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**Serving the public interest through the Public Interest Actuary**

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## Abstract

This paper discusses how actuarial associations serve the public interest by contributing to public policy. The paper's aim is to stimulate debate on this topic. It briefly touches on the concept of the public interest and how a professional responsibility to the public interest can be met. The paper then provides an overview of how some actuarial associations around the world have referenced and interpreted a public interest responsibility. The Actuarial Society of South Africa is used as a case study because it has a distinctive feature of a dedicated Public Interest Actuary. The paper discusses the challenges and opportunities of this Public Interest Actuary role. The paper concludes by suggesting areas which may benefit from further work relating to governance, conflicts and funding.

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## 1. Introduction

### 1.1. Background

Most, if not all, actuarial associations around the world commit in some form to serving the public interest. Despite difficulties in defining 'the public interest', there are many ways to achieve this. In its grandest form, this is "contributing to the well-being of society" (International Actuarial Association, n.d.-b). More everyday, it involves individual actuaries obeying the law, and adhering to a code of conduct and professional standards (e.g. International Actuarial Association, 2017, pp.6-7). There are a range of activities in between.

In this paper, our focus is on how actuarial associations serve the public interest somewhere in the range above by contributing to public policy. We use the Actuarial Society of South Africa (ASSA) as a case study because that is our home association and because it has a seemingly unique feature, namely that of a dedicated Public Interest Actuary of the society. Our aim is to stimulate debate about the role of actuarial associations in the public policy arena.

### 1.2. Public interest

In this part we very briefly explore the concept of the public interest. First we make two observations and assumptions:

- Potentially there is a difference between a 'responsibility to the public' versus 'serving the public interest'. For the purposes of this paper, we are assuming that the two are equivalent.
- There are different terms related to 'public interest', such as public benefit, public well-being, common good, and the like. For our purposes, we assume these terms are interchangeable.

What is the 'public interest'? This is a vexing question that we do not intend to explore in any depth. Many have concluded that a definition remains elusive or problematic (e.g. Institute of Chartered Accountants in England and Wales, n.d.-b; Jennings et al., 1987; Lowther et al., 2005). Rather, it is useful to consider that conceptions can range from narrow to broad. A narrow conception is one of providing services to clients to an acceptable standard and within legal bounds. An enhancement to this conception is that the service is in the client's best interest, and not for the professional's self-interest. It may also include providing expert input on purely technical matters of regulation or public policy – although our view is that this begins to broaden the conception. The public benefits from such services and so can be seen to be in the public interest. Moving broader, an argument can be made that a secure well-functioning financial services industry benefits society, to which end actuaries contribute significantly. A very broad conception of public interest encompasses the goal of human flourishing.

Another lens that can be applied to the concept of public interest relates to the nature of the acts in support of the public interest. By this we mean whether the act is intended to avoid harm (non-maleficence) or to do good (beneficence). For example, sometimes talk of the public interest refers to protecting the public from harm (e.g. International Actuarial Association, 2017, p. 6). There are different angles here too, such as harm by the professionals – which codes of conduct seem to focus on, such as duties of care and avoiding conflicts of interest – or harm by the individuals themselves, such as not saving enough for retirement, or harm to individuals by other individuals or entities or organs of state. Other times, the talk is of promoting societal well-being (e.g. International Actuarial Association, n.d.-b).

A final word on the topic here is that, depending on your moral framework, acts and omissions can be seen in the same light for the purposes of moral evaluation. Under this view, omitting to do something that then results in harm to the public, for example, could be seen as contrary to the public interest.

Despite the lack of clarity or consensus on what constitutes the 'public interest', we want to consider how a professional responsibility to the public interest can be met. For this purpose, we will use as a benchmark<sup>1</sup> the second two items given by ASSA in paragraph 24 of its Code, namely:

- Standard setting; and
- Public policy engagement.

### 1.3. Assumptions and outline of paper

In this paper we assume that there is a difference between the responsibility of the profession versus individual members. By 'profession' we mean the professional organisation (such as ASSA), rather than a collective noun for the complete group of members. The assumption underlying this is that the organisation has an agency of its own. This may be the agency of a collective of individuals, such as a council, committees and society staff, but this is only a very small subset of the total members in any such organisation. We further consider only the profession's responsibility and put aside any obligations of individual members. However, the broad question we are considering is how actuarial professions respond to a public interest duty, which must include both members and the organisations to which they belong.

We are not considering the questions of whether there is a public interest duty for the profession, or whether there *should be* such a duty. We assume both are true for the current purpose. The main question we consider is how ASSA has responded to its public interest responsibility, and the challenges this brings. The analysis is qualitative and conceptual, using only publicly available information and personal experience. The study is not intended to be rigorous or exhaustive.

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<sup>1</sup> The use as a benchmark is in no way an endorsement of this. It is merely for convenience to limit the scope of the paper.

The views expressed in this paper are those of the authors only and not those of ASSA nor of the authors' employers.

The paper proceeds as follows:

- In section 2 we selectively scan the international environment.
- Section 3 explains how ASSA has responded to the public interest duty which includes the creation of the Public Interest Actuary.
- Section 4 goes into detail about the opportunities and challenges regarding ASSA's Public Interest Actuary.
- Section 5 concludes.

## 2. International environment

In this section, we selectively scan the international environment to get a view of how actuarial professions have referenced and interpreted a public interest responsibility. The selection is based on English speaking nations as a matter of convenience. We also include the Institute of Chartered Accountants in England and Wales due to its work on explaining public interest, and as referenced by the Institute of Actuaries of Australia.

### 2.1. International Actuarial Association

The vision of the International Actuarial Association (IAA) refers to “contributing to the well-being of society” (International Actuarial Association, n.d.-b) which implies a broad conception of the public interest.

The IAA’s Internal Regulations require full member associations to have a code of conduct, and which code must include a requirement that “an actuary shall act in a manner that fulfils the profession’s responsibility to the public” (International Actuarial Association, 2021a, sec. 2.2.2).

The IAA’s “PG1 - Principles of Professionalism” state upfront that “[t]he distinguishing feature of a profession that sets it apart from a trade, a craft, a guild or a syndicate is the overriding interest of the individual professional in the public well-being” (International Actuarial Association, 2017, p. 1), which points to a broad conception of public interest. This is echoed in section 3.5 of PG1 which refers to the “protection of the public from unsound practices” (2017, p.6) rather than the “public well-being”. The dual phrases imply duties of both non-maleficence and beneficence.

PG1 further states that the technical expertise of actuaries “allows actuaries to make an important contribution to public debate in matters affecting the interests of the public” (2017, p. 2). The principles also contain the requirement set out above from the Internal Regulations. PG1 then narrowly limits the scope of individual’s public interest responsibilities to obeying the law, and adhering to a code of conduct and professional standards (2017, pp.6-7).

The duties of the Council of the IAA are set out in the IAA Statutes. Amongst others, this includes “[a]pprov[ing] the due process for issuance of public statements” (International Actuarial Association, 2021b, p. 3). The result of this is a reasonably detailed “Due Process for Making a Public Statement” document which describes the procedure to be followed (International Actuarial Association, 2015). Note this excludes technical matters within the scope of a singular IAA Committee. In line with the IAA’s broad conception of public interest described above, this document permits statements on “broad conceptual issues of public policy” (International Actuarial Association, 2015, p. 1). Despite the level of detail in the process document, there are some gaps. For example, it is not clear how issues worthy of a public statement are to be identified, or how “a sufficient degree of consensus within the profession”

(*Ibid.*) is to be obtained in cases of “opinion rather than facts” (*Ibid.*). Also, the process appears to give complete control to the ‘responsible committee’.

The IAA has made numerous public submissions since 2011 (International Actuarial Association, n.d.-a). This page includes archived submissions going back to 1997. From this it appears the IAA has been very active in public policy matters.

## 2.2. Actuarial Association of Europe

The vision of the Actuarial Association of Europe (AAE) includes “contributing to the well-being of society” (Actuarial Association of Europe, n.d.-c), which implies a broad conception of the public interest. The first value of the AAE includes “concern for the public interest” (*Ibid.*). The mission statement of the AAE is a copy of the aims of the AAE as set out in its Statutes. This includes providing certain services “in pursuit of the public interest” (Actuarial Association of Europe, 2021, p. 2).

The preface to the AAE's Code of Conduct interestingly states that “individual actuaries... contribute to the well-being of society or public interest” (Actuarial Association of Europe, 2017a, p. 2), although it does explicitly state that the preface is not part of the Code. Amplification C1 of their Code states that “[a]n actuary must act in a manner that fulfils the actuarial profession's responsibility to the public” (Actuarial Association of Europe, 2017a, p. 7), consistent with the IAA's regulation. C1 goes on to clarify this with “by observing applicable technical and professional standards” (*Ibid.*), which is consistent with the IAA's view and suggests a narrow conception of public interest in respect of individual actuary's responsibilities.

In the “Sample Questions and Answers on the Code of Professional Conduct” (Actuarial Association of Europe, 2017b), under the sub-heading of ‘public interest’, a question is raised about possible conflicts between a duty to employers versus the public interest. The answer explains that the duty to employers “does not extend to carrying out actions, or remaining silent regarding actions, that are demonstrably prejudicial to the welfare of society or certain members of society” (2017b, p. 3). This suggests that the public interest responsibility trumps, or is weightier than, the responsibility to the client according to the AAE. The AAE suggests that the actuary should at least advise the employer of any such bad consequences. This raises some further difficult questions. For example, are the ‘actions’ those of the actuary herself, of other actuaries, of other employees or of the company (say the Board)? The implied prohibition on “remaining silent” (*Ibid.*) creates a significant burden on the actuary, for example related to activities of the company that the actuary has nothing to do with. It also places a burden on the actuary to determine what “prejudicial to the welfare of society” (*Ibid.*) means. This is the heart of the problem in defining the public interest.

In a position paper titled “Defining Professionalism within the actuarial profession”, the AAE only makes reference to the public interest in relation to liability reporting, both published under IFRS17 and statutory (Actuarial Association of Europe, 2020, p. 2). This is perhaps an oversight given the above references to the public well-being.

No reference can be found to any public policy type structures within the AAE. However, the singular purpose of the AAE is to “provide advice and opinions... on actuarial issues in European legislation” (Actuarial Association of Europe, n.d.-b). We note a number of largely technical position statements, and some discussion documents, published by the AAE (Actuarial Association of Europe, n.d.-a).

### 2.3. Actuaries Institute (Australia)

The Constitution of the Institute of Actuaries of Australia (known as the Actuaries Institute) (Actuaries Institute, 2018) includes several references to the public interest and the protection of the public. Like the IAA, the dual phrases imply duties of both non-maleficence and beneficence. The objects of the Actuaries Institute include the following:

- establishing and upholding standards of professional conduct by members of the actuarial profession for the protection of the public and in the public interest;
- discussing and commenting on the actuarial aspects of public, social and economic and financial questions which from time to time may be the subject of public interest;
- providing a system of professional accreditation of actuaries (including mutual recognition) for the benefit and protection of the public and Members.

(2018, p. 7)

The Actuaries Institute's Code of Conduct (Actuaries Institute, 2020) refers to the public interest only in the purpose, namely that the “Code consists of principles which Members are expected to observe in the public interest” (2020a, p. 1). The Explanatory Memorandum accompanying the Code makes it clear that “the protection of the public is foremost for the Code” (Actuaries Institute, 2020b, p. 3). In annexure 2 of the Explanatory Memorandum, the definition of public interest is touched on through responses to feedback on the exposure draft:

Feedback: Define the ‘public interest’.

Response: The Taskforce determined that the appropriate definition of public interest will be a matter of judgement and will depend on context. We note the Constitution uses similar terms without definition.

Feedback: Retain the current Code's statement as to the profession's expectations of public interest.



Response: The Taskforce did not consider that the current Code statement captured all items relevant to the public interest and noted that the public interest is not determined by the actuarial profession. (2020b, p. 10)

A further document, "Guidance to support the principles and amplifications of the Actuaries Institute Code of Conduct", contains a discussion on the topic of the public interest. It states that the public interest is promoted (or the public is protected) by maintaining standards and by considering the potential public interest consequences of any work undertaken (Actuaries Institute, 2021, p. 8). It notes that there are multiple possible definitions of 'public interest' depending on the circumstances (*Ibid.*). They quote a document prepared by the Institute of Chartered Accountants in England and Wales, which is discussed below.

The Actuaries Institute has a "Public Policy Framework" which sets out their "commit[ment] to promoting the actuarial profession and providing expert commentary on public policy issues related to the uncertainty of future financial outcomes" (Actuaries Institute, 2015, p. 1). The framework covers the following:

- The purpose and aims of engaging in public policy;
- Criteria for selecting public policy issues to engage with;
- A set of principles (see below); and
- An engagement strategy.

We note that the public policy framework objective refers first to "promoting the profession" (*Ibid.*). What if the interests of the profession conflict with those of a particular public policy? Perhaps this is resolved through the application of their stated principles to guide them in responding to public policy. These principles are:

- The public benefit, which explains that "the 'public interest' or 'common good'" may refer to the "best interests" of the "Australian community as a whole" or sections thereof;
- Risk focus;
- Transparency and disclosure;
- Equity and the 'level playing field';
- 'Good' regulation.

(2015, pp. 2-3)

The public policy framework does not include anything about the governance of such work. However, the website refers to a "Public Policy Council Committee" which is accountable to Council and which does the following:

- develops and recommends the public policy approach and focus for the Institute;
- ensures submissions and external communications are consistent with the Institute's public policy approach and principles;
- promotes the brand of actuary consistent with the Institute's strategic vision and goals; and

- ensures that there should be no conflicts in relation to public policy between various Institute committees

(Actuaries Institute, n.d.-a).

Members are encouraged to participate in public policy matters through the association's structures. Members are permitted to disagree with public policy statements and the like made by the Actuaries Institute (2021, p. 13) which implies that consensus on such matters is not a requirement by the Actuaries Institute.

The Actuaries Institute has published a significant number of documents on their website under the heading of "Public Policy and Media: Submissions" (Actuaries Institute, n.d.-b). It is evident from this, and the above, that the Actuaries Institute is very engaged with public policy and that their approach is well developed.

## 2.4. North America

### American Academy of Actuaries

The American Academy of Actuaries (the Academy) states that their "mission is to serve the public and the U.S. actuarial profession" (American Academy of Actuaries, n.d.-a). Further "[t]he Academy assists public policymakers on all levels by providing leadership, objective expertise, and actuarial advice on risk and financial security issues" (*Ibid.*) and "provides actuarial expertise and advice to public policy decision makers" (*Ibid.*). These public policy and education objectives are repeated in the Academy's strategic goals (American Academy of Actuaries, n.d.-b). Despite these statements, there is no reference to public interest in their bylaws (American Academy of Actuaries, 1966).

The Academy has "guidelines for making public statements" which describe the nature and scope of public statements, and procedures for developing and disseminating public statements (American Academy of Actuaries, n.d.-c). Similar to the IAA, the Academy may make public statements on broad public interest matters rather than just on matters of narrow actuarial expertise. Interestingly, the guidelines also permit advocacy and expressing opinions. The guidelines include a description of the governance around public statements.

The Academy has a dedicated "Public Policy" page on their website which includes:

- Public policy news;
- Statements, grouped in various categories (such as briefs, papers, presentations, and testimonies);
- Research; and
- Practice notes.

(American Academy of Actuaries, n.d.-d)

The public statements are numerous. Interestingly, the Academy also provides several *amicus curiae* briefs “on litigation involving issues important to the actuarial profession” (American Academy of Actuaries, n.d.-e).

The stated purpose of the Code of Professional Conduct of the American Academy of Actuaries is to require adherence to standards “thereby supporting the actuarial profession in fulfilling its responsibility to the public” (American Academy of Actuaries, 2001, p. 1). Similarly, the preamble states that compliance is required “in order to fulfill the Actuary’s responsibility to the public” (*Ibid.*). Precept 1 of the Code requires actuaries to act “in a manner to fulfill the profession’s responsibility to the public” (2001, p. 2), consistent with the IAA regulation. There is no further clarification in the Code as to what this entails, unlike some other organisations.

### Canadian Institute of Actuaries

The Bylaws of the Canadian Institute of Actuaries (CIA) (Bylaws version effective 1 January 2023) make several references to the public interest:

- “In carrying out its activities and programs, the Institute holds the duty of the profession to the public above the needs of the profession and its members.” (Canadian Institute of Actuaries, 2022, p. 5)
- The purposes of the CIA include conduct and standard setting and enforcement “in the public interest” (*Ibid.*), as well as engaging in public debate.
- The powers of the Board include the issuing of public statements on behalf of the CIA.

The preamble to the “Rules of Professional Conduct” of the CIA begins by explaining that compliance with these standards will “serve the public interest” (Canadian Institute of Actuaries, 2020, p. 3), which suggests a narrow conception of public interest. Rule 1 requires members to “act... in a manner to fulfil the profession’s responsibility to the public” (2020, p.4), consistent with the IAA regulation. Rule 13, which deals with “apparent material noncompliance” of standards (2020, p.9), also refers to the profession’s responsibility to the public but the usage here is unclear to us.

The CIA has a “Policy on Public Statements” and a “Public Affairs Council”. In terms of governance, the Bylaws state that public statements are at the discretion of the Board, but requires the Board to consult with members if the statement includes elements that, in the opinion of the Board or President, go significantly beyond existing practise (2022, p. 19).

The purposes of the Public Affairs Council are to:

- To continuously monitor the environment and to “identify CIA initiatives that encourage the Canadian public and policymakers to recognize the Institute as a leading contributor” in the relevant areas.
- Oversight of the public statement process according to the Policy on Public Statements”
- Communicate its business to the membership

(Canadian Institute of Actuaries, n.d.-a)

The CIA appears to be very active regarding public statements. According to their website as at 14 December 2022, they list:

- 69 policy statements
- 7 ‘insight’ statements
- 317 advice statements

(Canadian Institute of Actuaries, n.d.-b)

## 2.5. Actuarial Society of South Africa

The primary actuarial professional organisation in South Africa is the Actuarial Society of South Africa (ASSA). ASSA’s stated *raison d’être* is to “serve[s] the public interest through regulating and supporting the actuarial profession in South Africa” (Actuarial Society of South Africa, n.d.). Accordingly ASSA views many of its activities as supporting this overarching public interest responsibility (*ibid.*). In our paper, we focus on just two of these, namely:

- Developing standards of practice, with particular emphasis on ‘public interest’ references in a code of conduct;
- “Engaging decision makers as an impartial profession focused on the public good on all areas of policy where actuaries can contribute” (*ibid.*).

The Constitution of ASSA lists the objects of the society and concludes this list with: “to do all such other lawful things as are incidental or conducive to the attainment of the above objects, with due regard to the public interest” (Actuarial Society of South Africa, 2020a, p. 4). This is the only reference in the Constitution to public interest.

ASSA has a Code of Professional Conduct, which requires that “a member must act... in a manner that fulfils the profession’s responsibility to the public” (Actuarial Society of South Africa, 2015, para. 9). The Code further states that “[m]embers are encouraged to consider the public interest when rendering actuarial services” (2015, para. 25). However, this paragraph continues with “but provided that members meet the requirements of the applicable Law, the Constitution of the Society and any applicable Standards of Practice and the Code, they will be deemed by the Actuarial Society to have met the expectations of the profession with respect to the public interest” (*ibid.*). This latter part appears to be an attempt to explain what upholding the public interest means but instead dilutes the requirement. However, this is consistent

with the interpretation provided by the International Actuarial Association (see below).

The ASSA Code includes a paragraph explaining how the society deems its duty to the public to be met. This states that the duty is met by:

- actuarial education and continuing professional development programmes;
- developing and enforcing standards; and
- engaging with regulators and in public debate.

(Actuarial Society of South Africa, 2015, para. 24)

As stated above, our focus is on the latter two activities, more so on the last one.

Finally, paragraph 24 of the Code urges, but does not obligate, members to participate in public debate, specifically in relation to regulation and public policy. It could be interpreted that this limits involvement to regulation and public policy, rather than more general public interest matters. However, as we shall see below, attempts to define the scope and meaning of public interest are futile, so perhaps it is clearer to limit the scope in this way.

ASSA's further responses to the public interest requirement are discussed in part 3 below.

## 2.6. Chartered Accountants

In order to limit the scope of our current exercise, we have not considered other professions. However, owing to some similarities with the actuarial profession and because of a reference by the Actuaries Institute, we very briefly look at a few public interest outputs from the accounting profession.

It should come as no surprise that the accounting profession also considers its aims to include serving the public interest (e.g. Institute of Chartered Accountants in England and Wales, n.d.-c; International Federation of Accountants, n.d.). While the International Federation of Accountants attempted to define the public interest (International Federation of Accountants, 2012), the Institute of Chartered Accountants in England and Wales (ICAEW) explicitly avoided making a definition (International Federation of Accountants, 2012). Instead the ICAEW produced a lengthy document setting out a "framework for analysis" (2012) that they say can be used to help decide whether a course of action (proposed or actual) is or was in the public interest. Additionally the ICAEW issued guidance on the "public interest responsibility of accountants" arising from their code of conduct (Institute of Chartered Accountants in England and Wales, 2019). The public interest role of individuals is narrow whereas that of the profession is broader (Institute of Chartered Accountants in England and Wales, n.d.-b).

In terms of public policy, the ICAEW have made numerous “representations to policymakers” (Institute of Chartered Accountants in England and Wales, n.d.-a), which appear to be largely technical in nature.

## 2.7. Summary

All actuarial associations reviewed above include some reference to the public interest in their mission or objects, and in their codes of conduct. However, the extent of explaining the public interest is generally limited, perhaps owing to the difficulty thereof. However, this can be contrasted with the ICAEW for example, who have done significant work on the conception of public interest.

All these actuarial associations have been mostly very active in making public policy type statements. All but one (the AAE) have some form of policy or guidance in place for the making of such statements. The AAE and the American Academy of Actuaries primarily focus on public policy. Of the others, only two, namely the Actuaries Institute and the Canadian Institute of Actuaries, have dedicated committees tasked with governance of the public statements.

### 3. ASSA's responses

This section discusses some of ASSA's responses to its stated public interest objectives. Not all responses are given here. The focus is on those relating to public policy and in the public domain.

#### 3.1. ASSA's Public Interest Strategy

The genesis of ASSA's current public interest strategy might be traced back to around 2012. (ASSA has been active in this domain prior to then but our focus is on the current strategy.) Since 2012 ASSA had employed a full-time role of Technical Director/Staff Actuary. The main purpose of this role was to coordinate the work of the Practice Area Committees (PACs) of which a key component is the formulation of inputs into legislation affecting the various actuarial practice areas. This full-time role was later renamed and titled as Public Policy Actuary. The work done by the PACs supported by the Public Policy Actuary was impactful but narrow in scope as it focused in mainly on public policies related to the financial services sector. Based on sentiments expressed by members as well as the leaders of the society (e.g. Gamedze, 2012) and observing the work of other actuarial professional bodies around the world, it was decided to explore greater involvement in other public policy areas beyond the financial services sector. As a result, the Council of ASSA decided in 2018 to appoint a Public Interest Actuary to drive its public interest strategy. The Public Interest Actuary was duly appointed in 2019 on a part-time basis.

The Public Interest Actuary role was conceptualized as a response to this identified need for ASSA to be involved in public policy development more broadly. As stated above, ASSA's objective is to "serve[s] the public interest through regulating and supporting the actuarial profession in South Africa" (Actuarial Society of South Africa, n.d.). ASSA achieves this by, amongst other things, "[e]ngaging decision makers as an impartial profession focused on the public good on all areas of policy where actuaries can contribute" and "[b]eing an objective voice in making the understanding of complex actuarially related issues accessible to the wider public" (*Ibid.*).

The use of the title Public Interest Actuary immediately opens the debate about the definition of public interest as discussed above. In terms of this role, public interest relates to the scope within the public policy space. As stated in the Public Interest Strategy 2021 – 2024, the Public Interest Actuary role "considers how best ASSA can engage proactively in public policy discussions; 1) beyond (but not excluding) insurance regulatory matters 2) on a wide range of policy discussions where the actuarial skillset can provide unique insights 3) in a way that is independent, credible, professional and in the public interest" (Mulaudzi, 2021, p. 4). The public interest definition in this instance is a broad conception relating to the common good or public well-being of (South African) society. Thus, the role could be titled Common Good Actuary or Public Well-being Actuary just to illustrate the point. The scope is wide in terms of

general welfare aspects but limited to public policy matters that may benefit from actuarial input.

ASSA seeks to inform debate without lobbying for particular policy positions. ASSA aims to provide facts, figures, comments, and analyses of consequences on a wide range of topics wherein the actuarial skillset can provide unique insights.

ASSA decided to focus on two main aspects to influence public debate:

- Conduct targeted research related to relevant public policy issues (e.g., National Social Security, Free Higher Education etc.)
- Building relationships with key stakeholders with the aim to engage proactively.

The Public Interest Actuary focuses on assisting ASSA to establish the necessary structures to achieve the above objectives.

The Public Interest Actuary drafted the first public interest strategy document under the guidance of the Public Interest Governance Committee (PIGC) that was subsequently adopted by Council in 2021. This strategy focuses on building successful co-creation projects between actuaries, government officials and researchers from other public interest organizations (Mulaudzi, 2021). Numerous public policy projects were identified in this strategy based on consultations with stakeholders before the adoption of this strategy.

The second pillar of this strategy deals with the mobilization of individual actuaries, actuarial students, and actuarial firms to participate in public policy processes through mainly conducting public interest related research.

The third pillar of the strategy is to promote co-creation in client-consultant relationships between actuaries and government. The goal here is to promote trust in actuaries as experts with a public interest commitment in public policy work.

ASSA envisions that a successful public interest strategy will lead to:

- A better understanding of the role of actuaries in public policy.
- More openness by government departments to work with actuaries in the development of public policies.
- ASSA being regarded as a global leader in context-based solutions especially in public policy engagement.

The public interest strategy is a 4-year strategy that is reviewable every 4 years – the next review is in 2024.



### 3.2. Governance and Oversight

The Public Interest Actuary position is currently a part-time position within ASSA. In terms of the organizational structure, the role reports functionally to an ASSA executive member, but their work is governed by the PIGC. The PIGC was set up in 2019 and its terms of reference states the following (Actuarial Society of South Africa, 2020b, p. 1):

- To oversee the selection and contracting of the Public Interest Actuary (including contract renewal) as and when required and make recommendations to Council in this regard. To contribute to the effectiveness of the Public Interest Actuary by monitoring performance and overseeing development of the skills required to be effective.
- To support the Public Interest Actuary to perform the role effectively, including pro-active identification of focus areas, introductions to individuals who may be able to support outcomes and balancing potentially conflicting perspectives on complex issues.
- To develop and oversee implementation of the profession's strategy for engagement with the government policy making structures. The aim of this strategy is to ensure that ASSA is asked to be involved in shaping policy decisions from the outset rather than once the decisions have been taken.
- To act as an advisory committee to Council and other structures of ASSA on responses to the development of public policy, and how to influence the outcome of such policies. This may include the commissioning of research and setting up task teams to support specific proposals and positions using credible data sources and methodologies.
- To promote an environment in which the contribution of actuaries is understood and valued, and individual ASSA members are trained, equipped, and empowered to use their skillset to assist SA Inc to achieve its development goals to ensure a sustainable and inclusive society in South Africa.

The PIGC is comprised of the following members:

- the Public Interest Actuary,
- the President of the Actuarial Society,
- the President Elect of the Actuarial Society,
- the Chair of the Stakeholders Board, and
- two to four Fellow members of the Actuarial Society with stature and credibility within policy decision making structures in government and other related parties,

The Chairperson is to be elected by the committee and cannot be the Public Interest Actuary or an ASSA staff member.

The PIGC focuses on policymaking related to issues of national importance and therefore does not respond to all issues raised in public discourse or media (Actuarial Society of South Africa, 2020b, p. 2). ASSA, through its president or

any other designated representatives, may respond to non-public policy issues without the involvement of the Public Interest Actuary or the PIGC.

To effectively support the Public Interest Actuary, the PIGC is expected to be able to respond and give input on topical subjects at short notice. This is intended for the PIGC to act as a sounding board and not to micromanage the day-to-day work of the Public Interest Actuary. The PIGC meets formally at least four times a year and a quorum of at least 50% plus one of the members is required (either physically or virtually). A report from the Public Interest Actuary is considered at every quarterly meeting. This report covers topical issues, interactions with key stakeholders, events organized and plans. The PIGC is responsible for adopting the public interest strategy and recommending its approval to the Stakeholder Board and ultimately to the Council.

The PIGC reports quarterly to the Stakeholders Board providing a summary of activities over the past quarter and in turn, the Stakeholders Board reports to the Council which is the highest decision-making body of the Actuarial Society of South Africa.

### 3.3. Member engagement

The Public Interest Actuary is expected to ensure sufficient participation by members of ASSA in public interest activities. This is achieved through sessional meetings on public interest topics, public interest seminars, conference presentations and newsletter articles. Sessional meetings are useful for testing the acceptability and relevance of research output to the members whilst public interest seminars are aimed at an external audience, mainly policymakers and government officials.

Since this role was established in February 2019, several member and public engagements have been conducted. The interested reader is referred to the details contained in the annexure. In summary, the engagements have spanned a breadth of public interest topics, such as:

- The nature of the Public Interest Actuary role and ASSA's public interest strategy;
- The Road Accident Fund;
- Proposed National Health Insurance;
- COVID19 modelling;
- Medical malpractice in the public sector;
- The economy and job creation;
- Non-communicable diseases.

## 4. Opportunities and challenges

This section explores some of the opportunities and challenges that have been observed surrounding ASSA's public interest strategy and Public Interest Actuary role. The focus is on aspects unique to, or heightened by, this work, rather than on general aspects relating to regular actuarial work.

### 4.1. Opportunities

ASSA's public interest focus is predominantly on public policy beyond but not excluding the financial sector. As identified in the sections above, other international associations, such as the Actuaries Institute, also focus on broad public policy.

The ASSA public interest strategy recognises a need to assist policymakers to navigate the complex policy space filled with wicked problems. Actuaries have an opportunity to make policy inputs beyond the traditional actuarial fields. Policymaking involves trade-offs that impact millions of citizens and it takes a significant amount of time to develop and implement public policies. In comparison with insurance policies, public policies are significantly more complex as they involve multiple stakeholders and are exposed to more risks. For public policies to be effective requires thorough planning, costing and excellent design. Actuaries possess the skills to assist with these activities in collaboration with other policymakers.

The situation in South Africa presents an opportunity for actuaries to make a significant public interest contribution. The South African government is faced with numerous challenges such as high unemployment (Marire, 2022), increasing national debt to GDP (Oniore & Akatugba, 2022), electricity supply shortages, ageing infrastructure, overstretched public health sector, poor basic education outcomes and high levels of crime (National Planning Commission, 2022). All these problems aren't directly related to the traditional fields of actuarial practice but they are indirectly related. For example, the high rate of unemployment has an impact on the nature and size of the insurance market. The overstretched public health sector has led to the National Health Insurance policy that seeks to combine the public and private sector. This has a bearing on the private health sector and thus on the health practice area. Increasing debt levels may lead to fiscal tightening in future and this may lead to social unrest affecting all sectors of South African society. Faced with limited resources, the government has to make well measured trade-offs and this is an opportunity for actuaries.

### 4.2. Challenges

The Public Interest Actuary's brief includes building the necessary structures to enable ASSA to proactively engage with policymakers. Traditionally ASSA's input has been in the final stages of the policymaking process. The difference is that involvement at the outset requires an open mind and problem-solving

orientation whereas involvement in the end stages is limited to making comments. The inputs in the end stages may also be irrelevant as the matters raised may have been best dealt with upfront. The co-creation public interest strategy that is in place until 2024 is more resource intensive as it enables ASSA to give inputs at various stages of policy development. This strategy has a high dependency on funding from ASSA to do research and to fund the costs of employing a Public Interest Actuary to coordinate the efforts.

Funding constraints lead to a further challenge regarding the part-time position of the current Public Interest Actuary. On paper, the work involved would seem to require more time. Initially it was important for ASSA to determine the feasibility and value add of the Public Interest Actuary role within ASSA. The initial budget catered for both the costs of employing a Public Interest Actuary part-time and conducting public interest research. As the work has developed the focus has been more on the research component than allocating more Public Interest Actuary time. This may change going forward and ASSA may even consider hiring another actuary on a part-time basis to work with the Public Interest Actuary. These are aspects that need to be considered in the 2024 public interest strategy review process.

There is a tension between the immediate need to articulate a particular policy position and a long iterative process of giving input and receiving feedback. On the surface, this means that working in the public policy arena can be a long drawn-out process that can take many years (or decades in some cases). Maintaining the motivation over such a protracted period may be difficult. It also raises issues of succession. On a deeper level, what can arise is situations where certain parties seek an immediate resolution which can create conflicts where other parties' approaches are, say, more consultative or collaborative.

Conflicts of interest pose a serious challenge to the integrity of public interest efforts. ASSA members are employed by various employers that have legitimate interests in certain policies. As much as members do strive to act independently, it would be difficult for any individual to be voluntarily committed to developing a policy that directly conflicts with the interests of their employer. To mitigate against this, the approach has been to sponsor research topics that members can apply to do as paid work. This allows for the Public Interest Actuary, supported by the PIGC and research committee, to write the research brief and to give guidance to appointed researchers. Furthermore, the iterative co-creation approach allows for more collaboration with the policymakers and other disciplines, and less industry dominance.

Actuaries who have mainly been active in traditional fields of actuarial practice and have had little contact with policy development could be less understanding of the public policy arena. For example: owing to the nature and complexity of the problems, inter-disciplinary thinking may be required; a sensitivity and political acumen may be needed; it is difficult to understand the workings of government and to get access to the right people. The public

interest strategy acknowledges this hence the focus on mobilisation and communication with members. This challenge is therefore not insurmountable.

There are well known dangers associated with moving into new or non-traditional areas of actuarial practice, such as might be encountered in the broad public policy arena. This is an existing risk and not unique to public policy work. Similarly, there is the usual risk of being misunderstood, misrepresented or misquoted. It could be said these risks are heightened in the public policy arena due to the multiple stakeholders involved and the inherently political environment. The creation of the Public Interest Actuary, and a documented public interest strategy, is in part a response to these risks. The resultant coordination and formalization of ASSA's public policy work serves to reduce these risks. Furthermore, the activities of co-creation, research, consultation and communication lend themselves to the measured approach that is being taken. The aim is to maintain a balanced and objective stance throughout, thereby reducing such risks.

An accusation may be raised that it is not possible for ASSA or the Public Interest Actuary to be completely objective and unbiased in public policy matters. The intention of ASSA's public interest efforts is to assist policymakers objectively. This objective has led ASSA to adopt a co-creation strategy while also opening up space for members to explore various public interest research topics. Despite ASSA's best intentions, it is reasonable to expect that there would still be some form of bias, both conscious and unconscious. One way to remedy this is to continue to create a culture of respectful debate within the profession and to continue to engage with diverse stakeholders in the public space.

Related to the above, public interest work may lead to the politicization of ASSA despite ASSA's intentions. Politicization of ASSA can happen if ASSA adopts positions that have been sponsored and adopted external to ASSA, and if this results into some members feeling alienated. For example, debates around the management of COVID19 were highly politicized as there were strongly held notions originating from outside of the profession. Adopting positions that have been adopted externally can be divisive and should be avoided at all costs. In such debates, ASSA should choose to participate in the debates by enriching the debates through research, actuarial analyses, projections and risk-cost-benefit analyses. In the process of enriching the debates, ASSA members may make recommendations based on their analyses but not independently from their analyses.

Currently there are no 'guidance notes' for the Public Interest Actuary or other members working in this field. ASSA should work to develop guidance notes as the public interest work continues to grow. To develop guidance notes upfront may be 'putting the cart before the horse', or 'pouring new wine into old wineskins'. ASSA's public interest explanatory note (Actuarial Society of South Africa, 2021) and a draft conflict of interest in public interest paper (forthcoming) are examples of useful guidance in this space. The PIGC is also currently considering a draft paper on the role of actuaries in the state. The

PIGC can initiate the development of any required guidance note for public interest and this will be an important task going forward.

A concern may be raised that ASSA's public interest strategy is going too broad. One response might be the immense challenges facing South Africa (see above) and the desperate need for help where actuaries can be of assistance. The current strategy has aspects that enable focus as well as breadth. The Public Interest Actuary primarily engages in one major co-creation project at any given time, with another two developing co-creation projects. The rest of the time is devoted to developing new research topics and working with ASSA members to research those topics. The first aspect is focused and the second aspect is broad. Co-creation projects often have a long lead time and it can take many years before the projects are closed. There are often periods of hyperactivity followed by long periods of no activity as the policy projects going through different phases. For example, the South African Law Reform Commission project on medical negligence has been ongoing since 2017. ASSA published a research paper in 2021 that was used by the Commission in their 2021 discussion paper (South African Law Reform Commission, 2021). We are currently researching some of the recommendations that were made by the Commission in their report and have been regularly engaging with their researchers since 2021. This is currently ASSA's primary co-creation project, and the project is unlikely to be closed within the next 2 years. The focus of ASSA's research work in this project is the designing and costing of some of the recommendations made in the Commission's report to enrich the discussions going forward.

Lastly, not all of ASSA's public interest work is well publicized. However, it needs to be acknowledged that not all work can be publicized owing to political sensitivity for example. Nonetheless, it is recognized that more can be done here.

## 5. Conclusion

All actuarial associations reviewed in this paper include some reference to the public interest in their mission or objects, and in their codes of conduct. One activity associated with promoting the public interest is involvement in public policy. All actuarial associations reviewed have been active in varying degrees in making public policy type statements. Our analysis of such activities was largely concerned with the governance around this work. In this respect, some associations have published policies or guidance for the making of such statements. Few appear to have dedicated committees tasked with oversight around these public statements.

We explained ASSA's response in terms of its public interest strategy and the role of the Public Interest Actuary. This work has been evolutionary over the past decade, with a greater focus since 2019. We described the opportunities and challenges that have presented themselves in this work. Given South Africa's situation, the opportunities are abundant, although also extremely challenging. In particular, we have identified areas which could benefit from further thought. The key areas are summarised below.

The groupings we use below are for convenience. Many of the points overlap and different groupings are possible.

### Governance

Good governance would include a clear, detailed, and published, policy (or similar) around public policy work by the association. This should include:

- The nature and scope of the work;
- How topics are selected;
- Procedures (call them 'controls') around the work;
- Whether, and how, broad member input is to be undertaken;
- Approval and oversight processes;
- Dissemination.

Part of good governance also includes the appropriate publication of the work, or report back to the membership. This could be included in the 'dissemination' point above.

Consideration can also be given to the creation of appropriate guidance notes for members working in this field.

### Conflicts

It appears to us that public policy work can be fraught with danger. Numerous conflicts may arise as we described above. Objectivity is hard to maintain completely. It may result in politicization of the association, or polarization amongst members. Work on this aspect is ongoing and further research is required.

## Funding

Funding can be what we call 'internal', which largely comes from members fees, or 'external', which can come from sources outside the profession such as corporates, industry associations, non-government organisations and so forth. As far as public interest work is concerned, we feel that, in general, only internal sources should be used to avoid any possible accusations of bias or conflict. There may be circumstances where external funding is appropriate. However, below we are referring only to the internal sources.

This work requires funding. Budgets are limited and members of associations need to be comfortable with where the money is spent. Even if this funding is directed to paid research that members undertake, there is a choice as to what research topics to fund. The governing body of the association should take responsibility for this budget allocation, and report back to members.

In order to increase the output, more funding is needed. Alternatively, more volunteerism from members is required. Getting members interested can be challenging. More publication or report back to members may help with this. Upskilling them appropriately for this work is a further burden to be considered. An advantage of greater member involvement is that it could aid in succession planning for the Public Interest Actuary role, as well as for members of the PIGC.



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## Annexure

### Some of ASSA's public interest activities since 2019

- 14 March 2019 – Open public interest forum – to engage ASSA members on the formation of the Public Interest Actuary role, its aims and modus operandi. The proposed plan of action was adopted and this included a focus on State Liability Management (Road Accident Fund<sup>2</sup>, Medical negligence claims against provincial health departments<sup>3</sup>), State Planning Capacity building (National Health Insurance<sup>4</sup>, National Development Plan<sup>5</sup>, Population modelling and National Social Security Framework<sup>6</sup>), State Operational Management Capacity building (Eskom<sup>7</sup>, Municipalities) and Volunteerism & Innovation.
- 23 May 2019 – Open public interest forum – to assess progress since the first meeting and to give feedback. Feedback was received from research groups that were identified in the first meeting. A survey was conducted by ASSA to understand its members views on public interest matters, the survey highlighted the need to continue to engage members and keep them updated on public interest work undertaken by the Society.
- 25 July 2019 – Damages Conference on Road Accident Benefit Scheme (RABS)<sup>8</sup> and the State Liability Amendment Bill (SLAB)<sup>9</sup>. The conference discussed the need for short-term interventions to assist with the reduction of the Road Accident Fund liability and the long-term intervention to assist the state to implement a more affordable alternative to the Road Accident Fund.
- 25 September 2019 – National Health Insurance seminar was held in Sandton. This was an interactive discussion involving ASSA members and

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<sup>2</sup> <https://www.raf.co.za/Pages/Default.aspx>. The Road Accident Fund is a government entity that “provides compulsory cover to all users of South African roads, citizens and foreigners, against injuries sustained or death arising from accidents involving motor vehicles within the borders of South Africa”

<sup>3</sup> [https://www.justice.gov.za/salrc/ipapers/ip33\\_prj141\\_Medico-legal.pdf](https://www.justice.gov.za/salrc/ipapers/ip33_prj141_Medico-legal.pdf). This note was published by the Justice department in 2017 highlighting the problem of medico-legal claims against the state.

<sup>4</sup> <https://www.gov.za/about-government/government-programmes/national-health-insurance-0>.

“The National Health Insurance (NHI) is a health financing system that is designed to pool funds to provide access to quality affordable personal health services for all South Africans based on their health needs, irrespective of their socio-economic status”

<sup>5</sup> <https://www.gov.za/issues/national-development-plan-2030>. “The NDP aims to eliminate poverty and reduce inequality by 2030. According to the plan, South Africa can realise these goals by drawing on the energies of its people, growing an inclusive economy, building capabilities, enhancing the capacity of the state, and promoting leadership and partnerships throughout society.”

<sup>6</sup> [https://static.pmg.org.za/161128Comprehensive\\_Social\\_Security\\_in\\_South\\_Africa.pdf](https://static.pmg.org.za/161128Comprehensive_Social_Security_in_South_Africa.pdf). This is a policy initiative to close identified gaps in the social security framework in South Africa.

<sup>7</sup> <https://www.eskom.co.za/>. The national electricity provider that has experienced numerous challenges in the past 2 decades.

<sup>8</sup> <https://www.gov.za/road-accident-benefit-scheme-rabs-bill-regulations-rules-and-forms-published-public-comment>. This was a Bill proposed by the Department of Transport to replace the Road Accident Fund Act but it was not passed by parliament.

<sup>9</sup> <https://www.gov.za/documents/state-liability-amendment-bill-b16-2018-30-may-2018-0000>. The aim of this bill is to amend the State Liability Act of 1957 to provide for structured settlements for the satisfaction of claims against the State as a result of wrongful medical treatment of persons by servants of the State.

government officials about the practical aspects and challenges stemming from the then recently introduced NHI Bill<sup>10</sup>

- 6 May 2020 – COVID19 Model sessional meeting. The ASSA COVID19 modelling team presented their model to ASSA members.
- 10 June 2020 – The first ASSA Public interest seminar was held online<sup>11</sup>. The theme was; Unpacking the Assets and Liabilities on the SA Inc Balance Sheet. The topics focused on the government's social investments and obligations, and growth strategy to promote job creation and small business development. The seminar was well attended by members, government officials and representatives of non-governmental organisations.
- May 2021 – Medical malpractice in the South African Public Sector by Greg Whittaker<sup>12</sup>. Greg presented the results of his research study.
- May 2021 – Climate change sessional presented by Heather McLeod<sup>13</sup>. The objective was to present to the members the work being done by actuaries and other scientists to model the impact of climate change and to advise on mitigation strategies.
- November 2021 – Medical malpractice Public Interest Seminar<sup>14</sup>. The guest speakers included Mr Greg Whittaker (ASSA), Ms Ronel van Zyl (SALRC), Prof Ishmael Bhorat, Prof Colleen Wright and Prof Izelle Smuts. The objective of the seminar was to discuss different aspects of the challenges in defending and managing medical malpractice claims.
- March 2022 – State contingent liabilities sessional meeting<sup>15</sup> presented by Edward Alant. This was a presentation of the findings of a research study done by Edward to understand the nature and extent of state contingent liabilities in South Africa.
- August 2022 – Job creation Indaba<sup>16</sup>. A platform for actuaries to share insights and learn from other professionals regarding the challenge of high unemployment and the need to create sustainable jobs.

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<sup>10</sup> [https://www.gov.za/sites/default/files/gcis\\_document/201908/national-health-insurance-bill-b-11-2019.pdf](https://www.gov.za/sites/default/files/gcis_document/201908/national-health-insurance-bill-b-11-2019.pdf).

<sup>11</sup> <https://www.actuarialsociety.org.za/download/Public%20Interest%20Seminar/?wpdmdl=13229>.

<sup>12</sup> <https://www.actuarialsociety.org.za/download/Public%20Interest%20Sessional/?wpdmdl=14930>.

<sup>13</sup> <https://www.actuarialsociety.org.za/download/Public%20Interest%20Sessional/?wpdmdl=14964>.

<sup>14</sup> <https://www.actuarialsociety.org.za/assa-news/2021/>.

<sup>15</sup>

<https://www.actuarialsociety.org.za/download/Public%20Interest%20Sessional:%209%20March/?wpdmdl=17253>.

<sup>16</sup>

[https://us06web.zoom.us/rec/play/SukDN912mQAgHrxGq8h340807jWRagNfb19arQnhW6qqZKf8wCoP4aQbCTOIiQYiEgIMuE7A0gd3TO9n.Jzf\\_Qsi-lztoT3y?startTime=1659535228000&xzm\\_rtaid=qvn89YMBQTSyMpeK14GAIA.1674038750652.e2560bd2e17cc5e872d7587a0bf913e7&xzm\\_rhtaid=875](https://us06web.zoom.us/rec/play/SukDN912mQAgHrxGq8h340807jWRagNfb19arQnhW6qqZKf8wCoP4aQbCTOIiQYiEgIMuE7A0gd3TO9n.Jzf_Qsi-lztoT3y?startTime=1659535228000&xzm_rtaid=qvn89YMBQTSyMpeK14GAIA.1674038750652.e2560bd2e17cc5e872d7587a0bf913e7&xzm_rhtaid=875).

- September 2022 – Non-Communicable Diseases sessional meeting<sup>17</sup>. This sessional focused on the presentation of the findings of the NCD research that was partially sponsored by ASSA and done by Percept<sup>18</sup>.

These activities exclude the private and preparatory meetings with various stakeholders as well as public interest presentations at seminars organised by the Practice Area committees and the annual ASSA Convention. Communication with ASSA members and external stakeholders through different channels is a key aspect of the public interest strategy.

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<sup>17</sup>

[https://us06web.zoom.us/rec/play/6rJnm\\_oz5aOOtDPew\\_NkXbulz9sNI2fJVhhK3BlwjOX9cIVFLws9dxjiKArMkCrQTyOD2lyV5LMiEsrZ.vAyrteA-spNm7O?startTime=1662562753000&\\_xzm\\_rtaid=qvn89YMBQTSyMpeK14GAIA.1674038750652.e2560bd2e17cc5e872d7587a0bf913e7&\\_xzm\\_rhtaid=875](https://us06web.zoom.us/rec/play/6rJnm_oz5aOOtDPew_NkXbulz9sNI2fJVhhK3BlwjOX9cIVFLws9dxjiKArMkCrQTyOD2lyV5LMiEsrZ.vAyrteA-spNm7O?startTime=1662562753000&_xzm_rtaid=qvn89YMBQTSyMpeK14GAIA.1674038750652.e2560bd2e17cc5e872d7587a0bf913e7&_xzm_rhtaid=875).

<sup>18</sup> <https://percept.co.za/>.