

Actuarial Society of South Africa

Presidential address: Lusani Mulaudzi

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Sandton, South Africa

Members of the Actuarial Society of South Africa, our guests from other actuarial associations around the globe, delegates from different government departments, members of the media and all other delegates with us here today, greetings.

It is indeed an honour for me to stand before you today to deliver this inaugural speech as President of the Actuarial Society of South Africa for the next two years. I am thankful to all the past presidents that I served with on Council since 2010; Peter Doyle, Themba Gamedze, Peter Temple, Roseanne Murphy-Harris and finally Peter Withey. I feel confident because I watched you carry out your duties and I learnt from you.

Peter Withey summed up the significant developments during his term and has reminded us of what it is that is expected from us as professionals. We are building on the foundation that was laid during his term.

The Council of the Actuarial Society reflected on the strategic focus areas of the Society over the past few years and after several workshops agreed on the following four strategic focus points for the next 5 years.

1. To attract and retain the best talent to ASSA from a wider pool of potential members
2. Connect with the student community
3. Position ASSA as a global leader in context-based solutions
4. Continue to maintain high standards of actuarial practice

Professions are not a constant, they keep on evolving and this is happening at an accelerated pace currently and more so in the future. Richard Susskind and Daniel Susskind co-authored a book first published in 2015 that predicts the decline of today's professions and describes the people and systems that will replace them. In this book titled; *The Future of the Professions: How Technology Will transform the Work of Human Experts*, the authors make a strong case for professions to carefully consider their role in society in the face of technologically led changes. The authors make a claim that; *"we are on the brink of a period of fundamental and irreversible change in the way that the expertise of these specialists (doctors, lawyers, teachers, accountants, tax advisers, management consultants, architects, journalists, and the clergy amongst others) is made available in society. Technology will be the main driver of this change. And, in the long run, we will neither need nor want professionals to work in the way that they did in the twentieth century and before"*

They give numerous examples to demonstrate some of the changes already happening:

1. More people have signed up for Harvard's online courses in a single year, for example, than have attended the actual university in its 377 years of existence.
2. There are a greater number of unique visits each month to the WebMD network, a collection of health websites, than to all the doctors working in the United States.
3. In the legal world, three times as many disagreements each year amongst eBay traders are resolved using 'online dispute resolution' than there are lawsuits filed in the entire US court system.
4. On its sixth birthday, the Huffington Post had more unique monthly visitors than the website of the New York Times, which is almost 164 years of age.
5. The British tax authorities use a fraud-detection system that holds more data than the British Library (which has copies of every book ever published in the UK).
6. At Wikihouse, an online community designed a house that could be 'printed' and assembled for less than £50 000 and this was built successfully in 2014.
7. The architectural firm Gramazio&Kohler used a group of autonomous flying robots to assemble a structure out of 1500 bricks.
8. The Pope has 19.3 million followers on Twitter; the Dalai Lama has a modest 10.4 million (probably higher in 2019).

The main question that we should ask ourselves is, given that these changes are happening, how are they likely to affect the actuarial profession and what must we do to prepare ourselves for that? We need to consider the challenges we are facing in four ways:

- 1) Technology – how actuarial work is done, by robots or by humans, will robots do most of our work in the future?
- 2) Trust – how much of our work is based on the trust that clients have in our technical abilities and judgement, will we continue to enjoy this trust in the future?
- 3) Competing professions – are there professions that can do what we do, cheaply?
- 4) Business models – working for big insurance companies, consulting companies, are there other ways for providing our services?

South African actuaries are known for innovation and hence we have seen several new innovative business concepts coming up recently and this makes me hopeful that as the Actuarial Society we will be as innovative in our approach to training and continuous professional development. Our ability to respond to these challenges will influence whether we will be able to continue to attract the best students into our profession and whether we will be able to retain them.

The demographics of the Actuarial Society are changing, albeit at a slower rate than desired. South Africa is unfortunately a very racialised country and many of our conversations reflect this reality. Race based policies ensured over a long period of time that there was underinvestment in the development of some races and overinvestment in the development of one race. The consequences of these policies will take long to fix but longer if insufficient effort is made now. Uncomfortable as they are, conversations around race, privilege, bias and toxicity should continue. We

should continue to shine the light on the dark spots until we are rid of every trace of them. As the Actuarial Society we have made a public stand against Gender Based Violence. We encourage all the men in our profession to educate themselves around these issues and to work extra hard to ensure that the women in our profession, even better, in our communities feel safe around us.

I would like to add another dimension to the changing demographics of the profession. The generational changes taking place within the profession. Many of the baby boomers have retired and many will be retiring over the next 10 years. The Gen X's will continue to have a strong influence in the profession but increasingly the millennials (Gen Y) will have a bigger say. Gen Z's are also qualifying, and they make up a significant proportion of our student membership base. The Actuarial Society must be savvy in its understanding of the different generations within the profession and how this impacts the way we deliver our services and how we maintain professionalism. We witnessed how the Gen Z's championed the 'Fees Must Fall' movement on our campuses and how that changed how universities do things. We can expect that our student members will not just accept what we tell them and hence the need to engage with them more diligently. There is a certain kind of posture and attitude from the leaders of the Actuarial Society that will no longer be acceptable going forward and the sooner we accept that the better. As a data profession, we have been very poor at analysing our own membership data to properly understand the changing face of our profession and we are going to improve on this.

The way professions look and how they share their expertise is changing but the complexity of problems around the world is also increasing. Professionals that can work in multi-disciplinary teams to solve complex problems are likely to be in high demand. Actuaries have in the past successfully dominated areas of work such as the valuation of insurance company and pension fund liabilities. Recent regulatory changes in insurance internationally and locally have entrenched the role of actuaries. The introduction of the Chartered Enterprise Risk Actuary qualification was a recognition that actuaries can add value more broadly and beyond insurance companies. One gets a sense that actuaries have not been as adventurous but there are encouraging signs such as the venturing into banking here in South Africa, actuaries in making sense of/analysing big data and actuaries involved in social investment public policy in New Zealand.

The Council of the Actuarial Society of South Africa has embraced an ambitious goal for the Actuarial Society of South Africa to become a global leader in context-based solutions. By this we mean that we acknowledge that actuaries have done good work in traditional spaces of actuarial involvement - enabling decision-makers to make optimal decisions based on insights of likely future outcomes. We firmly believe that this skillset can be applied more broadly but for this to be done professionally, there is a need for actuaries to understand the new contexts that they enter. This requires a great deal of humility and a recognition that we will need to work with other experts to help us to understand every new context that we encounter. This is not a new concept; we have always known that part of the actuarial control cycle is the consideration of the general economic environment and professionalism issues. What we are committing ourselves to do is to take more deliberate actions to spur our

members to research and understand new contexts wherein our skillset can be applied. We would like to see the knowledge gained to be made publicly available to accelerate the harvesting of such knowledge and understanding amongst our members. Given the fast pace of change that I have described, this new focus is, in my opinion, essential for the survival of the profession in the long-term.

We accept that this is a stretch target and we think that stretching is exactly what the profession requires at this stage.

This strategic goal recognizes that the evolving actuarial skillset needs to be applied to evolving contexts for the actuarial profession to remain relevant. Bringing this closer to home, there is a window of opportunity in South Africa that requires 'all hands-on deck'. There comes a time in the life of any country or any individual in which a window of opportunity opens up. This is an opportunity to accelerate, to gain quickly and to restore a position that was lost. What makes me think that we are in such a window of opportunity?

1. We have a government that has demonstrated their willingness to work collaboratively with civil society
2. The government has spelt out their key goals for the next 10 years – we have an opportunity to work with them to achieve these goals
3. Our unique skillset as actuaries can help to unlock potential by assisting decision-makers to make the most optimal decisions in the public interest.

I am basically saying that we need to take full advantage of the current administration's willingness to collaborate and 'ride this wave' in a way that will benefit the country and enhance our standing in society and globally.

Our context as a country is well known; high levels of inequality, high rate of unemployment, high levels of poverty, slow economic growth, poor education outcomes and low levels of social cohesion. It would be wrong to focus only on the negative aspects of our context we do have positives; mineral rich country, strong financial services industry, world class tourist attractions; strong democratic system and some very clever actuaries.

If Singapore managed to transform from an Island swamp to a modern and high-income country by understanding and managing its own context, we should be able to do the same. Granted, their context was different, the point I am making is that we need to understand and deal with our own context and so doing can lead to enabling decision-makers to identify the possible ways to accomplish our goals as a country.

The public interest focus is an important area in which context-based solutions are desperately needed. The Public Interest Actuary has been working on this for the past 9 months and although some progress has been made there remains much to be done. The South African government recently introduced the NHI bill in parliament and what is clear is that for this project to be successful a lot of technical support will be required amongst other things. Our role as the Actuarial Society of South Africa is not a political role but a technical support and educational role. Our public interest ethos as well as our strategic goal to be a global leader in context-based solutions

enjoins us to be involved in the deliberations and the implementation process of the NHI.

More ambitious public interest projects in education and job creation are still at design stage. The President of South Africa, Mr Cyril Ramaphosa mentioned in his most recent state of the nation address that one of the 5 key goals of his administration is to ensure that every 10 year old in South Africa can read to understand. At this stage we are exploring what value the actuarial profession can add in the teaching of mathematics in Basic Education in South Africa. The President also mentioned in his speech that the country will need to generate 2 million jobs over the next 10 years. The questions that arises are; Which sectors will be able to contribute towards this figure? How have the different sectors performed over the past few years? What needs to be done for identified sectors to produce the required number of jobs? And what is the likely impact of the 4<sup>th</sup> Industrial revolution?

The journey has just started, and it is encouraging that already there are lessons learnt that will assist us going forward such as:

- Doing meaningful research work with other experts and creating platforms for sharing lessons with key people.
- Forging partnerships with other organisations with a similar focus.
- *Developing relationships with retired government officials is extremely useful as some tend to keep up with developments in their former departments and know who to approach and for what. By way of example, our engagement with Prof Metcalfe was extremely useful, her understanding of how government departments operate is important for the public interest focus on education.*

I would like to encourage and challenge all our members to do research work especially within the public interest. Research funds have not been fully utilized over the past decade or so and this ought to change. For us to become a global leader in context-based solutions we will need to; 1) Significantly increase our research output on relevant topics 2) Significantly increase our engagements with experts in different fields 3) Present our research and participate in a wide variety of relevant conferences, seminars and workshops 4) Be available and willing to engage publicly on relevant issues.

Our success in doing this will be evidenced by a shift in the public perception of actuaries as very focused and somewhat mystical insurance technicians to innovative, versatile and futuristic thought leaders. This is my vision of the Actuarial Society of South Africa in 5 years' time. Ladies and gentlemen, this is the vision that I am positive we should all have for this organisation. Let us therefore join hands and walk together towards this vision. I thank you.