



International Congress of Actuaries 2010 – Cape Town, South Africa
Address at the Closing Ceremony
Paul Thornton, President

I would like to add my thanks, to the Actuarial Society of South Africa, the Organising Committee and all its members, to all those who prepared papers or presentations, spoke in the individual sessions, or chaired sessions, and to all those who joined in the discussions.

In fact, thank you all for being here.

Particular thanks are due to Peter Doyle for hosting us, to Desmond Smith for all the arrangements, and to Peter Withey for providing us with such an excellent scientific program.

I would also like to thank the Rasta Rebels, who provided us with the opportunity for some CPD at the Gala Dinner..... better known as **Continuing Professionals Dancing**

It has been a magnificent Congress.

I would like to take a look at how it has moved us forward in terms of our **IAA Strategic Plan.**

Our first Strategic Objective is about building relations with, and becoming engaged with, the Supranational organisations that matter to actuaries.

We all heard Yoshihiro of the International Association of Insurance Supervisors tell us that “cooperation between IAA and IAIS is critical”.

Apart from this we have had numerous representatives of regulatory and intergovernmental bodies participating in our congress, creating the opportunity for relationships to be built.

Our second Strategic Objective is about extending the scientific knowledge and skills of the actuarial profession, and this has **self-evidently** been achieved through the discussions we have had on the papers and presentations, covering all the main strands of actuarial work and focusing in on topics which cut across them, such as mortality and longevity, and micro-insurance.

Our third Strategic Objective is about common standards of actuarial education, common principles of professionalism and standards of actuarial practice, and there has been no shortage of opportunities to discuss these, with an International



Actuarial Educators Network coming into existence at this very Congress.

Our fourth Strategic Objective is about the Development of the Actuarial Profession in developing countries.

Here again there has been a number of sessions on topics which I believe should have been of particular value to new or planned associations, and many opportunities for getting help from those who have already faced the same challenges. My colleagues from the IAA Advice and Assistance Committee and myself have been busy meeting actuaries from small associations from almost every continent, not least from all over Africa.

Our fifth Strategic Objective is about providing a forum for discussion among actuaries and actuarial associations throughout the world and, thanks to the Actuarial Society of South Africa, we have most certainly done that!

As I mentioned on Monday, the **IAA Sections also arrange Colloquia** around the world in the years between the International Congresses.

Plans are still being finalized, but for 2011 you can look forward to an ASTIN/AFIR colloquium in Madrid, a

LIFE Section colloquium linked into the UK Annual Insurance Convention, a Pension Section colloquium in Edinburgh, IACA colloquia linked to the Annual conferences of the Association of Consulting Actuaries in the UK and Conference of Consulting Actuaries in the US, and an IAA Health Section colloquium linked to the Global Conference of Actuaries in India.

In 2012 you can choose between a joint IACA/IAAHS/PBSS colloquium, planned to be in Hong Kong, and a joint LIFE/AFIR/ASTIN colloquium in Mexico.

I will say it again..... I encourage every individual actuary to join a Section.

It is quite a challenge to attempt any summing up of a Congress with such a diverse range of topics, and I am not about to try!

But what I will do is highlight what **for me** has been the single most important direction to come out of this particular Congress which has the greatest strategic importance for the global actuarial profession.

This is the contribution we can and should make to managing the risks of the world's financial systems.



Indeed Helen Zille, in her Welcome on Sunday evening, asked **“Why did the Actuaries not see the Financial Crisis coming?”**

Dr Ramphela has repeated that question, and told us to be more assertive.

To respond to this I will take our speakers out of order.

First, **Paul Embrechts**, whose Keynote Address on Lessons learned and implications of the Financial Markets Crisis made us all perhaps feel we could, as a profession, have done much to head off the financial crisis, had we only realized the power of our thinking.

You may recall his slide where he listed the 10 weaknesses we should have learnt about by 2006, before this latest crisis began.

He quoted L.C. Rogers, who said “The problem is not that mathematics was used by the banking industry, the problem is that it was abused.”

Next **Harry Panjer**, who described the way in which the actuarial profession is moving forward into the broader area of Enterprise Risk Management, and the panel, who confirmed that the **Unique Selling Point** of the Actuarial Profession is its use of professional

judgment, not a slavish belief in the latest mathematical models.

I would add to that the reliance that users of Actuaries can place on our strong **Code of Professional Ethics**.

I was also struck by this slide which he borrowed from Jim McGinnitie, **with 10 things that “Actuaries Understand”**.

Next **Yoshihiro Kawai**, who confirmed the vital role of actuaries in helping the IAIS address the problems of systemic risk in the global insurance industry.

As if to reinforce the message, I received a letter from the Chairman of the IAIS, Peter Braumuller, while we were here in Cape Town, emphasizing their strong need to have our input on the issue of **Financial Stability**, and our assistance with developing their new **Supervisory Framework**.

Peter is an Actuary and had hoped to join us for the Congress but was called to a meeting of the **G20 Financial Stability Board**.

In the same building as the IAIS is the Bank for International Settlements in Basel.....which I notice has an appropriately cylindrical design like a stack of coins.



The Basel Committee on Banking Supervision, which is based there, proposes to introduce a countercyclical capital framework..... **exactly what the IAA Risk Crisis Task Force pointed out last year was needed.**

We have now been asked us to explain how actuaries deal with expected loss provisioning allowing for the frequency and severity of losses..... **in other words explain to them about how the well established actuarial methodology which already exists for dealing with this in the insurance sector could be applied in banking.**

This is just the area that Dr Ramphela has encouraged us to get involved in.

If ever there was an opportunity for the actuarial profession, this is it.

I said in my Opening Address that **the IAA believes that more widespread use of actuarial approaches throughout the financial sector could assist in the prevention of future financial crises.**

As Paul Embrecht has warned us, we must not delude ourselves that we can **in fact prevent** future financial crises, but we can certainly do a huge amount to **help** prevent them.

This Congress has pointed the way.

On that thoughtful note, of both Challenge and Opportunity for the Global Actuarial Profession, I will close this Congress and wish you all safe journeys home.