

Introduction

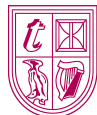
As I stand here before you, fellow members and personal guests, I have to admit to feelings of trepidation and nervousness. However, these are secondary to a feeling of great honour to have been elected as the 15th President of the Society of Actuaries in Ireland. As I look through the roll of honour of the previous 14 Presidents I note that there have been 8 from a life office background, 4 consultants operating primarily in the pensions area and 2, including my immediate predecessor, were career public servants. As you know, the current Vice President, Pat Healy, is employed in General Insurance having previously worked in the investment field, so we shouldn't have too long to wait to see our first President from one of the less traditional practice areas.

My other observation is that all Presidents to date have been male, although now some 17% of the Fellow Members of the Society are female and a number have made and are continuing to make a major contribution to the profession in Ireland. I'm sure that we will see the first female President of the Society in the not too distant future, perhaps even before the Institute or Faculty, one founded in 1848, the other in 1856, and neither, as yet, has had a female President in the 150 years of their existences.

I am also conscious that this is the first presidential address of the new century and the new millennium and, I suppose you could say, the last of the "old money" addresses as we await the full introduction of the Euro on 1st January next.

When I qualified in 1977 I did so without ever having worked in a life office which was quite unique at the time. I also just made it to the finishing post before general insurance was introduced into the examination syllabus. Consequently, all of my actuarial experience has been gained in the pensions field, although, I have also had the benefit during my term on the Pensions Board, and in particular as its chairman for 5 years, of "seeing us as others see us" and I will be endeavouring to use that experience to continue the Society's development under my stewardship.

If I was asked to describe the broad theme of this evening's address it would be "The role of the Society in Irish society in year 2001 and beyond", although I have also tried to look at some other current issues. You may find that I'll be leaving many questions unanswered - if so, it's because I don't believe that I have the answers but I will be endeavouring to work with Council and with the membership in the coming years hopefully to produce answers to some of these questions.

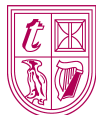


But before all that, I would like to welcome a number of guests here this evening. Firstly, those without whom I would certainly not be standing here this evening. In this category I would like to welcome in particular Norman Montgomery - not an actuary but I hope he won't mind me saying he should have been one, but whatever about that, he could certainly have been one. Norman recruited me to Irish Pensions Trust back in 1961 as a raw 17 year old and was the person who, seeing that I had a certain aptitude for mathematics, suggested that I might pursue an actuarial career. This was a totally new word to my then vocabulary and having thought about it for a while I decided to "give it a go". At the time you had to pass a preliminary examination in mathematics before being allowed to commence the Institute examinations. I succeeded in passing in 1964. There were many occasions over the ensuing years as I struggled with probability, life contingencies et al not to mention marriage and two young children when I questioned my decision, and Norman's advice. However, as I stand here this evening I can safely say that it was good advice.

Another non actuary who has exerted a considerable influence on my career, but who can't be with us this evening, is my colleague Jim Kelly with whom I have worked for the past 40 years, and from whom I have learned much.

The other person who must take responsibility for my being in the position that I'm in is, of course, last year's President who proposed me as President of your Society. Jimmy, thank you for having the confidence in me and thanks to the membership for accepting your proposal. I would also like to welcome a number of my family members, Sheila, my wife, whose support has always been unstinting and who just recently completed a degree in psychology, and is now mastering in psychoanalysis. I know that I'll continue to have her support over the next 2 years - but I hope I don't have to call on her professional help; also my sons, Brian and Niall, are here this evening, one an actuary, the other an engineer, both mathematicians.

I also welcome as a guest David Kingston. David is a member and Past President of the Society, but also holds the distinction of being the first Irish resident Society member to be President of either the Faculty or Institute. I am particularly delighted to also welcome as special guests this evening our new Honorary Fellows. Speaking at the presentation of their parchments in May this year, my predecessor Jimmy Joyce explained that the aim of the Society in electing these Honorary Fellows is to strengthen our links with the economics community, with the accountancy profession and with the field of financial mathematics. I will speak



later of the need for the Society to reach out and broaden its horizons. I believe that these elections are an important part of this process. Finally, we have 21 of our 24 new qualifiers with us this evening, and they too are very welcome.

Brief History of Society

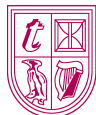
Before looking forward and endeavouring to identify the role of the Society in Irish society I have, in traditional actuarial fashion, looked back. I have done this with the benefit of the history of the Society of Actuaries in Ireland which was penned a number of years ago by Bill Hannan with assistance from Shane Whelan, and which is available on the Society's website. I quote now from that history:

“The Society of Actuaries in Ireland was founded at a meeting in the Russell Hotel, St. Stephen's Green, Dublin on Wednesday 3rd May 1972. The 17 actuaries, all Fellows of the Institute of Actuaries or of the Faculty of Actuaries, resident in Ireland at the time were the founding members. The first President of the Society was Liam Honohan, in recognition of his pioneering role in the development of the Irish actuarial profession.

The initial objectives of the Society were:

- I** *to further the general interests of the actuarial profession in Ireland and to represent it as may be required;*
- II** *to encourage communication between members and with other societies, both in Ireland and abroad; and*
- III** *to hold meetings from time to time to discuss papers or matters of interest to the profession.*

It would be some time yet before the Society would become a formal professional body. Indeed the informal nature of the Society at its foundation is illustrated by the fact that its initial constitution was modelled on that of the golf club to which one of the founding members belonged! In this regard, however, it is worth remembering that the Institute of Actuaries and Faculty of Actuaries did not adopt their first professional Guidance Note until 1975. Professional standards were much less formal in 1972 than they would subsequently become. In these circumstances, and given that the Society of Actuaries in Ireland is not an examining body, there



was a limited amount of activities the newly formed Society could engage in. Indeed the Society in its initial period could be seen as simply one of the regional actuarial societies operating under the ambit of the Institute of Actuaries and the Faculty of Actuaries.”

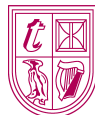
Having traced its development through the 1970s and the 1980s the history then deals with its evolution into a fully-fledged professional body and, again, I quote:

“As the scope of the Society’s activities widened, as the size of the actuarial profession in Ireland increased, and as the legal environment in Ireland in relation to life assurance, pensions and other areas of actuarial activity started to diverge from that of the United Kingdom, the Society increasingly assumed a professional role, setting professional standards for actuaries involved in various areas of work and assisting with legislative developments in those areas in which actuaries play a role. The Society adopted a Memorandum and Articles of Association in 1988 to govern the scope of its activities and became an incorporated body, in order to better serve and represent members’ interests.

In 1993 the Society took over full responsibility for the professional conduct of actuaries in Ireland. It has, in the meantime, issued its Memorandum on Professional Conduct and Practice, introduced a Disciplinary Scheme (including a Tribunal of Inquiry and an Appeals Board) and issued a series of Guidance Notes relating to various areas of professional activity.”

Since the history was written in 1997, the development of the Society as a professional body has continued such that -

- the statutory definition of actuary for both life assurance and pension purposes is now a Fellow Member of the Society of Actuaries in Ireland,
- the appointed actuary for life assurance and the scheme actuary for pensions now require a practising certificate from the Society before they can carry out their statutory functions; practising certificates will shortly be extended to the general insurance area as a result of a requirement for actuarial certification of the reserves of non life insurance companies, and
- early last year we adopted a new constitution which put in place a revised Council structure as well as new arrangements for the election of Council members.



In summary, having started in 1972 as something more akin to a regional actuarial club with the major emphasis being on social and CPD type activities, the Society has developed in the intervening period to become a fully fledged professional body recognised by Government and representing the actuarial profession in Ireland with its own professional guidance notes, code of professional conduct and, if needed, disciplinary procedures.

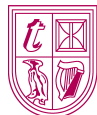
Here I would like to pay tribute to the foresight and vision of all former Presidents and, in particular to those who, over the past decade or so, oversaw the development of the Society to a fully-fledged professional body. My responsibility, and that of future Presidents, is to work with their Councils to build on these solid foundations, to identify and respond to the challenges and to create new opportunities for the profession in Ireland.

In his presidential address to the Faculty of Actuaries in October last, David Kingston spoke of the role of the Faculty and drew comparisons between the Faculty and the Society in Ireland. He went on to express the view that there must be at least as substantial a role for the Faculty in Scotland as there is for the Society in Ireland and he sought to increase activity through “*research, debate or social mingling among our members*”.

I am not suggesting now that we should change the model that has served us so well over almost 30 years; indeed I would be seeking to develop further our “research, debate and social mingling”. I have, for example, asked each of the main committees to identify appropriate areas of research from within their sphere of activity and to set up working groups to carry out this research and ultimately to present their conclusions to Society members at one of our regular evening meetings. I am also anxious that our newer qualified members should become more actively involved in Society affairs through serving on working groups, engaging in research and presenting papers to Society meetings. The education committee has agreed to take on this responsibility, in addition to its education portfolio.

However, it's upon our role as a professional body that I would like to focus my main comments this evening.

During Bruce Maxwell's presidency and following the presentation to an evening meeting of a discussion paper entitled “*The Actuary and the Irish Public*” the Society adopted the following mission statement:



“To develop the role and standing of the actuarial profession and enhance its reputation, in particular for serving the public interest”.

I believe that these words succinctly define our mission, vision, or the direction in which we should be aiming. But it begs a number of questions, including:

- what is the current standing of the actuarial profession in Ireland?
- what is its reputation?
- how well does it currently serve the public interest?

As Others See Us

One project that has been on the agenda of Council for the past year or two is the commissioning of an external survey among our public to enable us “*to see ourselves as others see us*”. I would include in “*our public*” the various arms of Government and regulators, other organisations representing business, the professions and trade unions as well as those with whom we interface in carrying out our statutory and professional roles. As part of this project and, given the recent growth in our membership, I believe that we should seek also the views of you, the membership, on how well or otherwise the Society is serving your needs.

Walter Merricks, the Financial Services Ombudsman in the UK, was invited by the Institute President, Peter Clark, to speak to the Institute’s AGM in July of this year on the topic “*What does the public expect of actuaries and the profession*”. His speech makes interesting, if uncomfortable, reading and perhaps should come with a ‘health warning’.

He described the last year as being something of an “*annus horribilis*” in the annals of the profession, with words such as Equitable Life, with profits, Independent Insurance, endowment mortgage, MFR etc. He commented that actuaries have been spotted by the hunting pack as key advisers in all these affairs and described them as “*mathematical mystery men, crafty calculators who cooked up clever schemes to rip people off, or at least who stood idly by while the marketing boys waved smoke and mirrors to stitch customers into disastrous long term contracts or to cream off money destined for investment into the company’s bottom drawer*”.



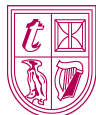
Elsewhere in the same paper, having looked at the Institute's professional conduct standards and statement of Vision and Values, he said that *“these give the impression that here are the independent professionals who fearlessly stand between employers and pensioners, between management and policy holders, using their knowledge and influence to ensure that the rights of the latter groups are not overwritten. No doubt some actuaries see themselves this way. But how far does this accord with reality? And with most actuaries either employed directly or indirectly by financial institutions, it is inevitable that you are seen as pipers playing the tunes that those who pay you want”* .

In his summing up he said that *“the public may reasonably expect of actuaries not just high standards of skill and competence, not just honesty and trustworthiness, but openness in the application of your skills, transparency in all your dealings and accountability for all your actions”* .

Pretty strong stuff I'm sure you'll agree. Even allowing for his paper being intentionally provocative, and his comments being prone to exaggeration in order to emphasise the point, I would be surprised if most actuaries did not identify, from their own experiences, at least a semblance of truth in what he was saying.

The Pensions Board, as you know, is a representative board and includes Government officials, trade unionists, employer representatives, actuarial, other professional and pensions industry bodies, as well as a number of individuals appointed by Government - a reasonable cross section of Irish society. The Board interfaces regularly with scheme actuaries and, from time to time, with the Society. During my 10 years on the Pensions Board I would have listened to much comment from Board Members and others on the profession and I've noticed that these comments have become more vocal in the last couple of years.

How do these people see us now? They would see the actuarial profession as having made a major contribution to the development of the statutory framework in Ireland and to its successful implementation. As individuals they would see us as skilled mathematicians, technically sound with competencies across a wide area. However, not all of the comments heard would be music to our ears and would include words and expressions such as “arrogant, not living in the real world, inwardly focussed, slow to accept change”, and furthermore they were not always convinced that we were not allowing commercial pressures to influence our professional judgement.



In my view, we ignore these perceptions at our peril. I am delighted to see that the challenges presented to the profession by Walter Merricks are being discussed at a joint meeting of the Councils of the Faculty and Institute on October 2nd. In his recent letter to members of the Faculty and Institute, Peter Clark, the Institute President, rightly in my view, concluded that this was not just a concern for the Councils and Boards, it is an issue for the whole profession.

You may ask why is this happening now? I don't believe that these types of comments and perceptions are unique to the actuarial profession, nor do I believe that they result from a lowering of standards. To my mind, they are a reflection of the changed environment within which we operate.

Firstly, there has been a loss of public confidence in institutions generally. This loss of confidence has resulted from a number of "scandals". Initially, we had the problem of Mr. Maxwell and the Mirror Group pension fund. This was followed by the great pensions mis-selling scandal in the UK. Closer to home we've had our tribunals and public accounts committee in which a number of professionals and trusted institutions featured in a none too complimentary manner. And more recently we've had Equitable Life, the oldest insurance company in the UK, closing for business and the collapse of Independent Insurance Company each with an actuarial involvement.

These, and similar events, have brought about a demand from consumer interests and others for more openness and accountability and for increased regulatory intervention.

At the same time, we are living in an information age where the requirement is for instant information which has been facilitated by technological developments.

In our own environment we've also seen a move away from paternalism and the sharing of risk to individualism and the empowerment of the individual. This has manifested itself in a move from with profits to unit linked policies, from defined benefit pension schemes to defined contribution with members being offered choices across a range of areas, and more recently we've had the introduction of approved retirement funds to replace annuities.



Our Responses

I believe that our first and most important response is to acknowledge and recognise that these changes are taking place and that we need to respond in a proactive rather than a reactive manner. I believe that this process is already in train within the Society but we need to do more. Let me bring you up to date with some work that is ongoing and identify some areas where, I believe, more needs to be done.

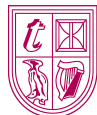
Regulation/Self Regulation of the Profession

My predecessor, Jimmy Joyce, convened a very successful symposium on this topic in November last. In introducing the symposium he pointed out that professional self regulation had received a bad press in recent times and that society generally had become more sceptical of the claims of professionals and increasingly unwilling to accept, without careful scrutiny, individual professional judgement. He continued *“this environment raised obvious challenges for self regulation increasing the need for professional guidance and for generating public understanding both for our capacities and our limitations, and placing a new emphasis on rules of conduct and disciplinary procedures”*.

Having heard from a number of distinguished speakers from the actuarial and other professions it was the almost unanimous view of those present that we should seek to maintain a self-regulatory approach. It was, however, acknowledged that this required an effective compliance monitoring and disciplinary processes.

A working party under the chairmanship of Paul O’Faherty was set up earlier this year and I know it has held a number of meetings on the topic. It is due to report to Council before the end of the year and I look forward to receiving and acting on its recommendations.

My personal view is that the status quo will not be acceptable and that if we are not seen to be proactively addressing the issue, regulation will be forced upon us. I am also conscious that, given the size of the profession in Ireland, any solutions must be practical and cost effective.



Reaching Out

I was struck by a recent comment made by a UK MP, Jim Cousins, in which he expressed the view that “*actuaries have been hiding for too long and need to raise their voices in public debate*”. In my view a similar comment could be made about the profession in Ireland.

Actuaries tend to be stereotyped. We must build active and productive relationships with the outside world, with policy makers, other professions and related organisations. This will not only add to our knowledge and skills but will also make others aware of what actuaries have to offer. We must learn to be leaders in thought and deed. We should be engaged in all major policy debates on matters central to our profession, but also in areas where actuaries can make a meaningful contribution.

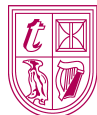
We currently enjoy a first class relationship with the Department of Enterprise, Trade and Employment and I think that this is an excellent example of what I have in mind. Likewise, we have been major contributors to pensions policy over the past 10 years through our involvement with the Pensions Board and the Department of Social Community and Family Affairs. More recently we have begun to build a relationship with the Department of Health, and, of course, the actuarial profession is well represented on the recently established Health Insurance Authority.

However, there are a number of examples of groups established within the public sector where I believe actuaries could be, but are not, making a contribution. For example, there is a long term issues group within the Department of Finance where there is little doubt that actuarial skills could make a contribution to the work of the group, and yet the Society has had no involvement. Within the Department of the Taoiseach there is also an IFSC working group on insurance, with lawyers, accountants, and tax consultants but no actuaries.

But, our reaching out needs to go beyond Government departments and regulators. We need to forge relationships with other relevant professional bodies, with academics, and with wider business interests.

Public Interest Agenda

We need to continue to develop our public interest agenda and be prepared to take positions on those issues where, through our skills and experience, we have



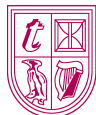
a contribution to make. In particular, we must be prepared to set aside narrow commercial interests where these conflict with our professional view.

I have asked each of the main practice committees to identify public interest issues from within their sphere of activity and Council will shortly be identifying those upon which we will be endeavouring to develop a position. In the meantime, let me offer some examples from my own specialist area - pensions.

One of the principal drivers of the move away from defined benefit to defined contribution has been, in my view, the perceived poor value that the former offers to leavers. This issue was highlighted in an article a year or two ago under the heading "an actuarial anachronism". The blame for this anachronism was placed on the scheme actuary. We, quite correctly, responded that our role was to calculate the value of the benefits payable on leaving. But, as a profession, should we not be doing more. Should we not be the ones drawing attention to the anachronism and seeking to bring about change to ensure that the member leaving receives "fair value" and that the scheme (and therefore ultimately the employer) does not "profit" from a member's withdrawal? After all, an employer does not expect a profit when an employee leaves a defined contribution scheme, so why should it happen under a defined benefit scheme?

A related issue is the rate at which pension under a defined benefit scheme is exchanged for cash on retirement, commonly called the commutation factors. Scheme rules will probably say that the rate is determined by the trustees "on the advice of the actuary". Yet, a rate of £9 per £1 of pension is almost invariably used in the case of a man retiring at age 65, regardless of the circumstances. If the member were to leave on the previous day a current transfer value would place a value of approximately £11 on each £1 of retirement pension; more if the pension was an index linked one. Does this represent "fairness" to the member?

We also need to be to the fore in pointing to the consequences of increased longevity and falling interest rates on both defined benefit and defined contribution plans. A recent study concluded that a combination of falling interest rates and increasing life expectancy allied to low or negative return on pension fund assets meant that of the FTSE 100 companies in the UK, 17 had underfunded defined benefit schemes. Another study concluded that the same factors meant that a 30 year old entering a defined contribution plan with contributions of 10% of salary could now expect a pension at age 65 of 24% of salary, compared to 55% 10 years ago.



But, we need to do more than point to the consequences. We need to engage in discussions and debate, with others, to find acceptable and workable solutions. In this context, I would agree with an actuarial colleague, Peter Thompson, who in his inaugural address as Chairman of the National Association of Pension Funds earlier this year stated that *“increased longevity will have a critical impact on the long term affordability of pensions, and our entire approach to the concept of retirement”*.

These are the potential “scandals” that future actuaries will have to respond to unless we are successful in leading change in the intervening period.

Education and CPD

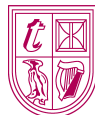
Although the Society has no direct role in the education of our students it naturally retains a major involvement in this key area.

For a number of years now we have had actuarial degree courses successfully running in both UCD and DCU. And I’m sure the number of new qualifiers this year is not unrelated to the success of these courses. I am also aware that both UCG and UCC are considering introducing actuarial degree courses.

Nonetheless, the major responsibility for actuarial education rests with the Institute and Faculty in the UK as far as the majority of people here are concerned. The Institute and Faculty have recently carried out a review of education strategy and, in parallel with this exercise, discussions have taken place with the actuarial bodies in North America and Australia with a view to increasing international co-operation in actuarial education. A common set of principles has emerged and these have now been ratified by the relevant actuarial bodies.

These common principles aim to preserve and enhance the public perception of the profession and to encourage and reflect the advancement of actuarial science and the actuarial education process by:

- developing actuaries who are able to deliver a service of quality and high standard to meet the current and projected future needs of clients, customers and the public,
- attracting the best and brightest candidates from a range of numerate backgrounds,



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- ensuring coverage of core topics common to all disciplines as well as speciality requirements and the emerging needs of the profession so as to prepare members to take on a variety of different roles,
 - providing a balance among theoretical concepts, practical applications, business acumen and professionalism,
 - developing actuaries who demonstrate key characteristics of the profession, such as rigour and a long term perspective,
 - emphasising quality of learning to foster deep understanding by using the best educational opportunities available and appropriate assessment of methods, and
 - recognising the international educational guideline of the International Actuarial Association and contributing to the globalisation of the profession.

I welcome this change and believe that it represents an important response to some of the issues identified earlier.

However, education does not stop there. An equally critical area, in enabling us to ensure that our members are up to date, is our CPD procedures. This is an area where, perhaps, more attention needs to be focussed if we are to retain public confidence in the profession. In this context, I was interested in an observation made by Clare Bellis, an Australian actuary, in a recent paper to the Institute on “*Professions in Society*”. She observed, that “*the examinations for new entrants to the actuarial professions have notoriously high failure rates, while the rate of expulsion from the profession for failure to maintain competence has so far been noticeably low*”.

Perhaps she has a point of substance, but let me hasten to add, that I am not seeking to have members of the profession in Ireland expelled. We may, however, need to set higher, and more relevant standards in order to obtain and retain public confidence in our system of practising certificates. Also, should our non- statutory CPD also focus on developing the wider skills that we will need if we are to broaden our role in the future? I’m thinking of areas such as communication techniques and business skills. In the meantime, I have asked our function chairman and the chairmen of our practice committees to ensure that we have adequate and relevant CPD events over the coming year to enable all of our members to meet their CPD requirements.



Development of Professional Guidance

As I mentioned earlier, in tracing the history of the Society in Ireland, it was only in 1993 that the Society took full responsibility for the professional conduct of actuaries in Ireland by issuing its memorandum on professional conduct and practice, introducing a disciplinary scheme and issuing professional guidance notes to its members. The first guidance notes were issued in 1993 and related to the production of actuarial funding certificates under the Pensions Act, and to the calculation of transfer values. Shortly afterwards, in 1995, a series of guidance notes relating to life assurance business were issued by the Society. Prior to that, members of the Society operating in Ireland were subject to the professional guidance issued by the Institute and Faculty in the UK. It was around this time also that the Society gained recognition by Government as the voice of the profession in Ireland.

In those early days, the production of guidance notes was not an unduly onerous task since in most cases, they mirrored the corresponding Institute/Faculty guidance notes and required little change - apart from the addition of the letters ROI after the relevant number.

Gradually, as the legislation developed here and as the statutory role of the actuary broadened into new areas that were not mirrored in the UK, the need arose to develop professional guidance that was not based on a UK precedent. There have been a number of examples but two current examples are:

- the actuarial certification of the reserves of non life assurance companies
- the various roles proposed for the PRSA actuary under the recently published Pensions Bill.

In the early days of guidance notes, the debate within the profession was whether guidance notes were necessary - after all, the profession had been well served for over a century by relying on the professional judgement of the individual actuary. I don't sense that there are any lingering devotees of the individual professional judgement argument today, particularly in relation to the actuary's statutory role. To my mind, the debate has moved on to one of whether, and to what extent, prescription should be contained in guidance notes or, as I would put it, the extent to which guidance should not alone include principles, but also the application of these principles. I see a growing demand for consistency, such that, particularly in



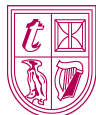
relation to statutory work, the answer or conclusion would not vary significantly from one actuary to another. A recent example is the guidance note on transfer values, where the discount rate and other key assumptions are now prescribed as well as the adjustment to be made to reflect market conditions at the date of calculation.

Another development has been the statutory underpinning of our professional guidance notes. This first occurred in the mid 1990s in the life assurance area and the recent Pensions Bill now proposes that it be extended to a number of areas covered by the Bill, such as the production of actuarial funding certificates, the calculation of transfer values, and the certification of PRSA provider and product compliance. In my view, statutory underpinning strengthens rather than weakens the position of the actuary and gives us additional powers to discharge our responsibilities.

It, however, raises new issues for the Society, not least of which is the understandable reluctance on the part of the relevant Minister to cede control over subsequent changes in the guidance note. I know that a number of members have difficulty with this concept, but my personal view is that the statutory recognition of our guidance notes (even if we don't exercise total control over their amendment) is preferable to the alternative of direct regulation to which we may have little or no input.

This greatly increased activity resulting from our growing role as a professional body has a number of implications:

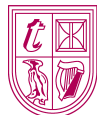
1. It will require substantial commitment from our membership to ensure that the necessary guidance notes are comprehensive and clear. Here I would like to acknowledge the contributions already willingly made by a number of our members and to pay special tribute to our guidance note "guru", Bill Hannan. I would, however, make a plea to others to become involved in this key area of the Society's work.
2. It will require effective compliance monitoring procedures, particularly for those guidance notes that relate to statutory work. As I have already said, this is one of the issues being addressed by Paul O'Faherty's working group.



3. Next, there is the disciplinary process. With our growing role comes the increased likelihood that we will have to apply our disciplinary scheme. We know from our counterparts in the UK that this is a costly process. David Devlin, an accountant, speaking at our symposium in November made the very same point based on the experience of the Institute of Chartered Accountants in Ireland. And there is the issue highlighted by both Clare Bellis and Walter Merricks, of a small profession with limited funds facing the prospect of trying to discipline a member who is backed by the full resources of the institution or firm for which he or she works.
4. It also has an inevitable consequence for the resources - human and financial - needed to run the Society. On the human side, Mary Butler continues to do trojan work on behalf of the Society and I would like to pay tribute publicly to Mary here this evening - but there's only so much that one person can do. On the financial side, our membership is continuing to grow and this generates a welcome increase in our revenue. Nonetheless, we will need an even more substantial increase in our revenue and reserves, if we are to function properly as a professional body and to provide the necessary support to the membership of the Society. In this context, I note with interest that the Institute and Faculty this year found it necessary to increase substantially the fee for practising certificates in order to cover the increased costs involved.

We are proposing to carry out a major review of our policy in relation to our various sources of income - subscriptions, practising certificate fees, charges for evening meetings, seminars etc. - and to consider other avenues of income that may be open to us.

5. Our growing role as a professional body also obliges us to review our relationship and respective responsibilities with the Institute and Faculty. No, I'm not suggesting that we make a declaration of independence or become an examining body for future actuaries in Ireland; indeed if anything, I would see us working more closely with the Institute and Faculty in the future in the spirit of globalisation of the profession. I'm more thinking of a review of our respective responsibility in relation to members of the Institute and Faculty working in Ireland to ensure that there is no overlap or other inefficiencies. An example which we are currently pursuing is the introduction of an Irish professionalism course for newly qualified actuaries and we are hoping to introduce such a course for those qualifying



later this year. Assuming we don't encounter any last minute hitches, I would ask actuarial employers to encourage their qualifiers to take the Irish professionalism course.

International Scene

As the profession becomes more of a global one, we continue to play an active role in the Groupe Consultatif and the International Actuarial Association, thanks to the efforts of a number of people including Bruce Maxwell, Jim Kehoe and Paul Kelly.

Earlier this year, the Society concluded mutual recognition agreements with the Australian Institute of Actuaries, the Canadian Institute of Actuaries and the US Society of Actuaries. These agreements set out the conditions on which members of the Society who wish to pursue actively the profession of actuary in Australia, Canada or the US may be admitted to our fellow associations and vice versa. These agreements are in addition to the Groupe Consultatif agreement on the mutual recognition of qualifications, which is applicable to Fellows working in EU member states.

Current Practice Issues

Before winding up, I would like to review some current issues in a number of practice areas.

Pensions

The main focus of attention of the pensions committee is the recently published Pensions Bill. Excluding PRSAs, the provisions of the Bill will necessitate amendments to existing, or completely new, guidance notes in three key areas. In addition, the committee is undertaking a further survey of valuation methods and transfer values which, among other things, will enable us to measure the effectiveness of the more prescriptive new guidance note on transfer values introduced earlier this year.

The introduction of PRSAs has been welcomed by the Society and the framework, as envisaged, will require a major input from the actuarial profession. A separate PRSA working group has been established to consider all actuarial aspects of the PRSA framework, to review these with the Department as necessary, and to prepare the guidance notes needed to give effect to a number of its provisions.



I referred earlier to the implications of longevity for both defined benefit and defined contribution pension schemes. One aspect of life expectancy that hasn't been measured here or, to the best of my knowledge, in the UK, is the pensioner mortality experience of the larger pension funds - those that typically don't purchase annuities. A project, under the guidance of Michael Marsh of DCU, has commenced to measure this experience, although, I would imagine that it would be a number of years before meaningful statistics and trends emerge.

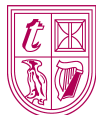
The new accounting standard, FRS 17, will increasingly affect our lives as it takes full effect over the coming years. It will require significant actuarial input and a new guidance note is being developed although, in this case, we may be able to "piggyback" on the corresponding Institute and Faculty guidance note.

As I move away from pensions, I am conscious that I'm straying into territory where I would certainly fail the competency requirement of our memorandum on professional conduct. However, I'm satisfied that as far as Council is concerned, I will be acting in co-operation with, or with the guidance of, a number of fellow Council members with appropriate knowledge and experience.

Life

Much of the work of the life committee over the past year has been taken up by the introduction of a guidance note which supports the disclosure regulations introduced this year. I don't intend to go into the many areas covered by the regulation and guidance notes. I know that there are contentious areas and, of course, differing views. I would share the view expressed by my predecessor, Jimmy Joyce, in his presidential address, in which he expressed the view that the actuary's statutory role in relation to the disclosure regulations was not a natural extension of the actuary's role in life assurance. The same could be said of the role envisaged for the actuary under the PRSA framework. However, the fact that we have been given these responsibilities is, to my mind, indicative of the professional reputation earned by the Society over the past decade.

An issue, which has been receiving increasing media attention, is the one of policyholders reasonable expectations and the actuary's responsibility thereto. I am aware that, at one level, this is concerned with a fair and equitable approach as between shareholders and policyholders and as between the various classes and generations of policyholders and indeed the ownership of the inherited estate.



However, at another level, it is concerned with the creation and realisation of the reasonable expectation of individual policyholders. This issue was referred to by two of my predecessors, Jim Kehoe and Bill Hannan, in their presidential addresses. The disclosure regulations, now introduced, expand on the actuary's responsibilities in relation to policyholders' reasonable expectations and I believe that this has to be seen as bridging a major gap in policyholder protection and is to be welcomed. For the sake of the profession, it is important that we all work to see that it is effective.

General Insurance

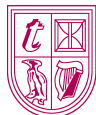
In July of last year, the IMF, in conjunction with the World Bank, completed an assessment of the regulation of the financial sector in Ireland. One of its recommendations was that actuarial certification should be required on the reserves held by general insurers writing long tail compensation classes of insurance. I should say that the Society for some time had been actively promoting a solution of this type. The Department of Enterprise, Trade and Employment moved quickly to implement this recommendation and plans to introduce it on a trial basis for annual returns in 2001. Based on the experience of the first year, changes may be introduced in subsequent years.

The preparation of the necessary guidance notes is already underway and some of the issues identified earlier for other areas of work are being grappled with, such as the degree of prescription and an appropriate monitoring process. There will also be a requirement to introduce practising certificates.

Once more, the Society has welcomed this development and is working closely with the Department. In this instance, we are introducing guidance ahead of the Institute and Faculty

Investment

David Kingston recently chaired a committee of the Institute and Faculty, whose brief was to consider the role of actuaries in the investment field and to recommend ways of strengthening this role. They identified a number of potential growth areas, but also concluded that without a major re-emphasis by the actuarial profession on the management of assets, and the tools available to do so, we will lose any remaining credibility we have as a profession in the asset management area.



Looking through our membership in Ireland, I believe that I could count on one hand, the number of members involved in the asset management area (and perhaps I wouldn't even need the full hand). Therefore, one of the important roles for our investment committee in the coming years will be to develop a profile for the profession in the investment and related areas. The introduction of core and specialist subjects to the examination as proposed in the education strategy review will, to my mind, help.

Healthcare

Healthcare is a relatively new practice area for actuaries, but it provides enormous scope for the use of actuarial skills and experience.

A working party from within the healthcare committee produced an excellent piece of original research earlier this year in its paper "Population Mortality and Morbidity in Ireland". This created a huge interest not alone among the profession in Ireland but also within Government departments. It also received extensive media coverage. This, to my mind, is an excellent example of actuaries using their knowledge and expertise to input into a debate on the development of social policy in a key area. The same working party also envisaged the further development of its brief and I know that they are considering a number of follow up topics.

This committee is also examining a number of other issues, such as the controversial one of genetics and insurance, with a view to the Society producing a position paper thereon.

A Request and A Thought

Before trying to summarise, I would like to make two final points, one a request, the other a thought for consideration. The request relates to the use of our initials. Our Articles of Association state that "*a Fellow may use after his name the initials FSAI, an Associate may use after his name the initials ASAI, and an Honorary Fellow may use after his name the initials Hon. FSAI*".

Actuary is now defined in statute as a Fellow of the Society of Actuaries in Ireland, so it seems totally appropriate that, in signing any statutory certificate or report, we should show our qualification as a Fellow of the Society by using the initials FSAI. Even in the case of non-statutory work carried out in Ireland, I believe that there is a strong case for using FSAI rather than our original qualification, such as FIA



or FFA. In particular, I would urge members to include FSAI when showing their qualifications on, for example, their business cards.

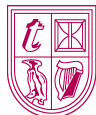
At the outset I mentioned that I was taking as a broad theme “*The role of Society in Irish society in 2001 and beyond*”.

The second point therefore - the thought for consideration - relates to our wider role in society. Actuaries are perceived as being well paid and, I suppose, as being comfortably off. But, what are we as actuaries giving back to society? Individually we may be, I clearly don't know, and maybe that's the way it should be left. But have we as a Society any role or, indeed, responsibility. Could we adopt a charity, support a cause, or a community project and make a contribution to it - not just a financial contribution but a contribution of time. I know that we're all incredibly busy but surely we could spare just a little time. I would be interested in your views.

Summary

At this stage, it is normal for a President to summarise and to set out his agenda for the period of his presidency. I intend to summarise in a moment, but I will be working with Council over the coming weeks to develop a strategic agenda for the Society, a strategy that hopefully will support the achievement of the Society's mission. I will be, naturally, inputting many of the points I've made this evening into that process. So what are these?

1. The Society has made enormous progress over the past almost 30 years and, in particular, in its transition from an actuarial club to a fully-fledged professional body with a clear purpose and direction.
2. The environment, both social and professional, is, however, continuing to change, perhaps at a greater pace now than at any time in the Society's history. We need to acknowledge and recognise this changing environment and we need to respond in a proactive manner.
3. We need to reach out as a profession to policymakers, other professionals and related organisations. We should be engaged in all major policy debates on matters central to our profession, but also in areas where actuaries can make a meaningful contribution.



4. We need to develop our public interest agenda. We need to identify issues, to research and debate them and then to publicise our views, even where these might be in conflict with some of our commercial interests.
5. We need to review our CPD requirements. We need also to use CPD, not alone to develop our traditional skills but also to add to our skills set.
6. The greatly increased activity resulting from our growing role as a professional body has a number of implications and these need to be addressed.
7. Finally, I've asked the membership to use the initials FSAI whenever appropriate and to consider whether we have a wider role in society.

In reading through other Presidential addresses, it is clear that a President is expected to read back on earlier such addresses to find, among other things, words of wisdom and inspiration. Whereas I've read the past addresses of the Society's Presidents (all 4), I must admit that I've only read some of the more recent Institute and Faculty offerings. The fact that I'm going to quote from the address of an Institute President at the beginning of the last century is entirely due to a quotation of his being included by Peter Clark, in his recent Presidential address to the Institute. The quotation is from Charles Higham and was made as his presidential address in November 1900. I believe it, however, to be particularly apt for this evening:

"As I look back on the giants who have preceded me, or forward and speculate on the future attainments of those who are now winning their golden spurs, it is not this place that I would wish to occupy, but I trust to the cordial support of colleagues and friends which is traditional among us, and go on with a willing mind to meet all that is to be during my period of office."