



Society of Actuaries in Ireland

President's Address 2022
"Looking forward with confidence"

Declan Lavelle, FSAI

September 2022

WELCOME AND INTRODUCTION

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

It is a great honour for me to have been elected the 26th President of The Society of Actuaries in Ireland, in the year of our 50th anniversary. I hope that over the coming year I can repay the confidence that you have shown in electing me.

For those of you who don't know me, my name is Declan Lavelle and I have been a Fellow of the Society since I qualified in the late 1990s. I was one of a batch of five new entrants from the maths department at the University of Galway, then UCG, in 1989 and 1990, and I am happy to say that all of that cohort are still with us and gainfully employed as actuaries.

I started my actuarial career with Norwich Union as a life actuarial student and spent my first five years there. During my student years, an opportunity arose to move into the then emerging field of general insurance and I have worked in that area ever since.

I am very pleased to see here this evening several friends and colleagues. I am also delighted to see a number of Past Presidents here, and several others who I have come to know through my work on various Society committees and working groups.

I would like to thank the current Council members and Officers. It is a privilege and a pleasure to work with you. I would particularly like to thank Sheelagh Malin and to congratulate her on her presidency. During her year as President, despite the challenges of the Covid-19 pandemic, Sheelagh has shown great leadership, energy and dedication to the task.

At the end of this evening's address, it will be my pleasure to present Sheelagh, and her predecessor as president, Sean Casey with their Past Presidents' pins.

We are fortunate too to have such a strong executive team in the office with Yvonne, Philip, Catherine, Ramona and their support staff. On behalf of Council and all the wider membership, I thank you for all the work that you do in supporting our members.

Thank you also to my colleagues at LCP, for your support in allowing me to take on this role, and also for facilitating my volunteer work with the Society over many years. Living as I do in Ennis County Clare, and having worked remotely long before Covid was ever heard of, my involvement with the Society has added an extra dimension to my career.

Finally, I would like to offer a special word of thanks to my family, my wife Margaret and my daughters Aoife and Eimear, who are a constant support and a welcome diversion from things actuarial!

THEME

The theme of my address this evening is "Looking forward with Confidence". However, I will first take a few moments to look back and set the context, by considering those who established the Society 50 years ago.

LOOKING BACK

Original aims

The original aims of the seventeen founders of the Society who met in the Russell Hotel on St. Stephen's Green in May 1972 were to

- provide a forum for actuaries to discuss matters of professional interest;
- and promote the actuarial profession in Ireland.

Today, the Society has over 2,000 members, which represents one of the highest number of actuaries per capita in the world. As a result, the scope of activities carried out by the Society, and by individual members, has widened very considerably.

If we were to transport ourselves back to the Russell Hotel in 1972, who could have predicted the world as it is today, in 2022? To take just a few of the headlines from 1972:

- Eamon de Valera was still the President of Ireland. He was only the third person to hold that office and, like both of the previous incumbents, was a veteran of the cultural and political revolution of 50 years earlier.

De Valera, although then firmly in his twilight years, was a maths graduate from the Royal University of Ireland (the forerunner of the NUI) and had more than a passing interest in actuarial analysis. In fact, as early as 1957, during the Dáil debates on the establishment of the VHI, De Valera commented that there should be proper actuarial skills in the new established entity. Although it was several decades later before his wish was fulfilled, de Valera's comments show that there was recognition that actuaries had a meaningful contribution to make in this area.

- The Central Bank Act of 1971 came into force on 1 January 1972, establishing the CBI as a fully operating central bank. However, it wasn't until 2003 that the CBI took over the regulation of financial and insurance services, in a form similar to what we know today. Indeed, the Central Bank is now a significant employer of actuaries in Ireland.
- On 22 January, Taoiseach, Jack Lynch, and Minister for Foreign Affairs, Patrick Hillery, signed the Treaty of Accession to the EEC. With the benefit of hindsight, we can now clearly see that joining the EEC was the gateway to Ireland's subsequent economic development. As well as the wider trade and economic benefits, the development of the single market in services has underpinned the growth in the Irish actuarial profession to bring us to where we are today.
- On 5 May, RTC Carlow became the first Regional Technical College to install a computer. It was to be used for business and engineering courses; it used the Fortran and RPG languages and cost IR£10,000 – over €150,000 in today's money!

I guess that a regular laptop, at perhaps 1/200th of that cost, could perform the same calculations these days. Indeed, some of the spreadsheets and datasets we regularly work on today are larger than the entire hard-drive of the first PC I worked on in Norwich Union in 1990!

- On 1 September, Nature magazine published a paper by John S. Sawyer, a climate scientist at the UK Met Office, which described what was then known about the role of carbon dioxide and the “greenhouse effect”. Although this was a pretty niche topic at the time, it has since become one of the great challenges of our age, and one in which actuaries are playing their part.

In the 50 years since 1972, Irish life expectancy at birth, for both men and women, has increased by over a decade. The population has grown by about two thirds and real GDP per capita has expanded several times over.

In those same 50 years, we have experienced high inflation and recessions in the 1970s and 1980s, unprecedented boom in the 1990s and early 2000s, followed by the global financial crash. In the past seven years alone we have had Brexit, the Covid-19 pandemic and, most recently, the outbreak of war on the European continent.

Could not have predicted our world today

I mention these examples to illustrate that even actuaries, whose role it is - to quote an Institute of Actuaries tagline from 1990s - “to make financial sense of the future”, would have been hard pressed to predict in 1972 the world of 50 years later - 2022.

However, that didn’t inhibit the Society’s founders in setting the Society on the path to where it is today.

LOOKING FORWARD

Similarly, although we may speculate on how the world will develop over the coming decades, we would be fools to think we can predict it with any degree of accuracy. But, like the founders of the Society, that should not be a barrier to the progress of our profession in Ireland.

We have many reasons to look forward with confidence to the next 50 years.

Our Skillset

Our core skillset is as relevant as ever, if not more so.

Traditionally and stereotypically, we actuaries are known for our mathematical abilities. Back in 1972 this would have involved commutation tables and computer punch-cards. Today it means stochastic models and programming languages like R and Python. Like many stereotypes, there is a basis of truth in the “maths geek” view of the actuary, but it is far from a fully rounded picture of the actuarial skillset.

Yes, actuaries will always be known for their ability to analyse data and build models, but I believe our future focus will be more on our ability to distil our analyses to provide valuable insights, and on our ability to communicate those insights effectively and provide effective solutions for our employers, clients and wider society.

Continuous Learning

Keeping our skillset up to date and relevant is part of our DNA as actuaries.

We are all too aware of the pace of change in technology, society and regulation and how it affects our day-to-day work. In part, this is what keeps our work interesting and fresh. It also means that it is essential that we continue to learn and develop so we keep up to speed with the latest developments.

The Society aims to support all of its members with relevant CPD so that we can keep our knowledge, skills and wider competencies up to date throughout our careers. We provide a mix of event types, from shorter single topic meetings to half-day seminars and full-day conferences. These events cover both technical actuarial topics and broader competencies such as communication, collaboration, resilience and the exercise of professional judgement. A consequence of the Covid pandemic is that many of our events are now available online, which has been welcomed by many members.

This CPD offering is complemented by the Society's Competency Framework. The Framework can be used by members to identify learning and development needs in their current roles and in any future roles to which they aspire. While the Framework is not mandatory, we encourage its use by all members, from students through to experienced professionals in regulated roles, and also by those in wider fields.

Technology

The pace of technological change continues to accelerate. That Carlow RTC computer from 1972 is now a dinosaur from a different age. The level of innovation and development in even the last ten years has been phenomenal. We see this change in our daily lives, as well as in our work as actuaries. The combination of the emerging fields of artificial intelligence and data analytics have raised the spectre of the "actuary in a box".

Some have predicted the demise of the human expert in the face of all of this new technology. However, I am more sanguine. These new technologies and the increase in computing power allow us to step aside from the more mundane and repetitive aspects of our work and to focus on innovation, communication and problem solving.

Traditional areas

I am confident that we will continue to see demand for actuaries in our traditional areas of insurance, pensions and risk management.

Solvency II has underpinned our key roles in supporting insurance companies: reserving, pricing, reinsurance and the ORSA.

Similarly, IORP II provides actuarial opportunities beyond the defined benefit scheme actuary role: in risk management, investment and scheme governance – all being areas where actuaries can add value through their unique deep understanding of both the assets and liabilities side of the pensions equation. This will help somewhat to offset the fall in demand for actuaries to service a declining number of defined benefit schemes.

A personal concern, and perhaps one we should debate as a profession, is whether it is wise to heap so many responsibilities on a single individual as have been placed on the Solvency II Head of Actuarial Function? Is there a risk that these heavy personal responsibilities limit the supply of actuaries willing to fill these demanding roles?

In addition to supporting the regulated roles of HoAF and Scheme Actuary, and Chief Risk Officer we need to ensure we provide appropriate support to all of our wider membership. In this way we can help build and maintain the competencies needed to provide innovative solutions for our employers and clients.

Wider Fields

Turning to wider fields, in a way I am from the original wider field – general insurance. All of the original seventeen founders of the Society worked in life assurance, pensions or related areas and it was not until about a decade later that the first non-life actuaries appeared in Ireland, and it was a further couple of decades later before until a firm foothold was gained.

In many ways, general insurance was a very natural field in which to apply the actuarial skillset, so it is perhaps a surprise that it took so long for actuaries to establish a strong presence.

Similarly, I am certain that actuaries have much to offer in the current emerging areas of work: banking, aviation finance, and data science, with the latter offering new opportunities in traditional fields of practice too.

To take banking as an example, we have a relatively small number of members working in this area at the moment. However, it seems to me that it is no less natural a field for actuaries than general insurance. Given the experience with general insurance, perhaps it should not be too big a surprise that it will take some further time to break through in banking in greater numbers.

And even though the numbers are small for now in these wider fields, I believe that they are key elements of our future growth, as a Society, and as a profession. There is plenty of untapped potential to apply the actuarial skillset in new ways, within new fields as well as within our traditional fields of practice.

To successfully navigate the next 50 years, we cannot afford to sit on our laurels. If we are to maintain the momentum of our first half-century, we will need to adapt and evolve. Extending our reach in wider fields, and tapping into new opportunities within traditional fields, will be a key part of this.

Professionalism

Last year, in her presidential address Sheelagh Malin's theme was "Building Trust". Sheelagh explored how we need to maintain the trust of our key stakeholders: the financial firms that employ us, regulators, consumers and our own members.

To sustain the trust of these stakeholders into the future, we need a multi-faceted approach to

- keep our professionalism framework and training up to date;
- maintain our technical and personal development competencies; and
- speak out independently on issues of public interest where an actuarial insight can add value.

Independent voice and public interest

This latter point also links into the themes of our previous President Sean Casey's address in 2019, which was titled "Extending our Influence".

As we have grown as a Society, so has our capacity to engage with our external stakeholders, including regulators, industry bodies, and other professional bodies.

In recent years, our Presidents' Conferences have allowed us to shine our light more widely by focussing on important societal issues such as housing, pensions, health and also on the forces underlying the mega-trends of our age: technology, demographics, globalisation and the environment.

Keeping a strong focus on serving the public interest will help to maintain and strengthen the reputation of our profession in Ireland.

Climate change and sustainability

I mentioned a little earlier John Sawyer's article in Nature magazine in 1972, which made some initial predictions of increasing global temperatures, owing to the projected build-up of carbon dioxide in the atmosphere.

It took many years for actuaries to become involved in addressing the challenges posed by climate change. However, looking to the coming 50 years, I expect this will be one of the enduring themes for many actuaries.

Two years ago, the Society established its Sustainability and Climate Change Steering Group. The Group aims to address two broad strategic objectives:

- Firstly, how the Society should respond as an organisation to sustainability and climate change, including providing an independent voice and managing its own environmental impacts; and
- Secondly, how to ensure that all actuaries are equipped with the appropriate skills, attributes and knowledge to account for sustainability and climate change within their work.

The Steering Group will give a presentation next Tuesday, providing an overview of their work to date and focusing on what climate change means for actuaries. If you haven't already booked, I would strongly encourage you to attend!

I am also pleased to be the Society's representative on the Central Bank's recently established Climate Risk and Sustainable Finance Forum. This consultative forum aims to build a shared approach to the understanding and management of the risks and opportunities posed by climate change to the financial system.

The Society has also engaged with Sustainable Finance Ireland for several years, and is represented on the Steering Committee of Sustainable Finance Skillnet. The Skillnet is a national network working to develop skills and leadership capacity to advance ESG best practice across Ireland's financial services arena.

As you can see from this activity, climate risk and sustainability is an area where we can and must continue to apply our skills to support our employers, clients and wider society.

International role

The Society has been a member of the Actuarial Association of Europe ever since it was first formed in 1978 as the Groupe Consultatif. In many ways this has paralleled Ireland's membership of the EU and the growth of the profession in Ireland.

Our membership of the AAE links us to a network of European colleagues and gives us a greater collective influence on the developing regulatory framework for financial services.

Over the years we have provided three chairs for the AAE, Paul Kelly, Philip Shier and the late Bruce Maxwell, as well as many Society delegates to the AAE's working committees.

Tony O'Riordan and Philip Shier were both appointed to serve on EIOPA's Stakeholder Groups which play an important role in the development of EU regulation in insurance and pensions.

For a small Society, I think it is fair to say that we have punched above our national weight in this arena.

The Society is also a member of the International Actuarial Association and contributes to its activities, including the hosting of the IAA meetings in Dublin in 2007, with about 250 delegates from around the world. A number of our members are actively involved in the IAA Committees and Forums, most notably Yvonne Lynch who is the current Chair of the Professionalism Committee.

Diversity & Inclusion

As a Society, we have been able to grow our membership steadily year on year over the past 50 years so as to meet the strong demand for actuaries. Our founding members were all male, and it was 16 years before we had our first female Fellows.

For many years, the standard route to the profession was straight from school, or sometimes from university courses with significant maths content. The dedicated university actuarial science courses began to overtake the traditional routes from the early 1990s and these courses have served us well over the past three decades. Today's new entrants are almost all graduates of the actuarial degree programmes and therefore they have a much more solid grounding in the principles of actuarial science than their counterparts 30 and more years ago.

However, there is a concern that there may have been unintended consequences in terms of the diversity of our new entrants, for example in terms of gender and socio-economic status, and more generally in terms of educational diversity.

While we do better than many STEM-based professions at attracting females, there is evidence that fewer young women than men enter the denominated actuarial degree courses. And this is despite roughly equal numbers taking honours maths at leaving cert level. This year the Society's gender pipeline working group has been investigating the drivers of the downward trend in the proportion of females joining the Society in recent years.

Similarly, there is a concern that an over-dependence on the university graduate entry route might be inhibiting entry from those of lower economic means. We have work to do to address this imbalance, and we plan to explore this further, although it may prove more difficult to source reliable data than is the case for gender imbalance.

STRATEGY

In terms of scale and breadth of activity, today's Society is a very different organisation from that which was established 50 years ago.

In more recent times we began to formalise the Society's strategy in three-yearly cycles. The current cycle will finish in 2023, so shortly we will begin to address the Strategy Plan for 2023-2026.

As part of this review, which will be led by your Vice President Bríd Quigley, we will revisit our vision and mission statement and update our strategic objectives.

We will ask ourselves questions such as:

- Are our professional and technical standards fit for purpose?
- How should we adapt our CPD programme to the post-pandemic world?
- Do we focus too much on the statutory actuarial roles in our traditional fields of work?
- How do we continue to engage all of our members, irrespective of their career-stage or roles, as we continue to grow as a Society?
- Are we doing enough to support actuaries in wider fields?
- How do we ensure our membership reflects and benefits from the diversity of Irish society?
- How can we improve our communication to members and other stakeholders?
- Do we contribute appropriately to public policy discussions?

As well as representing Council's views to the membership, part of my role of President is to ensure that members' views are taken into account in the development of the Society's strategy.

During the coming months we will be seeking your input to the next cycle of the Strategy Plan. For example, we will invite members to participate in a Strategy Working Group. We may also organise focus group discussions or online surveys on particular topics.

I am conscious that, as we continue to grow as a Society, there is a risk that we may lose engagement with some of our membership, particularly those not active as volunteers, those not working in regulated roles, and also those working in non-traditional fields. We will specifically seek input from these members to ensure their voices are also reflected in the Strategy Plan.

In this way, with a solid strategy plan in place, we will look forward with confidence to the next 50 years.

THANK YOU TO OUR VOLUNTEERS

Before coming to a close, I would firstly like to take a moment to remember those whose lives have been marred by the pandemic over the past 2½ years. The pandemic touched all our lives, but it has been a more difficult time for some than others. I particularly want to offer my deepest condolences to all those who lost family and friends.

I would also like 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. Indeed, I would go so far as to say that without our volunteers, we would not have a viable Society.

Many of our volunteers serve on the various Society committees. I know from experience of these committees that everyone gets stuck in and there are no “passengers”. The volume and quality of the output of the committees is a credit to you all.

Other volunteers are those members who serve on working groups, or deliver maths tutorials, mentoring and CPD events, or help with operational initiatives such as upgrades to the website. Yet others represent the Society on various international committees in the Actuarial Association of Europe and the International Actuarial Association.

In my own experience, and also based on feedback from others, volunteering has proved to be very rewarding. Hand on heart I can say that anything I gave to the Society has been repaid many times over in terms of the friends and colleagues I have made and the professional support network I have gained. I would highly recommend that if you haven't yet done so, you should put yourselves forward as volunteers when a suitable opportunity arises.

I would also like to add that volunteering is not restricted to our more experienced members. In the interests of energy, new perspectives and age-diversity I would particularly encourage our younger members to come forward. If you don't feel you are ready to serve on a full committee yet, perhaps you can dip your toes in the water by joining a suitable working group in an area that is of interest to you.

CONCLUDING REMARKS

So, in conclusion, as we start into our second 50 years as a Society, while we should not be so arrogant as to think we can predict the world of 2072 with any great accuracy, we can still be confident in our ability to navigate the challenges that will face us.

On behalf of Council, I thank you for your support in developing, adapting and implementing our ongoing strategy to best achieve this.

Thanks again to you all for coming along this evening, and I hope you can now join with me and our colleagues for a little while to celebrate the launch of our new term.

Finally, I will now call on Sheelagh and Sean to come forward so that I can present them with their Past Presidents' pins.