



Society of Actuaries in Ireland

SAI Presidential Address

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Introduction and Welcome

Good evening everyone. I am delighted to welcome you all here this evening.

It is a tremendous honour for me to have been elected the 23rd President of The Society of Actuaries in Ireland and the confidence that you have shown in me is something for which I am truly grateful.

I am very pleased to see here this evening, many friends and colleagues who I have worked with over the years. I consider myself very lucky, to have been involved with people who are not only very talented, but who have also given plenty of enjoyment along the way. I am also delighted to see so many past presidents here this evening and others who I have met through various activities in the Society.

I would like to thank the current Council members and officers. I have to say it is a privilege and a pleasure to work with you and I thank you for your support. I would particularly like to thank Dervla Tomlin and to congratulate her on her presidency. As I said at the AGM, during her two years as president, Dervla showed great leadership, energy and an endless supply of positivity and as a mark of our appreciation, I would like to call on Dervla to come forward please so that I can present her with her Past President's pin.

We are fortunate to have such a strong executive team in the office with Mary, Yvonne, Catherine, Emily, Louise and Philip. On behalf of everyone, thank you for all that you do. Thank you also to my colleagues at Willis Towers Watson. Without your latitude and support in the day job, it would be pretty much impossible for me to carry out this role.

Finally I would like to offer a special welcome to my family, my three children David, Sophie and Sarah and my wonderful wife Clair who has been a constant support and source of encouragement since way back in my student days.

Strategy Plan – 2020 Vision

As you will have seen, today has been billed as the launch of a new term and what better way to do this, than by launching on behalf of Council, a brand new 3 year strategy plan which we have called "*2020 Vision*" - a very apt title were it not for the fact that I have to put on a pair of glasses to read it!

I intend basing my address around the strategy plan, and I would like to give you some thoughts on the context to the plan and a flavour for what Council sees as important priorities in the coming years. I should say at the outset, that the plan is more in the nature of evolution than revolution. Having reviewed the Society's current mission, Council's view is that it remains relevant and fit for purpose. Also most of the plan's six key themes, featured in the previous strategy plan, so this is very much a case of continuing on the good work of the past number of years. There are some important areas though, where Council envisages a shift in emphasis and approach, and it is these aspects in particular that I will attempt to convey here this evening.



Our Skillset

I would like to begin by commenting a little on the work of actuaries and the importance of our skillset. I was struck by an article in last week's newspaper which some of you may have seen, about the Ploughing Championships. The article noted how technology and innovation, including robotics and artificial intelligence were such a striking part of the event, with seemingly a new high-tech offering around almost every corner. The rather entertaining article focussed particularly on a futuristic automatic milking system called the Astronaut. This very popular exhibit comprised a pen with about 20 cows which spent the day lazing around occasionally sauntering up to Astronaut for feed. Without any human intervention, the cows would be milked and not only that, the system would collect data on items such as each animal's health and quality of milk. The upshot of all of this was that, in addition to receiving continuous up to date data via an app on the farmer's phone, it is estimated the system could save a farmer up to 20 hours a week.

Technological advancement is changing the industries in which we work and will inevitably change the nature of work of all occupations and all professions. We are no different. If, like the farmers, we could have a glimpse of our future, what would it look like in say 10 or 20 years' time?

I think if I was tasked with drawing up a "best estimate" sketch of the future, the most important question to consider, I believe, would relate to the future need for the actuarial skillset. Comprising elements such as our ability to assess risk and take a long term perspective, it is our skillset, allied with the rigour of our professional framework, which sets us apart. My own view on this is that the need for our core actuarial skills and the potential for those skills to make a positive contribution to organisations and society at large should be as great as ever in the future. This is not to say things will not change. With technology, it is very likely for example, that less of our time will be spent on computational work and analysis of data with a greater focus on interpreting results and providing valuable insight and solutions.

While I expect our numbers will continue to grow, the proportion of us carrying out work that heretofore has solely been the preserve of the actuary will reduce, which also means we will be competing more with other business professionals for the work we do and to remain relevant.

This competition is not something we should be fearful of, on the contrary we should be confident there are opportunities for us to bring to bear the benefits of our actuarial skills in new ways in the traditional areas in which we work, in other financial sectors where our involvement is low such as banking, in the public sector and in industry at large. Many actuaries are already successfully involved in applying their skills and talents in a variety of mainly non-actuarial roles.



But what is essential to recognise, as Paul O’Faherty said in his address, is that the world owes us nothing, and this brings me on to two of the six themes of our strategy plan, namely Lifelong Learning and Wider Fields, where the development and promotion of our skillset is key.

If we are to compete and to be fighting fit to do so, we must step up the drive to develop our skills.

This of course includes continuously developing our technical actuarial skills to ensure we have the core competencies to serve our clients and maintain the highest standards. But it goes further than that.

The development of actuaries as broader based professionals is critical. It is clear the users of our services and our employers expect it of us and with the changes in the world in which we work, frankly it is hard to envisage how we will thrive without it.

I read recently a suggestion that the term “soft business skills” with which we are all familiar, should ideally be changed to “essential business skills”. Personally, I agree with the sentiment in this suggestion, because they are essential skills, plus I am not sure anyway the word “soft” does adequate justice to the appropriate behavioural and communication skills articulated in the call in Dervla’s address, for more resilient and open-minded actuaries. The theme of lifelong learning is not new and indeed featured in the previous strategy plan. What will be new, however, will be the degree to which we will promote its importance, highlighting the value to members of lifelong learning beyond the CPD minimum requirements as a support to their ongoing personal and professional development. Our Lifelong learning plans also include the establishment of a new competency framework for actuaries that will define the range of technical and non-technical skills and competencies typically required for various roles. Allied to this will be the creation of opportunities for members to gain the skills and knowledge relevant to their career stage and current or potential future roles.

We must also continue to develop our CPD programme to ensure it is fit for purpose in terms of its breadth, depth, relevance and accessibility. As part of this we will explore greater collaboration with others, such as the Irish Management Institute membership initiative launched last year. These provide valuable opportunities for members to develop their skills so please do make the most of them and encourage others to do so as well. Before I leave the topic of lifelong learning, if there is one area I would particularly single out to ask for your support it is in this one. The more people we have championing the idea of members investing in themselves and developing their skills, the better. If we could achieve a 2020 vision of a membership more engaged with lifelong learning for the value it brings, and less as a minimum number of hours target they are required to achieve, this would surely strengthen our profession for the years ahead.

The actuarial skillset also features heavily in our wider fields objectives for the next three years.



The 2014-2017 Strategy Plan provided for a range of initiatives to extend the involvement of actuaries into more non-traditional areas. This included the establishment of a Wider Fields Committee and through their work, a number of important foundations have been laid, such as a more targeted member proposition for wider fields members and the establishment of a Data Analytics Sub-Committee.

While actuaries have skills and attributes which can add value in organisations beyond our traditional areas there is often little association with or appreciation of the potential to secure those skills by employing actuaries. Certainly this was one of the findings of an independent external survey of stakeholders into the image of actuaries carried out earlier this year – a survey that formed one of the inputs to the development of the strategy plan. So in wider fields, building on the good work done over the past three years, the emphasis will be on promoting the profession to a wider audience. The aim will be to place particular emphasis on articulating and promoting the actuarial skill set, identifying who needs those skills and considering how best to promote actuaries to our target audience.

Regulation

I would like to turn now to the topic of regulation and to begin with a little story from just the last week. In my day job, which is in pensions, I had a client meeting with someone who I had never met before. This person, who is not from a financial background, is involved on a committee belonging to a company I deal with and wanted to learn more about the position of the company's defined benefit pension scheme. As well as discussing the financial characteristics of the scheme, they wanted to understand the differences between the three main methods used to value the scheme. So when it came to this part of the discussion, I explained how the method and assumptions used to value the scheme in their corporate accounts are quite prescriptive as also is the valuation of the scheme under the statutory funding standard. When it came to the ongoing valuation method I described how in contrast, the assumption setting involves a much greater degree of professional judgement on the part of the actuary. The exact wording of the question that immediately came across the table was as follows: *"So is this where the actuary gets to be all Equitable Life like and assume a return of whatever they want such as 8%?"*

I should say before I go any further, that the actuary in question was not using 8% or anything near it!

When I was reflecting on this afterwards, I concluded that the only positive angle I could take on it was that it gave me a good line to use in my address here this evening! But joking aside, it illustrates clearly what we all already know about the permanency of damage to reputation when it happens and the general diminution in public trust in the professions.

As some of you in the room will know, the Society of Actuaries in Ireland was founded in 1972 meaning we are now in existence for 45 years. What perhaps fewer will appreciate, is that we actually have a 25th anniversary coming up next year, because 2018 will mark the



25th anniversary of the introduction of regulation of members by the Society – any excuse for a party!

Our mission in relation to regulation is *“To develop, maintain and enforce actuarial standards that require actuaries to advise their clients with integrity, professionalism and objectivity”* and I imagine these words could equally have been used 25 years ago just as they will probably apply 25 years from now.

What has changed a lot though over the years, has been the external expectations of us and in turn, our approach to regulation. This of course is not unique to our profession. As the public perception and indeed the public trust in professions generally has changed, so too has best practice thinking on how to regulate those professions. And like others, even in the short period of the last 24 years, we have encountered many turns and forks in the road which have required us to make decisions on fundamental issues such as:

- The balance between independent and self-regulation;
- The shift from guidance to mandatory statements of practice;
- As Bill Hannan put it in his presidential address, the degree to which we replace the judgement of the individual actuary with the collective judgement of the profession;
- The appropriate minimum level of Continuing Professional Development requirements;
- How best to strengthen the framework through lay representation and
- The transition to a principles based code of conduct

This is by no means the full list of the issues we have had to grapple with.

With Solvency II effectively triggering a further transfer of part of our regulatory regime to the Central Bank of Ireland, with the internationalisation of standards and with the widening of the roles and work that actuaries do into non-traditional areas, we are again facing some fundamental questions.

What should be the function of our regulatory framework? How wide and prescriptive should it/can it be? What is coming down the tracks internationally?

While our regulatory framework has served us well, we have had a somewhat unusual version of the 80/20 rule in force, whereby a large portion of the framework covers the work carried out by just a small proportion of our membership in mainly regulated roles. This focus might be understandable, given the onerous responsibility of certifying liabilities in the €100bns, but is it right?

The coming into force of the General Actuarial Practice Standard ASP PA-2 rebalances this somewhat, which I believe is welcome. We appreciate that some members may still be getting to grips with the new requirements and a working party has been set up to consider



and discuss any practical issues that are coming up. So if you have any questions on the standard, please do get in touch.

As I said, our central mission in relation to regulation remains unchanged and undiminished. It is the “how to” that is again up for consideration and it is the view of Council that we again need to pause and re-evaluate quite fundamentally, what our regulatory framework is doing and what it should do.

So against this backdrop, our strategic plan includes actions to assess and articulate our regulatory strategy and to describe our role as a regulatory body and how this fits in with the roles of other organisations such as regulators and international actuarial bodies. Our actions will include reviewing our regulatory framework to identify any gaps and to clarify the roles of different components of the framework such as Actuarial Standards of Practice (ASPs) and Information and Assistance Notes (IANs).

I mentioned that one of the factors at play is the increasing internationalisation of standards and we are fortunate that the Society stands in very good stead abroad due to the involvement of many Irish actuaries in overseas associations and committees, and due to Bruce Maxwell and Philip Shier’s former chairmanship of the Actuarial Association of Europe. This positions us well to play an active part in shaping developments which could have important implications for us down the line.

A new theme in this year’s plan comes under the heading Regulation Awareness and Support.

Due to the growth in the volume of requirements with which members must comply and a broadening of stakeholders’ expectations in relation to members’ conduct as professionals, in particular on the part of regulators, it follows that from an individual member’s perspective, the personal risks involved are increasing. The reality of operating in a commercial environment while dealing with potentially difficult professional and ethical dilemmas, creates obvious pressures and the serious implications in terms of sanctions and personal reputation if things go wrong are very evident.

Issues can arise for a variety of reasons. Previous presidents have spoken about the need to have systems and deterrents for dealing with the “bad apple” if there is one. This of course remains the case. But difficulties can perhaps more often arise because members unwittingly find themselves involved in situations where they may not always have the skills to deal with matters appropriately or may not appreciate fully what is expected or required of them.

The Regulatory Awareness and Support strand recognises the importance of trying to identify what more we can do to maintain awareness and support members in a practical way in fulfilling their professional responsibilities. Our strategic objectives will include:



- Supporting members in understanding and navigating the professional regulation framework within which actuaries must operate,
- Helping members to better understand the obligations in areas where professional expectations are less prescriptive or where ethical dilemmas may arise and
- Providing opportunities for members to support each other and share their practical experiences.

It is important to stress that any initiatives we take under this heading are not intended as a substitute for each member's individual responsibility to comply fully with their regulatory responsibilities, including the Code of Conduct. As Elizabeth Cady Stanton from the mid-1900s put it rather succinctly: *"Nothing strengthens the judgment and quickens the conscience like individual responsibility."*

But minefields do exist, I am sure many of us have come across them, and if through our efforts, we can increase even to a small extent, our members' abilities and awareness to spot and steer clear of them where they do exist, or to navigate to safety if they end up in one, then this will have been worthwhile for everyone.

Serving Members

Having a strong member proposition which delivers and is seen to deliver sustained value for our members will always be important.

Our objectives involve continuing to develop the range of services we offer and promoting the benefits of membership across different membership types. Recent examples of expanded services include the creation of forums to enable sharing of common experiences and the launch of a Member Support Service.

We must continue to prompt members to avail of these services.

Developing and implementing a plan for embedding a culture of diversity and inclusion in the profession is also an important objective in the plan. In this regard I have to say that the noticeable fall off in the proportion of female students achieving the highest grades in Leaving Certificate Honours maths in the last five or six years (repeated again this year) is quite a concern, particularly as we are now seeing it coming through further downstream in the gender mix of graduates emerging from the university actuarial degree courses. This is something we will need to raise with the education authorities to establish what if anything can be done about it. There is a real risk that the improvements we have seen in gender balance in the profession will reverse course.



Our Independent Voice

I have covered five of the six themes and have deliberately left Independent Voice until last. While very important for the future of the profession, I am conscious that a lot of what I have covered thus far has been quite inward focussed. It is important though that we keep an outward focus too. One of the Society's goals is to make a contribution to public debate as an independent voice, and to build our role and influence in contributing to the public policy agenda.

I have heard our approach described as quietly influential. I think this is probably right and on reflection is certainly a lot better than being loudly uninfluential. Examples of good engagement in the past twelve months or so include discussions with the Central Bank of Ireland on the Head of Actuarial Function role, research-based input on health insurance matters, regular meetings with the Pensions Authority, public attendance at Oireachtas hearings relating to the motor insurance market and input to the Government's working group on the cost of motor insurance. So while it may not always be visible there is quite an amount going on.

We must continue to contribute and there seems to be no shortage of opportunities to do so. For example, on the insurance side, clearly Solvency II is still in a bedding down phase and there is a lot to be gained from ongoing engagement with the Central Bank on emerging best practice – what have they seen that they like and where do they see areas for improvement.

The Society continues to have links to work being done by the Central Bank on the motor market and the review of the future of healthcare progresses we will be ready to provide input including on the numbers side of things to help inform the debate.

We will also continue our ongoing engagement on pensions matters with the Pensions Authority. While not wanting to get into detail on any one particular area, I cannot let the moment pass without cautiously welcoming the anticipated legislative changes to introduce greater security for members of defined benefit schemes. The introduction of a basic level of protection was called for nearly ten years ago by the Society and is long overdue. While clearly not solving all problems, if introduced, it will represent a very important change and should dilute the potentially severe gearing effects inherent in the current system. Fingers crossed we see this come to fruition soon.

Another way to contribute to effective policymaking is to carry out and publish research on matters that have a public interest dimension. This is an area where it is easier said than done in a largely volunteer model, and in our strategy plan we have recognised that success in this area will hinge on selecting a small number of worthwhile initiatives that are properly resourced.



In the time available, it has only been possible to cover some of the highlights of the strategy plan and I would encourage all members to read the full plan when it goes up on the website in the coming days.

Thanks to our Volunteers

Before I finish up tonight, I would like to fulfil my most important task here this evening and that is to acknowledge and thank, on my own behalf and on behalf of Council and the Society staff, the many volunteers without whom it would be impossible for the Society to function.

I doubt there are many other organisations where the level of input from members is as high as it is with the Society of Actuaries in Ireland. Whether it is deep down in the nitty gritty of drafting documents or helping to organise or deliver events, whether it is providing your views or helping others, it is sincerely appreciated. You are the vibrancy of the Society. It is you who puts a spring in everyone's step. And put simply, without your continuing help and support, we simply will not be able to deliver on our strategy plan.

The feedback from many volunteers is that they find it very rewarding to be involved with the Society and while I appreciate I am mostly preaching to the converted here tonight, please do encourage others to become involved. There is a long list of potential volunteering opportunities from serving on practice committees and working parties to delivering at professional CPD events and forums, from organising professional and social events to helping others through initiatives like the maths tutorials and mentoring; from representing the Society on international committees to helping with Society communications.

There can sometimes be a perception that some aspects of volunteering only apply to more experienced members such as being on Council or committees, so I would like to stress that we need everyone to be involved. We have a particularly young membership with close to 80% of our membership under the age of 40, so it is even more important that we have as broad and diverse an involvement of members as possible. So I would encourage everyone to check out the volunteering opportunities on our website and to encourage others to do the same.

Naturally, when taking on the role of President, it got me thinking what I can do that will make a difference over the next two years.

Thinking about *2020 Vision*, if there is one quite common thread throughout it, it is around promotion – both outward looking and internally amongst our own members. Promoting the importance of lifelong learning, the benefits of volunteering, the services we have in place, the benefits of the actuarial skill set and so on. So let me just say now, if by the end of the two years I sound like a broken record on some of these issues please do not be too surprised.



To wrap up, if you have any comments or questions on anything I have covered this evening or on the strategy plan when you have had a chance to read it, I would be delighted to hear from you. You can either raise your hand quickly now or please feel free to drop me an email.

I do hope you enjoy the rest of the evening and thank you again for electing me as President and particularly for taking the time out this evening to share what is a very special moment for me. I really do appreciate it. Thank You.



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