dependent on a relatively weak educational system for the majority of our population. However, this should not deter us from doing all we can to try to achieve this goal. As the next step in this process, Council has asked the Transformation Committee to now consider and propose actions for us to take to work towards this goal.

Having considered the elements of the performance in respect of the 6 strategic priorities let me consider the 3 ‘legs’ of relevance; Relevance in the International Community, Relevance to our members and Relevance to the society we serve. In the interests of time I will not go into detail, Suffice to say, I believe that we are broadly relevant in all these areas and as we continue to focus on the 6 strategic imperatives we will strengthen our performance in each. Especially in respect to the society we serve as we progress on the Transformation and Public Service imperatives.



It is now to the content of the pot itself – our Professional Promise’ - that I would like to focus on.

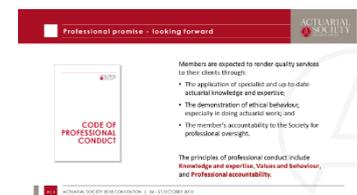
Our Code of Professional Conduct states under the heading of “The professional Promise”

- Members are expected to render quality services to their clients through:
 - The application of specialist and up-to-date actuarial knowledge and expertise;
 - The demonstration of ethical behaviour, especially in doing actuarial work; and
 - The member’s accountability to the Society for professional oversight.

The Code provides more detail on what this means, and if you have not read it recently it would be worth having a fresh look at it and the SAP901 guidance note that we are all subject to.

It is critical that as a profession we evolve to continue to meet these principles while society changes. To fail to do so would render us irrelevant – directly the opposite of what my presidential theme intends.

At a recent new Fellow’s Professionalism Course we considered the challenges facing the profession and one contribution was ‘to maintain the current Brand of the Actuary’, especially in the light of the potential loss of our jobs to other disciplines, such as data scientists, and even to machines. I think that this is a really important matter for us to consider or life could easily pass us by. Here let me quote Marjorie Ngwenya, when she was president of the IFOA “Expectations around what it is to be a professional is constantly evolving. ... While some aspects of judgement and ethics can be automated, there will always be moral issues and decisions that we would be uncomfortable handing over to machines. Human expertise

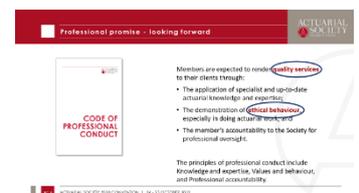


cannot so easily be replaced. ... The challenge ahead will be to change our focus from one that is less concerned with the analysis of data and more focused on the insights to be gained from that data. This will differentiate us and give our role value and meaning.” Similarly Mike Lombardi, President of the SOA, says “The challenge we face is an existential one. Will we as a profession dwindle in numbers and importance? Or will we succeed in renewing our skill sets and our unique capabilities, rapidly enough and in harmony with emerging technology in order to preserve and expand the role and value of the actuary? Complacency is not an option.” This challenge, as you can see, is not unique to us in South Africa. Nor is it one that is the responsibility of the leaders of the profession – it is a responsibility of each one of us. The generation of professional actuaries of today has a moral responsibility, in my view, to pass on to the generation of tomorrow a vibrant and growing profession. I challenge you to do your part.

In doing so I want to draw out two key points from the definition of the professional promise – “expected to render quality services” and “demonstration of ethical behaviour”.

There appears to be a general decline in society of levels of trust. The Edelman Trust Barometer survey of 2017 indicated a drop in trust across the institutions of Business, Media, Government and NGO’s and the 2018 survey indicated much the same. While professional services exhibit a higher level of trust than most sectors in the survey trust remains a fragile commodity. It is therefore incumbent on us all to ensure that the work we do is ‘quality’ and ‘ethical’.

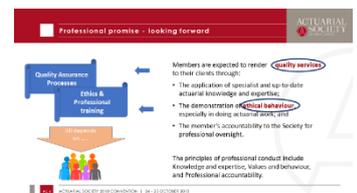
This is an area that has become a key question for me from the point of view how we as a profession can seek to ensure that we can proactively consider this.



In this country we are all aware of the challenges that other professions are experiencing. I would hate to see us having to face the same challenges.

So how do we proactively prevent the headlines that challenge the integrity of actuaries and of ASSA itself.

The IFOA have, as I understand it, implemented a Quality Assurance programme that assesses the processes for ensuring quality that actuarial professional firms have implemented. I think that this is a good initiative but the outcome is only as good as the application of the process and that is dependent on people. I am therefore concluding in my own mind that the delivery of quality and ethical work can only really be achieved if we all have a commitment as individual professional actuaries to do so, and for all of us to be accountable to each other for this outcome.



In conclusion, let me remind you of the two main challenges I have set for us to consider and act on:

- Make the effort to, here at convention, have at least one meaningful engagement with someone we have not met before, and ideally with someone who is quite different to ourselves. If each one of us were to make such a connection I believe that we would take a great stride in our transformation initiatives in ASSA and it will certainly contribute to every member of the society feeling welcomed, appreciated and inspired to succeed and contribute.
- Be constantly vigilant in all that we do to ensure that we meet our professional promise to render quality services through specialist and up-to-date actuarial knowledge and expertise and to continually demonstrate ethical behaviour

Thank you.

