



50th Celebration of Anàhuac University
Address—October 14, 2014
Mr. Kurt Wolfsdorf
Immediate Past President of the IAA

Dear colleagues, distinguished guests, ladies and gentlemen,

Thank you very much for inviting me to speak at what I know will be a very informative and interesting event.

As I conclude my three-year term as an Officer of the IAA, I am pleased, and very privileged, to represent the International Actuarial Association (IAA) today in my role as Immediate Past President. Our President, Rob Brown, is unfortunately unable to attend due to prior commitments in Asia, but he has asked me to send you his very best wishes on this momentous occasion, not only for the local actuarial profession, but for the profession globally.

Founded in 1895, and reformed in 1998 with a new constitution, the IAA is the worldwide association of professional actuarial associations. It exists to encourage the development of a global profession, acknowledged as technically competent and professionally reliable, which will ensure that the public interest is served.

Through the adoption of a strategic plan in 2008, the IAA has focused many of its activities on achieving worldwide recognition for the actuarial profession 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. I can confirm that the profession is gaining status worldwide and that now, more than ever, key supranational organizations are looking to the actuarial profession for its expertise and are seeking our advice on important global financial matters.

This is also in line with the IAA's 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 and Sections, in order to address changing needs. With that mission in mind, I would like to outline some of the challenges facing the actuarial profession, and some of its needs, and relate how your introduction of a PhD for the actuarial profession in Mexico will play an important role in the work we are trying to achieve globally.

As university students, you have already started the journey that will lead to a fascinating and rewarding career. The job of actuary is regularly rated as one of the top three careers in North America, based on its combination of job security, a good working environment, limited amounts of stress (although not always!), and prospects for advancement. Major employers are always looking for bright young entrants to the profession, and I am sure that many of you will fit the bill.

Given the responsibility of, for example, managing the risks facing pension funds that might total billions of dollars and involve millions of clients, or ensuring that a life

insurance company has the right premiums to cover any eventuality, actuaries have to be highly qualified. Having completed their education with good grades and earned a degree or other qualifications, they must then complete specialized and rigorous exams that involve years of study.

Obviously, this is not for everybody. However, it is essential that everybody who works with actuaries knows that they are *the* experts when it comes to risk management. The profession does face competition from, say, accountants, who have expertise in some areas covered by actuaries. Many employers think that as long as they hire an accountant, they are doing what they need to protect themselves from the countless risks they could face.

This is not necessarily true. Actuaries begin their training by becoming highly knowledgeable in mathematics, but they then spend years gaining knowledge and skills that allow them to analyze risks and contingencies that might arise over decades. This is a profession that has to consider what might happen 10, 20, 30 years in the future. For instance, if their computer models predict that a major earthquake will happen at least once in the next 50 years, they have to decide what insurance premium householders should pay today so that a property and casualty insurer has enough money in its accounts to pay out when that earthquake flattens thousands of homes. Accountants cannot make those kinds of decisions.

Nevertheless, actuaries must always endeavour to promote their profession over others working in similar fields.

They must also be ready to adapt to the changing political and industrial environment. For example, people are now living longer, which has an impact on the money governments must pay for pensions and healthcare. As longevity increases, so does the cost of supporting these older generations. Governments, pension companies, and others must ensure that they set aside enough money now to meet these rising bills for generations to come. That is where actuaries come in.

But this is a fluid business; laws change, regulations change, and actuaries have to adapt to them. As students, you have already gained a broad base of knowledge, but you will always have to be ready to work with rules and figures that might be dramatically different when, say, your government decides to introduce a new pension act or change the way state healthcare operates.

These are the sorts of challenges that would benefit from the extra knowledge possessed by somebody with a PhD. Those who have studied so intensely have the expertise and the insight to bring new ideas to the profession and tackle whatever changes might arise. Universidad Anáhuac has spent the past 50 years helping students become leaders in various fields, and it has shaped the careers of actuaries who are working at many key organizations in Mexico and elsewhere. The PhD program is one way in which you can make an impact on a profession that is essential to your country's economy and others around the world.

The university's courses have helped hundreds of your predecessors forge careers throughout the Mexican economy. Many of them have become pioneers in non-traditional actuarial fields, demonstrating the breadth of knowledge that actuaries can bring to their employers. I hope you will all follow in their footsteps, and reap the benefits of the new PhD program in Quantitative Risk Analysis.

Working as an actuary involves many of the techniques that you learn as students, and particularly while studying towards a PhD. Actuaries conduct research; they analyze; they calculate; they consider the data and bring together the facts. Once all that is complete, they produce a report, which might be for their employer, or a regulator, or perhaps for the government. Obviously, graduates can become actuaries. But PhDs can bring something extra to the profession: the kind of insights and depth of knowledge into a particularly specialized area that one only attains from such intensive academic work.

Research is essential for actuaries. They must look back at past events in order to predict the future. They must assess what is happening in and around the marketplace so that they can produce the most effective results. They must also analyze the risks that have arisen, and might arise, so that they can ensure that their employer prospers and continues to support its clients and stakeholders even when others do not. All this requires a particular set of skills, but the rewards for earning those skills are great.

The IAA is here to help actuaries throughout their career. By working with actuarial associations, it can shape the global profession so that it is ready to respond to every eventuality. It can think strategically, looking at what is happening around the world that might impact actuaries in Mexico and dozens of other countries. Our working groups and meetings are great ways to meet other actuaries and trade knowledge and expertise while making contacts that might transform your career.

I am proud to be here to help Universidad Anáhuac celebrate its fiftieth anniversary. The PhD is an important addition to a variety of programs that have already ensured that Mexico's actuarial graduates have all the tools they need to succeed in our profession.

I am also proud to be an actuary. It is a career that has given me a wonderful life and allowed me to meet and work with extraordinary people. You have taken the first steps on this road, and I encourage you to continue on to earn a PhD and then help this essential profession with your knowledge and expertise. I wish Señor Huerta, the rest of the faculty, and each of you, continued success, and congratulate you all for your work so far.

Thank you very much.