Actuaries Institute.

2024 Presidential Address

Data for Good

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Actuaries Institute.

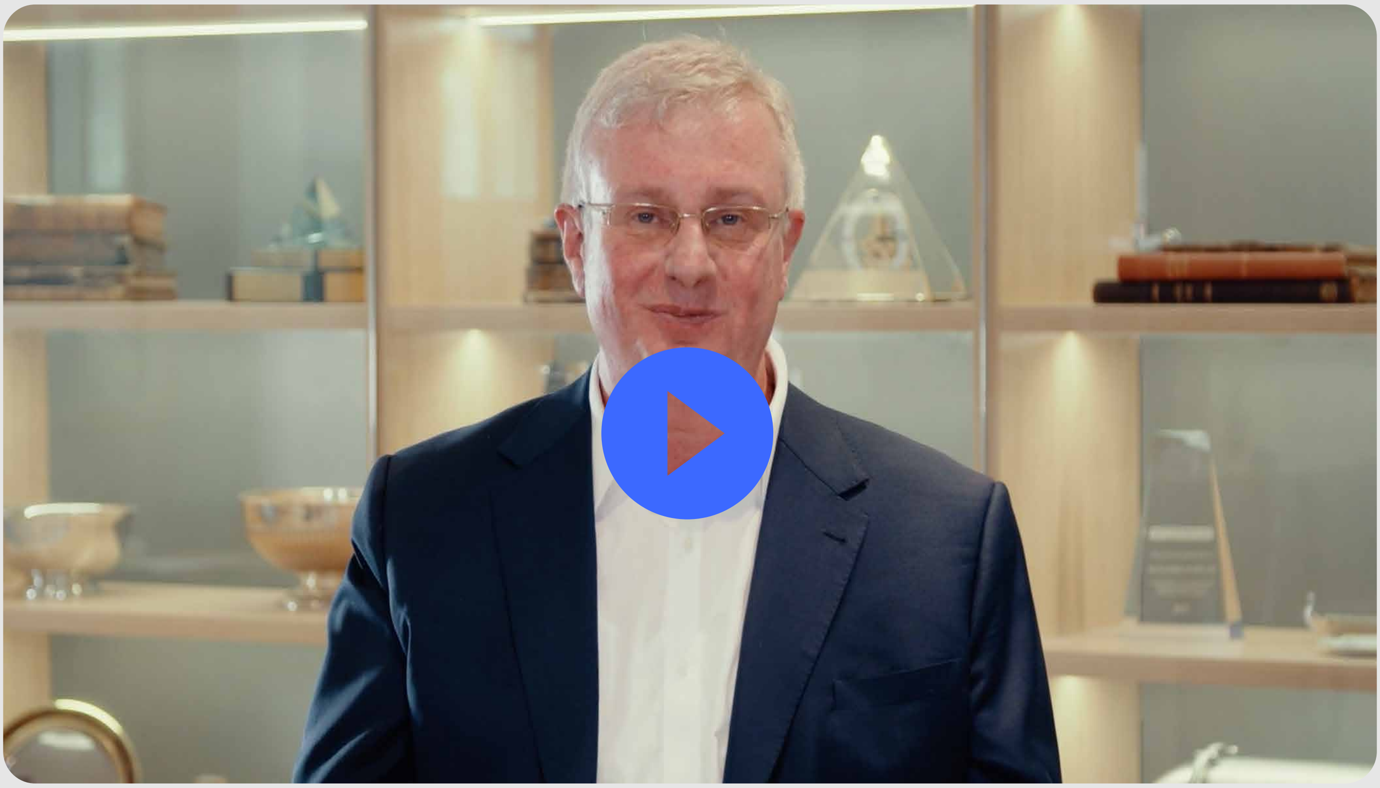
No Regrets: My Story

Sometimes actuaries are stereotyped as robots. As people who follow predictable paths to predictable ends, unvarying. Yet my actuarial training has given me the confidence to take a more nomadic path through my career. I've worked in life insurance and general insurance. In risk management, in a bank and in corporate consulting. In Australia and in an Asia-Pacific role.

The rule I've followed throughout my career has been that it's better to risk regretting taking on something, than to regret not taking it on. It's being an actuary that's given me the ability to take such a varied road; I'm sure that's something many members feel. It's an important theme that we should be telling the potential actuaries of tomorrow.

Growing up, I was always aware of the idea of being an actuary. My father, Bruce Whittle, was a prominent actuary, and being an actuary started to feel real to me before I left school. But when I went into the profession, it was not so much about following in my father's footsteps but rather something I thought I'd be good at, something that lined up with my interests and aptitudes. And I still marvel at the range of choices and opportunities that one decision has brought me.

In David's words



"We have the deep skills and knowledge to enable us to chart a better, fairer course for the future."

"I'm really excited, and greatly honoured, by the opportunity to serve our members in Australia and beyond – and our profession – as President of the Actuaries Institute in 2024."

Data for Good

I would like to thank Naomi Edwards, our 2023 President, and all our previous Presidents. Their work has enabled us to be where we are today – a well-respected and valued profession, with **our diverse community making a difference** across a range of key industries such as insurance, superannuation, finance, banking, data science, technology, government and health.

As soon as I realised that I would be President of the Institute, I started to think about what being an actuary has taught me and brought me – the intellectual challenges, financial security, the friendships, the chance to do things that matter.

Our Past, Our Future

We all know that our profession has a proud history. In a world too often driven by the shallow thinking and ephemeral messages of social media, we are the people who take complex long-term problems and solve them. For example:

- Our pivotal role in creating a life insurance industry that looks after the disabled and the bereaved.
- Leading the way in setting up Australia's best-practice superannuation system so that Australians can have peace of mind about retirement.
- Putting general insurance on a sound footing to enable people to manage the practical and financial consequences of everything from a scrape in a car park and a house-destroying bushfire to a devastating personal injury.
- Leveraging our skills to use data for good as technology becomes more powerful and data more plentiful.

Our skills, allied with our professional standards and ethical framework, have never been needed more than they are now. I believe the greatest service we can render society is through helping to solve crucial long-term issues – the impacts of climate change, intergenerational equity, funding for disability and the role of AI.

"We are the people who take long-term problems and solve them."

No Quick Fixes

"We need to be bold to continue claiming a seat at the table where risks are weighed and decisions are made."

With each passing year, it becomes clearer there's no quick fix to climate change. We'd like to think there is an easy answer but, if we're to decarbonise effectively without creating dangerous conflict, we need a deeper, more multifaceted analysis. As actuaries, we need to engage with the implications of the science, and to work out the insurance solutions and compensation packages that mitigate risk and create meaningful transformation.

Home insurance affordability and sustainability is a problem in need of urgent action. Actuaries will need to continue to lead risk management solutions that are affordable for individuals and businesses, as well as for society as a whole, and effective in managing the risk in the long run.

Our profession has a proud history of work in these areas; for example, through the Australian Actuaries Climate Index, which measures trends in extreme weather events, and the Home Insurance Affordability analyses which have highlighted the acuteness of the current situation.

Finding solutions for the immediate and long-term human consequences of climate change may be the most important and profound arena in which we can use data for good.

Intergenerational equity is another problem that needs evidence-based thinking across many levels – the human needs, incentives, tax policy, education, economic dynamism, and so much more.

Closer to home, we've all seen the complex issues posed by disability insurance and the NDIS; again, there are no quick fixes. Indeed, seeking short cuts can often add to the long-term problems. I believe actuaries have the rigorous training, data skillsets and, crucially, the independence, to drive the long-term thinking that delivers maximum human and economic benefit for the least cost.

Making AI Work, Making it Safe

"AI has immense power and, with it, immense possibilities and risks."

When I think about how we address the problems of today and the challenges of the future, my mind turns immediately to how we, as actuaries, manage the power and the perils of technology – of big data, AI, machine learning, and more nascent technology like quantum computing. We've been working hard in this space for years now – and I'd like to acknowledge the efforts of our members who have helped to lead the ongoing revolution in data usage and how people think about data.

There's always been debate about how technology shapes the economy and, more recently, how it shapes the daily lives of individuals. Now, we're starting to think about how it makes us think. Smartphones and their amazing capabilities feel ho-hum as we contemplate the power of generative AI tools like Chat-GPT, and the speed with which its use has spread. And we know that much of the power of AI is already at play, unseen but rapidly driving change in our economies, in government and in commerce.

Bill Gates said that people often overestimate the short-term impact of innovative technologies but miss how they will revolutionise an economy over time. Yet, with AI and its associated technologies, we can see it's not just going to "build a better mousetrap". It won't merely make processes quicker, cheaper and more error-free – it will change our lives and our cultures. To take just one example, self-driving vehicles will change the way we move and what we do when we're moving.

AI may completely up-end the way we work with government and how we interact with health professionals. AI will also change our culture – how we see our role as human beings.

Who's Scared Now?

Technology has always threatened people – their jobs and their sense of control over their lives and their futures.

How do actuaries deal with the employment threat? Personally, I'm confident actuaries can harness the power of technology to make their lives easier and to do a better job for their clients and communities. We can take Google Chief Economist Hal Varian's key piece of career advice – "seek to be an indispensable complement to something that's getting cheap and plentiful". As the profession trained to put data to good use, we can carve a large niche in our changing world. In fact, we're already doing it. We've already embraced this change.

Data for Good

I believe we can be more than the experts who harness the power of AI and the data revolution. We can give that revolution a conscience.

Actuaries have always been the independent arbiter, the vital element in systems like insurance, super and investment, striving for equal treatment of all people, that the Australian ideal of a 'fair go' is realised.

In the world of automation, it will be up to us to extend that role. We want to help develop, build and verify the algorithms that will be at the heart of so many products and solutions in the future. But we can also be the people who understand and manage the risks – the risk of unintended consequences, the risk of bias and, inevitably, the risk that people will try to game the system. That has always been our role. Given the technological power at play – and how that power is deployed almost invisibly – it may be more important now than ever.

A Brighter Future for Actuaries

We are embracing change. We're spreading our influence and broadening our skills. We're doing different work in different places and creating new types of value.

We need to:

- Continue to build on our strengths - technical, commercial and ethical skills combined with exacting standards.
- Be bolder – argue our case and find ways to be heard in the halls of government and the boardrooms of industry.
- Work harder than ever on collaboration.
- Become a bigger profession – I'm excited by the calibre, the diversity and the ambition of young actuaries. We need more people like you. To shape the world of tomorrow, we need to grow our profession. That's incredibly important. And it falls to all of us to foster that growth.

"We need to keep attracting people to the profession who have the right skills, the right mindset and a desire to make a difference for good. It's up to each of us to help make that happen."

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