The Society
of Actuaries in Ireland

Relevance in a time of change and turmoil

President's Address
Paul O'Faherty, FSAI

22nd September, 2011

Welcome and introduction

Good evening, everyone. It is great to see so many familiar actuarial faces here this evening. I am especially pleased that the younger generation of Irish actuaries is well represented. Can I offer a very special welcome too to my personal guests.

My personal journey as an actuary started on Saturday, 1st July 1972. I can be very precise about that date because I have a newspaper cutting to confirm it. It's not that my actuarial epiphany was all that newsworthy but it was in the *Irish Press* of 1st July 1972 that the formation of the Society was reported. I was barely 15 at the time, having just completed my Inter Cert, and was showing a modest aptitude for maths. I distinctly remember my mother, who I am delighted is one of my guests this evening, asking my late father what actuaries did. Within a few weeks, my father and I were sitting in front of first secretary of the newly formed Society, one Adrian Daly, learning all about the potential of an actuarial career. And as they say, the rest is history.

So, after an actuarial journey of 39+ years with many ups and remarkably few downs (the downs mainly related to my struggles to pass the then new general insurance exam in the early 80s, but that's a story for another day!), it is the honour of a career for me to have been elected as your 20th President and to stand here before you this evening wearing this chain of office.

Going back to that notice in the Irish Press of 1st July 1972, it read:

"A Society of Actuaries in Ireland has been formed as a result of the increasing numbers of actuaries involved in business life of the community. The aims of the Society are to act as a forum for matters of interest to the actuarial profession and to express the views of the profession on matters of more general interest.
At present there are 17 actuaries in the country and in addition there are about 40 people pursuing courses of actuarial studies. Officers elected for the coming years are President W A Honohan, Vice President R P Willis and Secretary Adrian Daly".

I doubt if any of those 17 founders, prescient and all as they were, could have envisaged a Society which today has nearly 740 Fellow members and plays a central role in Irish financial and economic life.

Our members today are responsible for the financial security of over 250,000 defined benefit pension scheme members here in Ireland and of literally millions of life and general insurance policyholders both in Ireland and, through the IFSC, across the world. In this process, we certify insurance and pension liabilities of upwards of €200bn.

I believe we have been successful as a profession because we have remained relevant to the needs of a changing country. While we should readily acknowledge that all in the garden has not been rosy, we have nonetheless built an enviable reputation for competence and professionalism.

But this is a position we certainly should not take for granted and that is why I have given my talk this evening the title ***"Relevance in a time of change and turmoil".***

Relevance to Ireland

We are the Society of Actuaries **in Ireland** and to put it very mildly, Ireland has been an interesting place to live and work in the past **3THREE** years as we have lurched from a property crisis to a banking crisis to a fiscal crisis to a sovereign crisis.

This is not a wholly unprecedented state of affairs - in 1924, Sean O'Casey's Captain Boyle in *Juno and the Paycock* captured the mood then and now perfectly when he said *"Th' whole worl's in a terrible state o' chassis".*

And I am afraid the numbers speak for themselves. Since 2007, Ireland's domestic economy has shrunk by 12% and our national debt has increased from 25% to 95% of GDP. The rise in the unemployment rate from 4.5% to 14.5% gives some indication of the human cost of the collapse, which can be measured too in the numbers emigrating every week and the tens of thousands who are struggling with mortgage arrears. Most of our banking system has been in effect nationalised and very expensively recapitalised. And we have been forced into the national equivalent of receivership, surrendering our sovereignty temporarily to the IMF/ECB/EU troika.

Through all of this, however, I have been amazed at the stoicism and realism of our fellow citizens as they have swallowed a maybe necessary but still highly unpalatable series of cuts and cutbacks. The non reaction to the increase in the state pension age from 65 to 68 – a change which will impact around two thirds of the current working population – is a prime example of this. As an aside, it is worth reminding ourselves that this is a policy measure which the Society bravely advocated as being necessary as far back as 2003, at a time when it was neither popular nor easy.

I'm an optimist - in fact, I'm such an extreme optimist that, when we are going on holiday, I shop around the weather websites to find the forecast which is most favourable and then happily adopt it as a written in stone fact!

In recent times, I have adopted much the same approach for economists. My current favourite is John FitzGerald of the ESRI (John is, of course, the son of our late great Honorary Fellow Garret FitzGerald). My instinct is that he was right when he wrote a few Sundays ago that, while the hard slog isn't over, *"the light at the end of the tunnel becomes brighter"* as he looked forward to 2013 and beyond. The good news is that John is not on his own and there is a respectable body of opinion, including no less than the IMF, which supports his view.

It is encouraging if we can begin to see a way out of our own troubles, but there are many external unknowns, not least the seemingly never-ending eurozone sovereign debt saga. I'm not sure if there is much we can do about this except hope that the logic of enlightened mutual self-interest wins the day across Europe - and, of course, being an optimist, I believe it will.

Through all this turmoil, it's certainly worth asking ourselves individually and collectively as actuaries - how relevant have we been in these most difficult of times?

At a macro-economic level, were we too silent in the lead-up to the disaster and too diffident about putting forward suggestions and solutions as it has unfolded? We haven't, for sure, joined the ranks of the celebrity economists and honestly I think that is a good thing. I believe, though, that we have a creditable record of raising our voice and putting forward ideas in areas where we have specific expertise.

For instance, Colm Fagan chose risk as his theme for his Biennial Dinner speech in February 2007 and gave a number of timely warnings, including this right on-the-money quote:

"As Warren Buffet said, it is only when the tide goes out that you discover who's been swimming without trunks. When the tide next goes out on the Irish economy, I fear that many people and institutions will discover that they have been swimming without trunks."

If that's not relevance, I am not sure what is!

Another example of being relevant is the sovereign annuity concept which, as many of you know, the Society played a major role in formulating. While far from perfect, I do believe it is an example of us discharging our responsibility to put forward pragmatic solutions to some very intractable real-life problems which the crisis has thrown up - often, as was true in this instance, when better ideas had run into the sands of bureaucracy.

At a more micro-level, how well have we discharged our responsibilities to the hundreds of thousands of policyholders and pension scheme members who have relied upon us?

It is true that the insurers for which actuaries are responsible are still standing and the rights and benefits of policyholders are being met. But the falling markets have meant that individuals have suffered serious and unexpected financial losses.

Did we do enough to explain the risks inherent in certain products? Similarly, were we really strong enough in pointing out to pension fund trustees, for example, the gearing risk for active members of defined benefit schemes?

The actuarial brand has survived these turbulent times relatively intact. You could argue that this is in part due to our low profile [and maybe a modicum of luck!]. Nonetheless, I do think it is also a testament to the professionalism of our members.

How should we use this credibility and standing to make a relevant contribution as the nation surveys the wreckage and contemplates the long road to recovery? I believe there is an unprecedented opportunity for the Society to act as a catalyst for longer-term thinking across a range of social policy issues. We are planning a public lecture series – provisionally titled Beyond the Financial Crisis - to coincide with the Society's 40th anniversary, with invited experts on topics such as longevity and health trends, intergenerational exchanges and lifetime financial needs.

We plan also to make specific contributions on key areas of social policy, such as The Irish Longitudinal Study on Ageing (TILDA), the pension demographic challenge and the impact of government policy on private and public pension provision, and any emerging government proposals on universal health insurance.

I think we have passed the relevance test at a national level. So, next, how relevant have we been in the fields where over 90% of our members work and with which we are most associated in the public mind, namely, pensions and insurance?

Relevance in pensions

I have had a 30+ year career as a pensions practitioner, so this is a good place to start.

For the last few years, private pensions have been caught in what I would call "a perfect storm". Trustees, sponsors and members have been buffeted by the collapse in equity markets, improvements in longevity and falling "risk-free" bond yields. So, the depressing fact is that, 3 or 4 years into the crisis, it is estimated that 75% of defined benefit (DB) schemes do not meet the statutory minimum funding standard (that is, if we had a standard!).

As a result, most DB schemes have gone or are going through their greatest ever period of restructuring and change.

But there is a fundamental dilemma. To make long-term financial and economic sense, DB schemes need to take some investment risk. But this is in conflict with their need, at the same time, to comply with short-term accounting rules and provide a high level of security to members in the event that a scheme is wound up.

To resolve this long/short conundrum, the Society has consistently advocated and supported a move towards explicit risk-sharing between members and sponsors. We have suggested that this could be achieved through a combination of basic core benefits that enjoy a high level of security and additional targeted benefits that are in some way contingent on economic and investment conditions. This form of risk-sharing would have to be accompanied by much more rigorous risk management and crystal clear communication of reasonable expectations to beneficiaries.

The Society has been also shining a light for years on the untenable gearing risk that the priority given to the growing proportion of pensioners has created for active and deferred members. This has already resulted in tragic consequences on the ground. There are too many cases of long-serving members of schemes that have been wound up being paid 30 cents, 20 cents or even 10 cents in the euro - while former colleagues who are lucky enough to be on the far side of the retirement line remain entirely unaffected. This unfairness simply cannot be justified and is only going to get worse as schemes mature.

These fundamental issues must be addressed and addressed soon.

Moreover, today we are in the dangerous position that we have no funding standard at all. It is nearly a year since the existing standard was temporarily suspended. In the meantime, the Society has contributed to a consultation process which has focussed on ways in which the standard might be strengthened.

At this stage, rather than embarking on more piecemeal change, we would urge the interim reinstatement of the existing funding standard - ideally incorporating a risk controlled sovereign annuity facility. But, crucially, this should to be accompanied by a fundamental and holistic review of long-term private pensions policy, with a real commitment to actual reform and change.

I am aware that the role that has been played by pensions actuaries in the lead-up to and through the current crisis has been questioned. Collectively, I think, as I have just illustrated, the profession has been highly relevant and has done a creditable job over many years in identifying emerging problems and putting forward solutions - though this has been a frustrating process, as a lot of what we have had to say has fallen on deaf ears. At the end of the day, we are neither legislators nor regulators, but we must continue to promote change in areas that require action.

At an individual scheme level, while, with the benefit of hindsight, we all might wonder if we should have been more assertive, nonetheless it should not be forgotten that pensions actuaries in their reports and advice have been explicitly highlighting the volatility and risk inherent in investment mismatching for more than a decade.

As regards pension tax, we have an irrational situation. One arm of the government wants sponsors and members to contribute more, while another has slapped on an arbitrary levy once the money has been paid over and is locked in. This is not to mention the other enacted and proposed restrictions of relief on contributions and benefits.

Between the 0.6% levy, reductions in relief on employee contributions and other changes, the net loss to the pensions system, if nothing changes over the four-year term of the levy, will amount to €3.8bn, equating to about €5,000 for everyone who is saving privately for retirement.

All of this has eroded public confidence in saving for retirement. There is already evidence that people are voting with their feet and pension contributions are falling. While this is a great pity, it does mean that many of the savings the government has committed to the troika will happen by default anyway. So I would urge the government to "stop the clock" on further explicit tax changes in 2012, to allow informed decisions to made based on the current real situation on the ground.

35% of our members have made their careers in pensions and most of these would declare themselves to be DB actuaries. We have all heard the stark "DB is dead" headline repeated in Society meetings and elsewhere and there is an undeniable air of concern, if not gloom, among many members.

For certain, there is an elephant in the room – yes, there are no new DB schemes; yes, many DB schemes have closed to new entrants and a number also to future service accrual; and yes, some, so far mostly smaller schemes, have decided to wind up altogether. But the reality is that DB provision has an extremely long tail and, barring a major upheaval, will be with us for a very long time. This will mean an ongoing long-term demand for our skills and expertise, particularly as the pensions world continues to become a more rather than less complex place.

As I have already admitted to being an incurable optimist, I suspect that some of you are thinking - here he goes again! So it is interesting to consider the experience of the UK, which has been ahead of us in the trend away from DB - even though we are catching up. Ten years ago, in 2001, there were 1,601 Fellows of the Institute and Faculty who described themselves as working in pensions. Remarkably (and even I was surprised!), this number had grown to 1,959 5 years ago and even more remarkably, it is currently at 2,442. While in no way am I postulating a 50% increase in pensions actuarial employment in Ireland over the coming years, I do believe rumours of our imminent demise have been exaggerated.

But all of this is not to make the case for complacency. The market is changing and we need to form a more considered view of the likely nature and timing of that change and how we can maintain our relevance.

With this in mind, in the coming months we will be establishing a working party to consider these issues and the roles which actuaries can play in retirement planning in the future - identifying the skills and competencies that will be needed and the support we can give members in developing these.

Relevance in insurance

The same perfect storm has broken too over the insurance sectors - both domestic and international; both life and general.

On the life side, our fundamental duty is to ensure the security of policyholders. And while it hasn't all been plain sailing, I think it is to the credit of our members, particularly those who shoulder Appointed Actuary responsibilities, that policyholders have come through the crisis so far intact although not entirely unscathed. Even though it's a negative success measure, the life sector hasn't required a state bailout or guarantee!

But the challenges abound. Domestically, business volumes are down 50% from their peak in 2007 as the recession has lowered people's willingness and ability to commit, in particular, to long-term savings. This has not been helped by the erosion of confidence in long-term retirement savings caused by the various recent pension tax changes that I have already talked about. The market is currently going through a period of ownership change and consolidation - clearly the domestic life sector will look very different in five years or maybe much sooner. And actuaries are grappling too with how to allow for credit risk in assessing their sovereign debt exposures.

In general insurance, reserving has never been an exact science but in turbulent times such as these, it is an even more difficult and uncertain process. We do not have to look beyond the Quinn Insurance situation for an example of this. I do not propose to address here the specifics of the Quinn case. But in general, despite the best endeavours of those concerned, under- and over-reserving can and does arise through the underwriting cycle. Normally, though not always, as we know too well, asset reserves and future financial income are available to act as a buffer. The Society is actively considering how best to guide Signing Actuaries who have responsibility for certifying these reserves as they seek to communicate the uncertainty inherent in the reserving process.

And as if things weren't complicated enough, both the life and general insurance industries, and more importantly the wider public, will have to come to terms by December 2012 with the dramatic implications of the European Court of Justice's recent ruling on the Gender Directive. From then on, all new motor, term assurance, critical illness, disability and annuity contracts have to be issued on a gender neutral basis. Apart from the obvious market disruptive effects, this raises a myriad of questions which are going to keep actuaries busy! For example, will proxies for gender emerge and be allowed? How will underwriting processes work? What new anti-selection risks will arise? and the list goes on.

There are 160 international insurers and reinsurers operating from the IFSC. This is a very substantial business which has thrived in recent years. Just looking at our own membership, over 70 are directly employed by IFSC insurers, with many others supporting them in a consultancy capacity. It remains to be seen to what extent this activity will be affected by the damage which has been done to Ireland's financial reputation. On the positive side, though, one of the IFSC's key selling points has been and remains the depth and quality of the Irish skills base - and we should be proud that our members have played no small part in creating this enviable global reputation.

There has been an entirely justified increase in regulatory oversight by the Central Bank. Proper and effective regulation is absolutely essential - we are all paying now a very high price for the well documented failures of the regulatory system in recent years - but we should be watchful that regulation remains proportionate.

While a lot else has been happening, undoubtedly the dominant influence across the insurance landscape is Solvency II. I know that the implementation deadline is now likely to be moved out to 1st January 2014 but few companies seem to be taking their foot off the pedal.

Solvency II is a good thing. It will bring a new rigour and structure to the way boards think about and assess the financial condition of the insurance companies for which they are responsible. With its strong technical and mathematical foundation, it plays very much to our strengths as a profession. It is therefore hardly surprising that our members have been extremely busy in the planning and implementation phase and there is no sign of them being any less busy in the foreseeable future. There is a huge amount of work to be done over the next two to three years to help companies transition fully to the new supervisory regime.

As we build the new models and economic scenario generators which will drive Solvency II, it is important that we don't make the mistake that many made in the banking industry over the last few years and become mesmerised by the elegance of the mathematics and lose sight of the big picture. In the new world, while a good modelling ability and capability are necessary, they are not on their own sufficient. Equally essential will be sound judgement, common sense and long-term thinking.

Solvency II represents both an opportunity and threat to actuaries. The roles of Appointed Actuary and Signing Actuary will be no more in a Solvency II world. We have every reason to expect, though, that actuaries will dominate the new head of actuarial function roles which will emerge. Any other outcome would be bizarre. In general insurance, this will mean that actuaries will have an extended statutory role in relation to areas such as pricing and reinsurance.

The big Solvency II prize for us as a profession is the potential leadership of the new risk management functions. There are encouraging signs that actuaries are being seen as the lead candidates for Chief Risk Officer roles and indeed, while it is still early days, quite a number of actuaries have already been appointed as CROs. Taking on such wider roles will require actuaries to equip themselves to take responsibility for uncertainty in wider areas, such as operational/reputational risk, which are outside our traditional space.

The combination of the Central Bank's new rigour in relation to the performance and structure of insurance company boards and the technical challenges of Solvency II mean that an increasing number of actuaries will have the opportunity to serve these companies as non executive directors. This is good news and we plan to support interested members in bringing themselves up to speed on corporate governance best practice.

An important current objective for us is to formalise and deepen our relationship with the Central Bank of Ireland. I am glad to tell you that the Central Bank has responded to our initial approach on this very positively, recognising that the Society has *"a unique insight and role in the insurance industry".*

So I think that in the insurance world too, we are more than passing the relevance test – at least, no less an authority than the Central Bank is telling us so!

Risk management

I have just addressed the risk management opportunity which is opening up before us in the familiar insurance world. Quite rightly, this has been our first area of focus as we seek to build a reputation as risk managers. But it is clear that risk management is the "new frontier" across the entire global financial services landscape. This has been identified as a huge opportunity for the actuarial profession worldwide and has led to the launch of the Chartered Enterprise Risk Actuary qualification, backed up by the Institute and Faculty of Actuaries ST9 examination.

In Ireland, we will continue the good work which is being done by our enterprise risk management committee. We will continue to seek to associate risk management best practice with actuaries in the minds of key stakeholders. And we intend, too, to explore the feasibility of partnering with a university or similar body to develop a risk management training programme for our members who want to skill themselves up quickly in this area.

The Society

Now I will look briefly at some of the main issues which I believe the Society will have to address over the next few years. These are the quality agenda, governance, international developments and member engagement.

The quality agenda

Our reputation as a group of professionals is our most valuable collective asset. We all benefit from it and we all contribute to it. Our growth as a profession and our position of influence in our chosen specialist areas is objective confirmation that we have managed this shared actuarial brand well.

To support this, we have developed a solid and sophisticated framework of expectations and standards in relation to our professional behaviour and the quality of our work.

The Society has a new, principles-based Code of Professional Conduct. This is backed up by comprehensive Actuarial Standards of Practice; a Practising Certificate regime for specified statutory work; mandatory CPD and, in pensions, external compliance monitoring. And to enforce all of this, we have a strong Disciplinary Scheme.

But the world for which this regime was designed is changing. Although the mists are still clearing as far as Solvency II is concerned, it now seems more than likely that our role in setting technical standards is drawing to an end. The same may be true for different reasons in the pensions area, as it now seems that the Pensions Board is considering taking a stronger lead in defining standards.

These are not developments we should resist. In my view, the status quo – where we set our own standards - doesn't meet the thresholds of transparency and objectivity which are increasingly demanded of all professions. And we should admit that it is increasingly difficult for us to balance the interests of the consumers we serve directly and indirectly with those of our own members.

Even if we are no longer responsible for setting technical standards - although we would of course expect to be consulted on and contribute to their development - the Society will still have a responsibility to maintain and police the quality of actuarial work and behaviour.

Important questions that will arise for us over the next couple of years on this quality agenda are:

Firstly, should we maintain a practising certificate regime for actuaries performing new roles under Solvency II? A working party led by Pat Healy is due to make recommendations on this topic before the end of this year. I know that I am stealing this group's thunder but their emerging view, which I support personally, is that mandatory practising certificates will have a role in protecting the integrity of actuarial work and the reputation of the profession under Solvency II.

Secondly, how should compliance be monitored? Mandatory compliance monitoring has been a highly controversial subject. It was first floated ten years ago in Eamonn Heffernan's and then Pat Healy's presidencies but it didn't garner sufficient support from members. So today we only have mandatory external compliance monitoring in place in the pensions area and only then because it was legislated for in the Pensions Act. Nailing my own colours to the mast, I believe the time is right to revisit this topic across all our fields of activity - pensions, life and general insurance and reinsurance. In this, we have the benefit of an excellent working party report which we put on hold two years ago until there was more clarity around Solvency II.

I know some might contend that our Disciplinary Scheme is sufficient as a "big stick" to maintain standards. I have two problems with this. First, by definition this is an extreme ex post mechanism which only comes into play long, long after any damage has been done; and, second, it is an expensive and unwieldy big stick as other professions in Ireland have found to their cost in recent times.

It is far better, in my view, that we identify problems on an ex ante basis and limit the risk of them happening. This, indeed, is the advice which we have received from our own Committee on Professional Conduct. Tom Ross, who sits on this Committee and is also our newest Honorary Fellow, captured this very neatly by telling the Barcelona story at the dinner we hosted in his honour last May.

This story dates back to the 1990's, when Johan Cruyff was the Barcelona manager. He has been credited as the father of the spell-binding passing game that is the hallmark of the great team we know today. Then, as now, their players were relatively small men, even the defenders. As a result, they were thought to be vulnerable to high balls into the penalty area, particularly from corners. Cruyff's solution to this threat was simple – don't give away any corners! – and that culture lives on. Against Manchester United in last season's Champions League final, how many corners did they concede? None!

We should not sit back and concede sloppy corners either. Let the debate begin!

Governance

I would like to talk briefly now about our governance structure – how the Society itself makes decisions and gets things done. The roles of Council, the President, the Vice President and our other officers are set out in our Articles of Association. This framework has served us very well and I do not believe there is a case for radical change. However, there are areas in which this structure should be reviewed, to ensure it is fit for the needs of the Society in 2012 and beyond.

A particular point we should address is that the Society has endeavoured over the years to maintain a consensus approach to critical areas. This is laudable, and great if it can be achieved, but in the modern era the downside is that makes us less nimble and less able to respond to fast-moving events. Often our press releases are the best ones but often they are too late to get the coverage they deserve.

Similarly, has the time come and has the Society reached sufficient critical mass to consider reducing the President's term to one year? And if so, how would this work?

Council has decided this week to establish a governance working party to consider and make recommendations in this area.

International

The Society has boxed above its weight on the international stage for years. That is largely due to the interest and dedication of a small band of warriors who have worn the green jersey with distinction in the International Actuarial Association and the Groupe Consultatif. I am particularly pleased to welcome Bruce Maxwell here this evening as immediate past chairman of the Groupe.

Maintaining this strong presence on the international stage has long since moved beyond being a nice thing to do and it is now critical that a clear voice be heard from Ireland, especially as Solvency II inevitably means that more and more decisions affecting our professional lives will be made, not in Dublin but in Brussels, Stasbourg and beyond. If, as is inevitable, we are to cede power to the centre, it is vital that we maintain our influence there.

Member engagement

Finally, on the Society's own agenda is the critical subject of member engagement. As a working definition, I would propose that an "engaged member" is one who is either actively involved in the work of the Society or at least an enthusiast for its aims and sees the Society as the fulcrum of an Irish actuarial community with which they are proud to be associated.

For this to happen, we need to be seen to be relevant to the real-world, everyday issues our members face in their working lives and to be relevant to the major problems facing the country.

We are fortunate that there is a strong tradition and culture of volunteerism across our membership. This is a good point for me to acknowledge the hard work and commitment of the many members who contribute to our committees, working parties and other groupings. This is essential, given that we are so dependent on the volunteer model to get things done. But we cannot take this for granted and we need and will continue to encourage wider active participation in the life of the Society, particularly among our younger members – remarkably, 160 of our Fellow members have qualified in the last five years. I am particularly delighted too that our Students' Committee is well represented this evening as my guests.

As an aside, can I say that among the most the enjoyable official functions I have attended are the new qualifiers professionalism courses. The mood of understandable relief and celebration of those occasions is palpable and the energy, talent and enthusiasm of those attending makes me very confident about the future of our profession.

In conclusion

I couldn't do justice to the full breadth and width of the Society's ever expanding agenda here this evening without really outstaying my welcome. So can I suggest that to get the full picture you read our recently unveiled 2011/14 Strategic Plan on our website. I have to say, I very much like the idea of kicking off a three year plan as I start my two year term of office. Don't be surprised if a lot of the deliverables are scheduled for 2014!

I believe that it is exciting to be an actuary,in Ireland in 2011. Our skills and way of looking at the world are now truly mainstream and managing risk is now at the core of national and corporate decision making. And our reputation has survived the "state of chassis" relatively intact. We do pass the relevance test.

For sure there are threats and unknowns and for sure the world is changing rapidly but I honestly believe the potential on the upside significantly outweighs the obvious risks.

But the world owes us nothing. The conditions for continued relevance are

- Always - and that's a non-negotiable always - living up to the spirit and the letter of our professional principles - acting with integrity, performing work to the highest standards of competence and care, being impartial, being compliant and communicating openly and honestly. This is a duty we owe to ourselves, to each other and most importantly to the individuals and institutions we serve;
- Being willing to take up new challenges and opportunities;
- Adapting our skills to a changing world through a commitment to career-long learning and personal development;
- Not being over-confident about our ability to "make financial sense of the future". Yes, we have insights that other professions cannot match, but as Kevin Murphy said on this occasion two years ago, "humility should be the number one attribute for forecasters of the future".

I would like to finish up with a few words of personal thanks. Everybody in their career needs a guide to mentor them. I have been fortunate to have had at least three. Paddy Maher and Eamonn Heffernan, both former Presidents, together with another former colleague, Jim Kelly, who couldn't join us this evening, performed these roles for me over many years. I am in your debt, gentlemen.

I would like to thank too, in advance, my Mercer colleagues in Ireland, in Europe and globally for their support to me as inevitably the Presidency impinges on my day job over the next couple of years.

We are fortunate to have an exceptionally strong team in the Society's secretariat. Yvonne Lynch and Mary Butler, our Directors of Professional Affairs and Member Services, are ably supported by Emily O'Gara and Catherine McBride. Thanks to you all on my own and the Society's behalf for your hard work and dedication.

I am delighted that my mother, the person who spotted that article all those years ago, is here to mark this occasion. I am really pleased that our two sons, Rory and Louis, are here too this evening.

My final thank you is to my wife, Antoinette. She has traveled this actuarial journey with me for nearly 30 years and has been a huge support and rock of practical sense. Antoinette is a teacher and has needed to draw on the reserves of patience that go with that vocation many times over the years as she filled the gaps left by my repeated failings on the work/life balance front. I hope those reserves will hold out for the next couple of years.

It is a great honour to be the President of the Society of Actuaries in Ireland and I thank you, my peers, for conferring it on me. In return, you can be assured that I will do the best job I can over the next couple of years on your behalf to maintain the profession's relevance. I know that I can count on your support.

Thank you for your attention this evening.

Paul O'Faherty
22nd September 2011