



14th Global Conference of Actuaries
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Special Address – Monday, February 20, 2012
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President of the IAA (2012)

President Khan, distinguished guests and fellow actuaries – and of course the many students present - it is a great honour to represent the International Actuarial Association (IAA) as its President at your 14th Global Conference of Actuaries in your wonderful city of Mumbai. It brings back fond memories of the period when I regularly visited your country when one of the reinsurers active in India (RGA) was setting up its business here – I was then the CEO of RGA South Africa.

I have been asked to convey greetings and best wishes for a successful and productive conference from the officers of the IAA and past Presidents of the IAA, many of whom attended previous conferences.

Following on from the theme for the 13th conference, “Emerging Risks ... Daring Solutions”, I believe the theme for this conference is particularly relevant and appropriate – “Meeting the Challenges of Change”. We undoubtedly live in a rapidly changing environment with all the uncertainty and challenges that change brings, but on the other hand, change also creates opportunities for those who can identify them. As was the case last year when Cecil Bykerk, the then President of the IAA, said “... who is in a better position to address these risks through developing daring, creative and innovative solutions than actuaries ...?” The same is true that “... who better than actuaries can understand the change that is taking place and develop suitable responses to the challenges and opportunities that emerge from this change...?” I am sure, having looked through the conference programme and the excellent speakers you have, that this conference will add to a shared understanding of the issues.

While I believe that interaction within the profession globally will lead to a better understanding of the issues facing the profession locally, and while many of these issues are similar, if not the same, you in India, as do we in South Africa, have circumstances and priorities which are peculiar to your local environment and which require the local profession to arrive at solutions which meet up to international requirements but which are relevant locally.

While I am on the subject of interaction with the profession globally, may I extend a word of invitation and encouragement to the Indian profession to continue with your active and pro-active role and involvement in the activities of the IAA. Currently there are seven official IAI representatives in IAA committees, including your President. It is important that the voice of the so-called developing economies also be heard within the global actuarial profession and I believe the BRICs countries have a significant role to play in this regard. Brazil, Russia, India, China and South Africa are all full member associations (FMA's) of the IAA. Brazil is not particularly active - perhaps because of a language barrier. Russia and China were recently admitted as an FMA's and will undoubtedly play a significant role in future. And that leaves India and South Africa. We have, in South Africa, taken a decision to participate very actively in IAA matters on the basis that it is better to get involved in determining your future than having it imposed on you. India, in relative terms, is positioned to play a far larger role in the

international financial arena. It is vitally important that the voices of the powerhouses of the future be heard as clearly in the global debate as those of the established “first world”.

In this regard matters such as micro-insurance, where I am sure India can speak with great authority, and which happens to be a topic in your programme, are becoming more prominent in discussions in forums such as the IAA.

About the IAA

The IAA is the body which represents the actuarial profession globally. It has 64 so-called full member associations of which India is obviously one, the latest admissions being Bosnia and Herzegovina. In addition there are 26 Associate members the latest admission being Armenia, and a number of Institutional and Observer members. The vision of the IAA is, “The actuarial profession is recognised worldwide as a major player in the decision-making process within the financial services industry, in the area of social protection and in the management of risk - contributing to the well-being of society as a whole.” And the Mission, “To represent the actuarial profession and promote its role, reputation and recognition in the international domain” and “To promote professionalism, develop education standards and encourage research with the active involvement of its member Associations, in order to address changing needs.”

The reference to “with the active involvement of its member Associations” is of particular importance. One of the cornerstones of the way the IAA goes about its business is the so-called principle of Subsidiarity which says that, “The IAA will restrict its activities to strategies and programmes which require international cooperation or direction, or can be handled more efficiently across national and regional boundaries. It will not become involved with actions at the level of the member associations or regional groups of actuarial associations, except at the express invitation of such an association or group.”

Now what does that say? Firstly, it is clear that in respect of India for example, the IAA is required to respect the autonomy of the IAI and not get involved in any actions in your country except at the express invitation of the IAI. Another example is equally relevant. There is an association of European actuarial associations (the Groupe Consultatif) which is at the moment engaged with the European Regulator on the issue of Solvency II and standards of actuarial practices for Europe. While the IAA is itself involved in the setting of global standards, it is required not to involve itself in matters European in this regard unless requested to do so by the Groupe.

Equally, while it is the business of the IAA to pay attention to education standards internationally, it is not the business of the IAA to design and manage education programmes. Two of our member associations, the Society of Actuaries in the US and the Institute and Faculty of Actuaries in the UK, have such programmes which they make available internationally and it would be totally counter-productive for the IAA to try and re-invent the wheel and in the process go into competition with two of its largest member associations.

Touching very briefly on the activities in which the IAA and its structures are involved, it is important to note that these take place within our strategic framework. These activities largely take place in the committees, sub-committees, task forces and working groups that exist within the IAA structures. In

addition there are seven sections to which individual members belong and which largely focus on promoting the role of the actuary in specific practice areas, on research in the practice areas and providing opportunities for individuals to participate in research and continuing professional development.

The strategic framework is defined by five strategic objectives (SOs) with their subsidiary priorities/action plans. These objectives were confirmed by a survey undertaken during 2011 by the Strategic Planning Subcommittee. In addition there was a strong feeling amongst our members that the brand of the profession should receive greater and more focused attention. This is being attended to at present. The five SOs are:

1. Identify, establish and maintain relationships with key supranational audiences and provide them with actuarial input to improve the soundness of decisions being made on important issues with a global impact. The Supranational Relationships Subcommittee is extremely active and in 2011 the focus was primarily on the development banks. Priorities for 2012 include the International Social Security Association (ISSA), the International Labour Organisation (ILO), the International Organisation of Securities Commission (IOSCO) and the International Monetary Fund (IMF). There is a very well established relationship with the International Association of Insurance Supervisors (IAIS) and the chair of this organisation, Peter Braumüller, happens to be an actuary. In addition, a number of memoranda of understanding have been signed and the IAA was invited to participate in a task force created by the G20 during 2011—the Regulated Professions Task Force.
2. Facilitate the use and expansion of the scientific knowledge and skills of the actuarial profession, including beyond the traditional areas of actuarial practice, to help enhance the scope, availability and quality of actuarial services offered by individual members of its member associations. A number of working groups have been created focusing on areas such as mortality, micro-insurance, population issues, the environment and very recent, Islamic Finance. The IAA is also represented at many global and regional events annually and is particularly a regular participant in IAIS events.
3. Establish, maintain and promote common standards of actuarial education, common principles of professionalism and model standards of actuarial practice for use by member associations worldwide. I am going to limit my comments to the matter of standards of actuarial practice. Peter Braumüller, who I have referred to already, addressed the Council of the IAA in Vienna in October 2010 and said the following, “Having regard to the IAA’s strategic objectives to promote model standards of actuarial practice, I encourage the IAA Council to step up to the challenge of producing global actuarial standards to complement the global supervisory and accounting standards and to improve the transparency, reliability and comparability of the global insurance sector’s financial and regulatory reporting.” I am sure that you will agree that when a Regulator uses words such as “encourage”, one sits up and pays attention. Needless to say the IAA’s reaction was no different! This is an area which had already been receiving a great deal of attention. We have an interim subcommittee focusing on the development of International Standards of Actuarial Practice (ISAP’s), as well as a Task Force on Permanent Structure discussing the various options for the optimal structure of a body tasked with creating standards and monitoring of compliance with such standards. And this is not a simple task.

We have a diverse membership, from the US and UK (and other) countries with highly developed standards of practice to newly admitted members with very basic structures and standards.

4. Support development, organisation and promotion of the actuarial profession in areas of the world in which it is not present or is not fully developed. There is a huge amount of activity taking place with regards to this objective. Subcommittees which focus on specific areas of the world have been created and an example of their activities is the assistance being given to the Institute of Actuaries of Korea to upgrade to Full Membership status. Seminars are held in various countries including such diverse places as Croatia, Malaysia, Kenya and Colombia. The Actuaries without Borders Section has been involved in projects and discussions regarding activities in countries such as Kenya, Georgia, Mongolia, Tasmania, Zambia, Romania, Albania, the Caribbean and Kazakhstan.
5. Provide a forum for discussion among actuaries and actuarial associations throughout the world. There are regular Congresses (Cape Town in 2010, 1600 delegates), Washington (2014), Section Colloquia (Hong Kong upcoming in May), and an increasing number of Section Webcasts which provide opportunities for actuaries to get together and discuss matters of mutual interest. And this 14th Global Conference of Actuaries under the joint auspices of the IAI and the IAA is a prime example of such an occasion.

So, as you can see, the IAA is, at an international level, attempting to meet the many challenges of change that are sweeping across the globe. And while times are challenging, they are also exciting and stimulating. I believe we have been able to identify opportunities for the profession and position the profession as a useful, hopefully essential, contributor to the global financial debate, in the process making progress towards achieving our vision of being recognized as a major player in the decision-making processes and contributing to the well-being of society as a whole.

And on that note, let me conclude by saying thank you for the invitation to the premier event in your calendar. It is a great privilege to be here. My hope is that you who are attending this event will find it interesting, insightful and motivating to contribute to your profession, both locally and internationally. May I leave you with a message I received from one of England's greatest actuaries when I qualified in 1973 and received my certificate from Sir Frank Redington at Staple Inn in London. In his address he quoted Sir Francis Bacon who had said many years ago, "I hold every man a debtor unto his profession". I do not know in what context this was said, but I have interpreted it to mean that those of us who have had the opportunity and privilege to be associated with a great profession have an obligation to give back to the profession, each in their own way. All of us present here today are in the position of being involved in the actuarial profession and benefiting in many ways from this involvement. Ask yourself, how do I repay this debt and make my contribution to the profession and society in general?

I am hugely honoured!

Thank you.