



International Congress of Actuaries 2010 – Cape Town, South Africa
Welcome Address at the Opening Ceremony
Yves Guérard, Secretary General

Merci Peter,

Monsieur le Président,

Distingués invités, chers collègues

La coutume veut que le Secrétaire général présente les vice-présidents et les secrétaires du Congrès. Déjà à Birmingham en 1998, j'avais établi le précédent renouvelé par la suite à Cancun et Paris, qu'il était préférable de confier cette tâche à l'informatique. Je peux ainsi utiliser ces quelques minutes pour vous renseigner sur la profession actuarielle en Afrique du Sud pendant que les noms se déroulent sur l'écran en arrière plan.

It is customary for the Secretary General to present the Deputy Presidents and the Secretaries of the Congress. In Birmingham in 1998, I established the precedent, confirmed later in Cancun and Paris, that it was better to let technology show these names on the screen. It saves me rehearsing the correct pronunciation of names foreign to me and gives to the majority of you that are visual rather than auditive, a better chance at recognizing them! That frees up a few minutes to tell you more about the actuarial profession in South Africa while their names and those of the

persons appointed to chair sessions are scrolling on the screen in the background

Science tells us that it is a geological event that created the Rift Valley and triggered the evolution leading to the emergence of Homo Sapiens here in Africa. Great Rift Valley is a name given in the late 19th century by British explorer John Walter Gregory to the continuous geographic trench, approximately 6,000 kilometers in length, that runs from northern Syria in Southwest Asia to central Mozambique in East Africa. Although there are a few contrarian views, I take it that archeological, paleontological, chromosomal and mitochondrial DNA studies confirm that all humans as we know them to-day share common ancestors that came out of Africa as recently as 50 000 to 70 000 years ago, in successive waves to populate Asia, Europe and eventually all continents plus a small space station in orbit around the earth. Migrations to the Moon were of short duration. So Africa is the only place where there are real natives. All others, that is most of us, are immigrants, or if you prefer descendants of emigrants from Africa!



By the time a small trickle of early humans crossed over from the Horn of Africa and through the Sinai, Homo Sapiens had become Homo Sapiens Sapiens, which translating from Latin could mean it was twice as wise as its ancestors. Maybe that coincides with the apparition of language? Later on, a veneer of civilization led to coining the name Homo Economicus for a sub-species of great interest to actuaries. More recent actuarial studies have identified another sub-species, Homo Irrationalis, that seems to rebel against the mathematical constraints of the Laplace-Gauss normal curve and play the devils in the tails!

First, a few facts about this important continent. Africa's population stands at 985 million, just shy of its first billion, and represents 14.6% of the world, but its GDP is only 2.5%. South Africa, with close to 50 million people, is only 5% of Africa's population but its GDP at \$277 million is 18%, the largest in the continent. It is only 0.5% of the world GDP but enough to occupy a respectable 33rd position in 2008.

The economy of South Africa is very much export oriented; over 35% of its GDP is exported of which 84% goes outside Africa. The trade balance within Africa is positive with the exports exceeding the imports by 41%. The financial assets total 288% of GDP and

are well diversified. Bank assets at 138%, are less than half; of the other 150% Pension is 90% and Insurance 60%.

For Life and Non life combined, Africa is a \$55 billion market and South Africa is the largest part of it: 91% of the Life market and 50% Non life by premium. The density of insurance premium in South Africa, \$871 per capita is 137% of the world average of \$634. It ranks # 35 in the world but the real surprise is that in terms of penetration it is #3 at 15.3% of GDP, more than twice the world average of 7.1%. But look at #4, Netherlands; maybe this appetite for insurance is a legacy of the Dutch. So it is not surprising that premium wise South Africa ranks as the 19th market in the world collecting an impressive 351 billion Rand or \$42.5 billion, a full 1% of the world premiums.

No surprise either that there is a vibrant Actuarial Society of South Africa which, with 788 FQAs, is the 15th largest member of the IAA which it joined back in 1952. Today, it boasts a total of 2 380 members, 1 433 of whom are students. This includes 77 members in 16 other countries.

When they are not involved in organizing congresses, members of the Actuarial Society of South Africa are active mainly in life insurance, 32% Non Life , also called short term , and reinsurance 16%;Pensions and Social security - 15%, Finance (banking,



investments, etc) – 14%; Consulting 12% with the rest distributed in academic work, supervisory duties and miscellaneous.

The Actuarial Society of South Africa was established in 1948, the same year that saw the establishment of the World Health Organization as part of the UN, the establishment of the World Council of Churches, the invention of the transistor and the Berlin airlift. It was also the year the Frisbee was patented.

When it was established, the Actuarial Society of South Africa had 42 members. The first actuary to come to South Africa was a member of the UK Institute of Actuaries; yet the first South African to qualify as an actuary did so by taking the examinations of the UK Faculty of Actuaries. From 42 to 788 over 61 years is a 5% rate of growth, but currently student numbers grow at 3-4 times the rate Fellow numbers grow. The growth has accelerated thanks to the switch to the local qualification.

The ASSA is a self-governing body, not regulated by statute but it enjoys a constructive relationship with regulatory authorities for the financial services and healthcare sectors. Regular meetings facilitate the exchange of views and help iron out difficulties. It led, inter alia, to the introduction of practicing certificates for statutory work. The regulators approve actuaries for statutory work, but

only if ASSA has issued a practicing certificate to the applicant. The profession enjoys high respect, not only from the Government bodies, but it is also highly appreciated in industry circles.

Due to the colonial history of the country, South African legislation used to define an actuary as a Fellow member of one of the UK actuarial organizations or the US Society of Actuaries. The process to get these definitions changed, so that an actuary is defined as a Fellow member of the Actuarial Society of South Africa, was completed when the relevant amendment to the Pension Funds Act was approved by the South African Parliament in 2008.

Another recent development was the introduction of a local-content actuarial qualification. The process started, in conjunction with the UK actuarial bodies, in 2003. From this year onwards, candidates obtain the designation FASSA by professional examinations, under the auspices of a Board of Examiners appointed by the Council of the Society. This designation is recognized by the UK and Australian actuarial organizations, and more mutual recognition agreements are in the pipeline. Courses are offered at seven partially or fully accredited universities. The IAA Education Committee approved the ASSA



education programme in Hyderabad, and it has mutual recognition agreements with the UK and Australia.

Over the past few decades, the Society experienced a number of interesting developments and challenges. One of these was modeling the AIDS pandemic. At the Montreal International Congress in 1992, a South African actuary presented a paper on an actuarial model applicable to the HIV pandemic in South Africa. This model saw a number of

revisions and improvements, and the current version is known as the ASSA 2003 AIDS and Demographic Model. And, for those who did not know, the young South African actuary who presented the paper in Montreal is the current President of the Actuarial Society of South Africa. I was personally Chair of the Scientific Committee for the Montreal Congress and I can remember the interest that paper generated.

To remedy the shortage of black actuaries, mainly due to the legacy of the apartheid education system, the Society launched a venture to enable talented pupils in township schools to reach their full potential. The programme has been remarkably successful. In the KwaZulu-Natal province; authorities described it as the only programme of its kind that works. A group of members of the Actuarial

Society established the Association of South African Black Actuaries (ASABA) and the founding President of ASABA is currently the President-elect of ASSA. The IAA Bursary Fund, thanks to generous donors, has enabled 31 Africans from neighboring countries, one third being French or Portuguese speaking actuaries, to take advantage of the proximity to participate in this 29th International Congress. We expect it will help complement the efforts of ASABA by extending the networking across many communities over the whole continent and indeed beyond as there are 51 more bursaries distributed over other continents.

Ex Afrika semper aliquid novi. These words written about 1930 years ago by Pliny the Elder, “*that there is always something new out of Africa*”, have been confirmed by the makers of the film 2012, since Africa is where the modern unsinkable Super-Ark, made in China, will land with enough surviving Homo Sapiens Sapiens to restart humanity after the sun pushes the reset button by bombarding the earth with hyper-energetic neutrinos. These prophetic words are equally applicable to the Actuarial Society of South Africa.

Dread disease work is South Africa’s gift to the actuarial world. That may well be the case but the gift wrapping, the other part of the value added by the ASSA, is



the habit of always coming up with something new. So I am certain lots of surprises are in stock for us this week of which the Welcome Reception was just a sample. Many of us are already overwhelmed by the spectacular views of Cape Town and the warm hospitality which we have enjoyed for a week now in between IAA meetings.

Thanks to the ASSA and its organizing Committee for providing us with a stimulating venue and a rich program, making this Congress a dynamic and fertile environment. It will be a tremendous success only if we all respond to the challenge. We owe an enthusiastic response, not only to them, but also to ourselves and to the younger actuaries attracted to our profession as we push towards new frontiers and wider fields. Let's show to all of them the same friendly welcome and vibrant actuarial creativity as our host is generously offering us.

Un grand merci à l'ASSA et à tous ceux qui ont rendu possible ce premier sommet mondial de l'actuariat sur le continent africain. Ce 29^e Congrès doit devenir un tremplin pour une expansion plus rapide de la profession actuarielle en Afrique et dans le monde entier.

Faisons de ce Congrès un événement inoubliable!

¡Hagamos de este, un Congreso que nadie olvidara!

Hoffen wir auf einen unvergesslichen Kongress!

Let's make it a Congress nobody can forget!

March 8, 2010