2022 PRESIDENTIAL ADDRESS

Fearless Actuaries

Actuaries Institute

Contents

Actuaries Institute

Published February 2022

2021 President Jefferson Gibbs and Annette King at the Presidential Handover in December 2021

Acknowledgement

The Actuaries Institute acknowledges the traditional custodians of the lands and waters where we live and work, travel and trade. We pay our respect to the members of those communities, Elders past and present, and recognise and celebrate their continuing custodianship and culture.

2022 Presidential Address – **Fearless Actuaries**

1.1 Shoulders of giants

Wherever you stand in this profession, you stand on the shoulders of giants.

Whether you're a 20-year-old, excited to pass your exams; or a newly appointed president.

You stand on the ground prepared by Jefferson Gibbs, Hoa Bui, Elayne Grace and the Institute team who have shepherded the Institute so far through COVID-19. And you stand on the shoulders of the giants (the presidents, Councillors, volunteers, and countless others) who led a profession that's helped shape Australia over the past 125 years – years when actuaries invented whole new industries.

We are who we are today because of their work and their traditions of excellence, integrity, curiosity, innovation – and courage.

1.2 Courage to lead

I believe now is the hour of the actuary. Actuaries that Elon Musk would call, 'revolutionary', when he launched his online campaign to recruit 'revolutionary actuaries'. Actuaries who are entrepreneurial and innovating. Actuaries, who, like so many in our history, have spoken up for those who don't have a seat at the table but whose interests we protect.

In a world of big data and shifting geopolitics, fake news and the echo chamber, extraordinary innovation, and lingering inequality there's never been more opportunity for a profession built on care and purpose, which exists to gather and interpret data and to balance the interests of different stakeholders. To help business, government and society do the most difficult thing of all for humans to do – to deal with facts. In safeguarding and protecting society … actuaries have a track record of doing good.

In this address I will highlight why now is our time and what we need to do to seize that opportunity. I'll talk about what the Institute is doing to advance that cause. And I'll talk about actuaries who have lived the values we all need to live.

For me, it's about us being ***fearless actuaries***.

2022 President Annette King

My backstory

My great, great, great-grandfather Charles Swanston (of Swanston Street, Melbourne fame) started the first mortgage bank in Australia. My great, great, great-grandfather, the Honourable George King, was chairman of AMP – from 1850 to 1865! So there was always a chance I'd end up in financial services.

Choosing to start that journey by doing actuarial exams has turned out to be the most influential decision of my professional life. It's taken me into scholarship exams where I was the only woman competing amongst all the men ("they normally give this scholarship to the smartest boy", I was told). Into superannuation, to a two-year Asian secondment that became a 14-year, 14-country, all-the-way-to-CEO adventure. Out of classical financial services and into building fintech and insurtech businesses and into the boardrooms of Swiss Re, MLC Super/NULIS, U Ethical Investors and Australian Finance Group.

So I've seen all that actuaries do and can do. The importance and influence of our traditional roles and how we're making a difference in customer experience, data analytics, innovation, and digital transformation.

Actuarial life has given me so much. I want to give back by leading with humility and with courage to grow this great profession. 2022 is the Year of the Tiger – it symbolises strength and bravery. With Naomi Edwards and David Whittle in the Presidential Trio and Elayne Grace, CEO, and all of Council working beside me I know we can do it.

1.3 Data for good

We're living through Industrial Revolution 4.0. Like the first industrial revolution and the internet revolution, the data revolution is changing the way the world works and who wins in that world. New business models are forming, and new social norms are being created. Actuaries can play comfortably in this world because we have deep experience in capturing and analysing the data and in deciding what actions will move the dial. We are good at dealing with 'the facts.'

It might be using data for good customer or member outcomes; or to make more profit for an organisation; or for social good.

Ethical behaviour is entwined in our professional DNA. As Bartosz Piwcewicz recently wrote, we can set the frameworks and standards for the industry in all the layers of data ethics – security, bias, privacy and more. We use data for good.

That's why the age of data is the age of the actuary.

> **The age of data is the age of the actuary.**

1.4 Optimise, optimise, optimise

My own innovation experience with fintechs and insurtechs tells me we are more than the guardians of good when it comes to data. I've seen how the actuarial control cycle – define, design, deliver, monitor, garner insights and pivot – echoes the tenets of innovation. The actuarial control cycle and the innovation cycle are the same. We might use more spreadsheets and fewer sticky notes, but the result is the same: new or better products and services and better outcomes for customers and society. That's why actuaries have been such innovators. Optimise, optimise, optimise.

The work we're doing in data analytics education, in thought leadership, in partnerships within the digital economy and tech sectors means data is an opportunity for us, not just to participate – but to lead.

Indeed, our inbuilt strengths mean we are adapted for growth in so many fields of opportunity. In climate, risk management, energy optimisation, ESG, or public policy. We have the curiosity, skills, training, and ethics. What we need more than ever, is courage. Courage to create. And the courage to grow.

1.5 Profiles in courage

Of course, our profession has plenty of examples when it comes to courage. The world may see us as geeks. But there are plenty of actuaries we can talk about who had the courage to see and deliver a better way. There are so many examples surrounding us. Here are just some of the actuaries I'm thinking about:

- Greg Taylor, John Trowbridge, and Bob Buchanan who shaped the financial management and education of general insurance in Australia.
- The many actuaries - like Bruce Cook, Michael Rice, Catherine Nance, David Knox, and Andrew Boal just for starters – who have been crucial in the evolution of superannuation in Australia – one of the best retirement systems in the world. When you consider the impact of superannuation in our society, you can see they've influenced a lot more than retirement savings.
- Peter Promnitz and Darren Stevens – who were instrumental in the wealth management and superannuation technology platforms that have revolutionised how people invest in Australia and internationally.
- Trevor Matthews – for introducing non-smoker rates and terminal illness benefit payments in life insurance in Australia; innovating in banking in Canada; and introducing wealth technology platforms into the United Kingdom.
- John Walsh and Sarah Johnson who were key in establishing the NDIS.
- Tim Andrews' pioneering work on climate change.
- Jenny Lyon, who co-founded an actuarial recruitment business.
- Alan Greenfield and Hugh Miller on investment approach in social welfare.
- The work of young actuaries like Queenie Chow in the emerging field of microinsurance. Queenie calls herself an 'actuary without borders.'
- Iris Lun who is an insurtech entrepreneur in Asia.

- And Adam Driussi who pioneered how data is used in all sorts of businesses, not just in Australia but around the world, with iconic businesses such as Woolworths, Commonwealth Bank, Telstra, Unilever, and Walmart.

It's just a short list and the number of notable people on it is much smaller than the people I've left off. But as you can see, we're a profession that's created businesses and jobs and whole industries. Who have influenced social structures like superannuation and disability and health insurance that have changed the lives of ordinary people in our community – and changed them for the better.

If you're an actuary today, you're surrounded by pioneers and creators, who used the actuarial control cycle as the innovation cycle. It's up to us now to be the next generation of innovators.

> **It's up to us now to be the next generation of innovators.**

1.6 A quiet strength

Of course, there are other kinds of courage actuaries are known for. The genesis of our deep influence in financial services in Australia starts with our roles as guardian of the policyholder interest in insurance.

This role, protecting the interest of the individual, the small and the vulnerable in the face of those with much greater power has always been at the core of our 'social purpose.' In a world where the law is ever more complex, where companies and institutions are, at times, tempted to ignore the rights and needs of their customers, our role as guardians of the public interest has never been more important. We see that every day in the banking, insurance, and superannuation sectors. We've seen it in key examples from our past when actuaries were prepared to speak truth to power and stand up for what's right.

- During the FAI/HIH crisis in the early 2000s, actuaries were crucial in the questioning of deals, sales, and reserve levels – and in the eventual whistleblowing – that unearthed the mismanagement. They were also instrumental in the improved financial frameworks put around the General Insurance sector in the aftermath of the FAI/HIH Royal Commission.

- Perhaps one of the most impactful examples is how Roelof Botha, a South African actuary working as the CFO at PayPal discovered the mismatching of payments that could have sunk the company. His efforts helped the company right itself, stay ahead of competitors and become the payments platform that really enabled the growth of other digital-first businesses globally and now the digital economy.

For me, the lesson for all actuaries is to trust your training. When things are messy and complicated - if you feel things are being hidden – speak out. Follow your actuarial instincts.

We need to be the people who help companies and institutions sustainably balance the interests of customers vs staff vs shareholders vs community vs the environment. But also to be a voice for those who might be disregarded. To be heard when institutions are taking undue risks with other peoples' money. To say, "no farther" when our expertise and our sense of fiduciary responsibility tell us the right outcomes are at risk. Actuaries have a vital role to play in contributing to the social good and public policy. We're doing this now through research into climate change, retirement incomes, intergenerational equity and we'll continue to influence the big public debates.

1.7 Strategies and actions

Nelson Mandela said, "I learned that courage was not the absence of fear, but the triumph over it. The brave man is not he who does not feel afraid, but he who conquers that fear." My own career motto, although less eloquent, has been "feel the fear and do it anyway." Our greatest growth comes with uncomfortable stretch. Seize the opportunity. Seize the day.

> **Protecting the interest of the individual, the small and the vulnerable in the face of those with much greater power is at the core of our 'social purpose'.**

We need to grow both personally, and together as a profession.

Over the next year I'd like all of us in the profession to think about what it means, in our own personal context, to have courage. To be a ***fearless actuary***.

You may see an opportunity that is worth grabbing; or something that can be done better. Or you may see an unmet need in business or our community. You may see something that is not right, or someone being mistreated or overlooked. You may see a risk that others do not – for example cyber risk and downstream impacts of climate change come naturally to us, and others can benefit from our expertise.

Find your voice and be brave.

1.8 Strategy 2022-24: Seizing Opportunities

The Institute's new strategy 2022-24 is titled "Seizing Opportunities".

As part of our core member services and Education Program, we are rolling out two new subjects this year – Enterprise Risk Management and General Insurance Applications. In addition, we will start developing micro-credentials; and continue supporting professionalism, ethics, and our Code of Conduct.

We're committed to constant, insightful thought leadership and public policy across our expertise – from pensions to climate, insurance to government services, demographics to data.

The new strategy also includes two new elements - social purpose and significant growth.

Our focus on social purpose reflects our long-held values of integrity and ethics. Focusing on our social purpose is core to our professional reputation, its brand, and the attraction it has for new members. We know that clarity and focus about our social purpose – and a courage to act on it even when doing so is awkward or controversial – will continue to strengthen the trust of the stakeholders we serve and the communities in which we live. That trust amplifies our voice in the ears of government, business, regulators, customers, and community – which in turn allows us to have more impact.

In 2022, to accelerate the growth of the profession, I want to create a new Growth Forum, with both members, and outside marketing experts. We will continue to invest in brand actuary. And we have a strategic project called North Star, which unites our message to market and value proposition. We will also seek new brand opportunities for external recognition of our leading actuaries.

1.9 How we talk about ourselves

The North Star project aligns with our focus on social purpose and with our activities in thought leadership and growth.

Tellingly, in our Horizon 2035 work last year, many members commented on our inability to talk about ourselves in a consistent and appealing way. It seems a small thing but it's not. It means we are dissipating our message and confusing our customers and partners. A precise language about ourselves is more than an elevator pitch. It's having a unified sense of who we are and what value we bring.

Our North Star project – we'll have more to say about this is coming months - takes us on our way to a solution. Research tells us that for the first time we have a structure that resonates with members when it comes to talking about ourselves. And it resonates with external partners. We evaluated that language with a representative sample of members and the response was amazing. Eighty percent said, "I can use that." For such a diverse profession that's a great result. I believe our ability to pitch a consistent message about who we are will be good for actuaries and good for the people we work for and with.

1.10 Growth and Innovation

Maya Angelou believed that courage was the most important of all the virtues because without it all the other virtues are wasted. For us actuaries, there are many types of courage. The courage to strike forward in our career and our ideas. The courage to stand up to authority when authority goes too far. The courage to see a problem and solve it. The courage to see an opportunity and seize it.

What we as profession must also have is the courage to grow.

Growth is one of the priorities in our 2022-24 strategy. That growth has many layers. We need to a grow a profession that is diverse in gender, race, worldview, experience, and professional focus.

We need to commit to growing our profession. To putting more actuaries into key roles in boardrooms, think tanks, organisations and consultancies.

It will be a personal focus of mine to ensure we attract good communicators to our profession, as well as the diverse-thinking problem-solvers and opportunity-optimisers; and to challenge them to become leaders amongst us.

As a global profession, we influence in excess of US$92 trillion[1] (A$128 trillion) of assets. And with the data revolution and domination of the digital economy, we have the ability to contribute even more.

Most boldly, we need to commit to growing our profession. To putting more actuaries into boardrooms, public policy think tanks, fintechs, digital ecosystems, energy and utility companies, retail organisations and data consultancies.

Our aim must be to grow, not in increments but in multiples. There is a growing feeling across the profession that we need critical mass. We constantly hear from people we work with, who trust and value our advice and leadership, that there is a wealth of opportunity for us to do more. We have the ability to professionally influence so much more in our community. The data revolution is an incredible innovation window – and we have the expertise to amplify those opportunities.

The waves of opportunity before us must be taken at the flood – right now.

1.11 Dare to grow

We're not going for growth out of ego or instinct but because all the work we've done – Horizon 2035, our strategic planning, member surveys, our interactions with external stakeholders and the market – tell us that growth is the path. Actuaries are trusted and in demand, by the people who know us. We need to get our message out more strongly and to more people.

We're counting on so many people to help us. Schools, universities, global actuarial associations, entrepreneurs, employers, and potential employers.

But the people we're counting on most are **you**:

– the volunteers who drive so much of what is good about the profession;

– the young actuaries of the Young Actuaries Advisory Board who fizz with ideas and the will to improve things;

– our Practice Committees and Working Groups who do the hard work of thinking through big business, industry and societal problems and refining and delivering the profession's response; and

– our members at every stage of their learning and careers.

None of this drive for growth needs us to change who we are. You can be courageous without being loud.

But we must unite our message.

We simply need actuaries – wherever you work - to be heard, to seek new opportunities confidently, to talk with pride about being an actuary (wherever you are in your career) and to talk about 'using data for good'. We need you to bring your fearless best to every engagement and every decision.

Now is our time. Let's have the courage to extend ourselves individually and as a profession. The age of data is the age of the actuary. Let's have the courage to grow.

1 US$92 trillion is based on US$52 trillion in pension assets, from Willis Towers Watson Global Pensions Asset Study 2021 and US$40 trillion of insurance assets from statista.com 2021

Contact us

The Institute of Actuaries of Australia
Level 2, 50 Carrington Street
Sydney NSW 2000 Australia
t +61 (0) 2 9239 6100
e actuaries@actuaries.asn.au
w www.actuaries.asn.au