

DISCUSSION PAPER

Address by the President of the Institute and Faculty of Actuaries Mr Jules Constantinou

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The President (Mr J. Constantinou, F.F.A.): Hello and welcome to Staple Inn, the spiritual home of the Institute and Faculty of Actuaries (IFoA). I feel privileged to be standing before you as the President of the IFoA.

A couple of years ago, the AGM and the Presidential Address took place on the same night as the Brexit referendum. It was a night of almost biblical rainfall. Staple Inn was flooded and we were forced to retire to Holborn Gate to hear Colin Wilson's address on "Thought Leadership". In the 12 months that followed, his theme resulted in the IFoA committing to funding of £1 m per year for actuarial research through the Actuarial Research Centre. I will miss Colin's considered insight over the next 12 months.

Last year was an equally auspicious occasion. My predecessor, Marjorie Ngwenya, became the first President of the IFoA living outside of the UK. She has been true to her theme of "Advancing the Profession" and as such we have seen the delivery of Curriculum 2019, which is an important foundation in building a more flexible and relevant education system for future actuaries.

I am looking forward to working together with Marjorie (Ngwenya) and John Taylor, the President-elect, over the next 12 months to continue to bring positive progress for all of us. I would also like to congratulate the new Council members. It is a great opportunity and responsibility to be elected to Council – so, enjoy it!

When I stood for election to be President, I started off by giving Council a brief description of my background. I told them most of the following. I was born on 13 July 1963 in Harare, Zimbabwe. I have an older sister, who described me as the most beautiful baby in the world. My father was a Greek Orthodox priest. My mother was the love of his life and his constant companion. They were born exactly 4 days apart and died 4 months apart. They showed me how valuable commitment, respect and teamwork are to nurture positive long-term relationships. These values have stayed with me all of my life. I would like to think, in some small way, I am honouring the memory of my parents tonight.

We moved to Johannesburg, South Africa, where I grew up and was educated. I married the love of my life, Maria, in December 1990. I qualified as a Fellow of the Faculty of Actuaries in April 1991. As my wife never hesitates to point out, I only qualified because I married her. We moved to the UK in 1999. We have three daughters and a son. I am grateful to my family for their support and encouragement over the past 12 months and for the coming year.

Here are some interesting facts about me. I am mad about football and played at semi-professional level in South Africa. After I qualified, my wife and I bought a fast food franchise. That proved to be a great commercial finishing school for me, because I learned how to run a business and how to interact with people from all walks of life. I starred in an amateur production of "One Flew over the Cuckoo's Nest" in my final year at school

I would like to briefly discuss my professional background. In 1987, I started working in Cape Town at a company called Metropolitan Life in the Investment and Employee Benefits area. In 1993, I moved to my current company Gen Re, also in Cape Town, doing Actuarial Pricing, Product Development and Marketing. In 1999, I transferred to the UK with Gen Re to our financial reinsurance business. In 2003, I transferred again to head up the business development and marketing function of our UK and Irish life business, based here in London. And in 2014, I was appointed Regional Manager for these businesses. I am grateful to Gen Re for supporting me in my ambition to lead our profession.

I have always had the best interests of the profession at heart. My volunteering was not about what I had to gain but what I could contribute to the profession. In fact, my volunteering was in areas about which I was passionate and which were mostly not directly relevant to my work.

When I joined the Risk Member Interest Group in 2006, I believed that this was an area to which the actuarial skillset was well suited. I wanted to work with like-minded actuaries to create an opportunity for our profession to move into an adjacent field. I am a firm believer in the robustness of the actuarial skillset and its potential application in many more fields. We now have the Risk Practice Board and we have actuaries in the role of the Chief Risk Officers. Within the Risk Practice Area:

I chaired the CPD and Education sub-committee for 2 years. The CERA qualification was launched during that period.

I was Deputy Chair of the Risk Board for another couple of years.

Finally, I chaired the Risk Board until June 2013.

In 2013, when my tenure as Chair of the Risk Board ended, I was asked to chair the Health and Care Board and help to set up a sub-committee infrastructure to support the future development of this Practice Area, with the assistance of our members and the executive.

Through all my appointments at the IFoA and on industry bodies, I have demonstrated a style of collegiate leadership that also delivers results. I believe in the value of teamwork for achieving results. My approach has always been to encourage more people to volunteer and get involved, in order to provide an opportunity for people from diverse backgrounds to share their ideas and energy for the benefit of their practice area. I also believe in giving these volunteers license to take responsibility and make a difference to our profession.

It is customary for there to be a Presidential theme and a Presidential manifesto. I do not believe in Presidential manifestos. Rather, I believe in continuity. The tenure of the President is a solitary year. The IFoA has a strategy, which was set in 2011 by Council and revised in 2016. It is being brought to life and delivered by the Executive Staff of the IFoA.

I see that a primary role of the President is to create an environment where the members and staff of the IFoA can work together with a single focus to secure the future of our profession. As a Council, we will be considering and creating strategies to manage this, and to deal with other challenges facing our own and other professions in a rapidly evolving digital and data-driven world.

The actuarial profession is in rude health through the efforts of the CEO, the IFoA Directors and their teams:

Our numbers have grown by slightly more than 7% over the last year.

More than half of our members are now resident outside the UK.

As I mentioned before, we will have a new Curriculum in 2019.

We have refreshed our Actuaries' Code, which is the cornerstone of our professional conduct.

But is this enough? For me, there are two key questions we need to deal with. They are interlinked and are both future and externally focused.

Firstly, what does the future actuary look like and in what industries will we be applying our skills? We need to develop a concrete picture of what our future looks like, and start putting in place the structures and workstreams that will get us there. It has become clear to me over the last year how urgent this is becoming.

In India, there are 50,000 data scientists in their offshore centres. The future has already happened there in some respects. We need to act now and to move quickly. Even though we have taken some decisions with respect to our education curriculum, there is further work that needs to be done. Recently, we have taken some small steps to make courses and new techniques in the data science field accessible to our members. We are also thinking about an actuarial data science credential. But we need to define more clearly our future role both in this domain and more generally.

What is our unique value proposition that no other profession brings? This is the elevator pitch we need to get right.

Secondly, what is the future of the IFoA internationally? Will we continue to be the body that helps establish international associations and then provides them with leadership in actuarial education, thought and development? How do we help these associations provide access to our profession to talented young mathematicians, who sometimes do not even have the advantages of a basic education? Are we currently investing our limited time and funding with this in mind?

We only need to consider the example I just gave about the situation in India to realise that we have much to gain from our international connections.

I would now like to share some of my thoughts with you about the current external environment, and the challenges and opportunities facing us. The world around us is changing rapidly. It is worth considering for a moment the accelerated change in technology. Back in 1965, Gordon Moore, the director of R&D at Fairchild Semiconductor, was asked by the American trade journal "Electronics Magazine" for his view on the future for semiconductors. Moore's data over a 12 month period had revealed a doubling in processing speeds while the size and cost of the microprocessors had halved. This effect became known as Moore's Law. Although the time horizon for the law is now 18 months, this pace of improvement in capability and power has persisted for more than 50 years.

Convergence and transformation in the physical, biological and digital spheres of society are the effects of the Fourth Industrial Revolution (4IR), an era first recognised at the World Economic Forum of 2016. The 4IR concept reflects a perception that change that happens in all spheres simultaneously has great potential to disrupt the status quo. More powerful computing and new technologies will exponentially accelerate the effects, bringing rapid and continuous change and driving the creation of more and more data.

This sounds to me like a world calling out for the actuary. This is the world of the actuary as "Thought Leader" (with deference to Colin Wilson) and "Future Fit and Ready" (with deference to Marjorie Ngwenya): a more nimble and flexible actuary able to adapt to the waves of change that are coming. These actuaries should be ready and willing to engage and collaborate with other professionals to shape and make sense of the future world. This is a world that will need a moral and ethical compass to ensure that the injudicious use of the data does not result in exclusion, disparity and poverty. There is a real risk that all the data available (and the talk of greater personalisation) chips away at the fundamental concept of insurance, which is the spreading of risk through risk pooling.

The recent announcement of our collaboration with the Royal Statistical Society on the ethical use of data is a positive step in this area. As a profession, we also have a public interest obligation that we should not forget. There are major societal issues in this country and across the globe that can benefit from our skills and experience. You only need to think of the impact that an ageing population will have on the NHS and the funding for social care (an area I am particularly passionate about) to realise that we have a responsibility to ensure the dignity, the sense of community and respect that we all deserve when we get old. It is not only about money.

So what could happen to the actuarial profession in this era of disruption?

We have seen the demise of Blockbuster and the rise of Netflix. The latter started by eschewing a high street presence to lower costs in order to compete, then, having established its supremacy, disrupted itself by becoming a streaming business and now has reinvented itself once again as a content producer. We are seeing numerous retailers in the UK battling with this change in consumer buying habits.

We have seen the advent of another data analytic profession, that of the Data Scientist. IBM is projecting that there will be three million data science roles in the USA by 2020, many of them in financial services. We are, after all, currently a global profession of no more than 150,000 actuaries and students. Could we be swallowed up?

I have done some in-depth research on a website called www.willrobotstakemyjob.com. It assures me that actuaries have a small, only 21%, chance of being disrupted. They add a qualifying “no worries” statement and an expectation that we will grow by 28% globally over the next 5–10 years. So, there seems to be nothing to worry about.

More than that, history is also on our side. We are a remarkably flexible and adaptable profession that has expanded into fields outside of our historic domains of Life Insurance and Pensions. There are currently actuaries with leading roles in General Insurance, Asset Management, Risk Management and Banking. We now have a Resource and Environment Practice Board and have signed-up to the 17 United Nations’ Sustainable Development Goals. There are actuaries who have reinvented themselves from being defined benefit pension scheme advisers to become advisers on pensions to the man in the street.

The Young Actuary of the Year is a young man who is the founder of a company called Spixii that uses Artificial Intelligence to assist people in making applications for insurance. There is an impressive young woman who is the managing director of a company called BuzzVault that is disrupting and revolutionising home contents insurance. There is another actuary here tonight, who has moved out of senior roles in the corporate sphere to become the founder of a company seeking to disrupt the invoice financing industry. There are actuaries in Australia that are valuing the liabilities under the Qantas airline loyalty programme.

Let us also not forget the senior actuaries in a range of diverse roles. These include the Group CFO of a FTSE100 company, the director responsible for insurance across Life and GI for one of the largest insurers in the UK, and the chairman of a Mortgage and Equity Release business. The founders of Discovery Life, the parent company of Vitality Life in this country, are actuaries.

Let us take some confidence from these and other inspirational actuaries, and step out of the shadows. This will be my theme for the next 12 months. One of my predecessors, Fiona Morrison, had a similar theme so we have an element of continuity here. Hers was around “Promotion” and is one that I would like to build-on and re-emphasise.

Within my newfound theme, here is my commitment to you. I also see the role of the President to be lead ambassador for the IFoA for his or her year, and that is what I will strive to do this year: to be visible both to our members and externally. I have already had the pleasure of providing oral evidence to an All-Party Parliamentary Select Committee on Social Care a few weeks ago.

In return: for the next 12 months (or forever, whichever you choose), I am asking each one of you to tell at least one more person, who is not an actuary, that you are an actuary, and tell them what you do. Why is this important? Well, as I said before, there are many more areas where our skills can add value. But people will not know to ask if they have never heard of us. Influence is also linked to familiarity, so if we really want our voice to be heard, as we shape progress this century, we need plenty of people who appreciate why we can contribute.

So my challenge to you is to find someone who has not heard of actuaries, or who has heard of us but does not understand us. Take the time to tell them about your job, work and skills. Tell them how your role and our collective roles add value to business and to society.

Now, we also want to capture all of the conversations you are having. So we will be starting a social media campaign on Twitter, LinkedIn and Facebook under the hashtag #iamanactuary, where you can share the outcome of your conversations and start a global dialogue about the value of actuaries. That is how we all can step out of the shadows and ensure a more relevant future for our profession.