



Institute of Actuaries of Australia

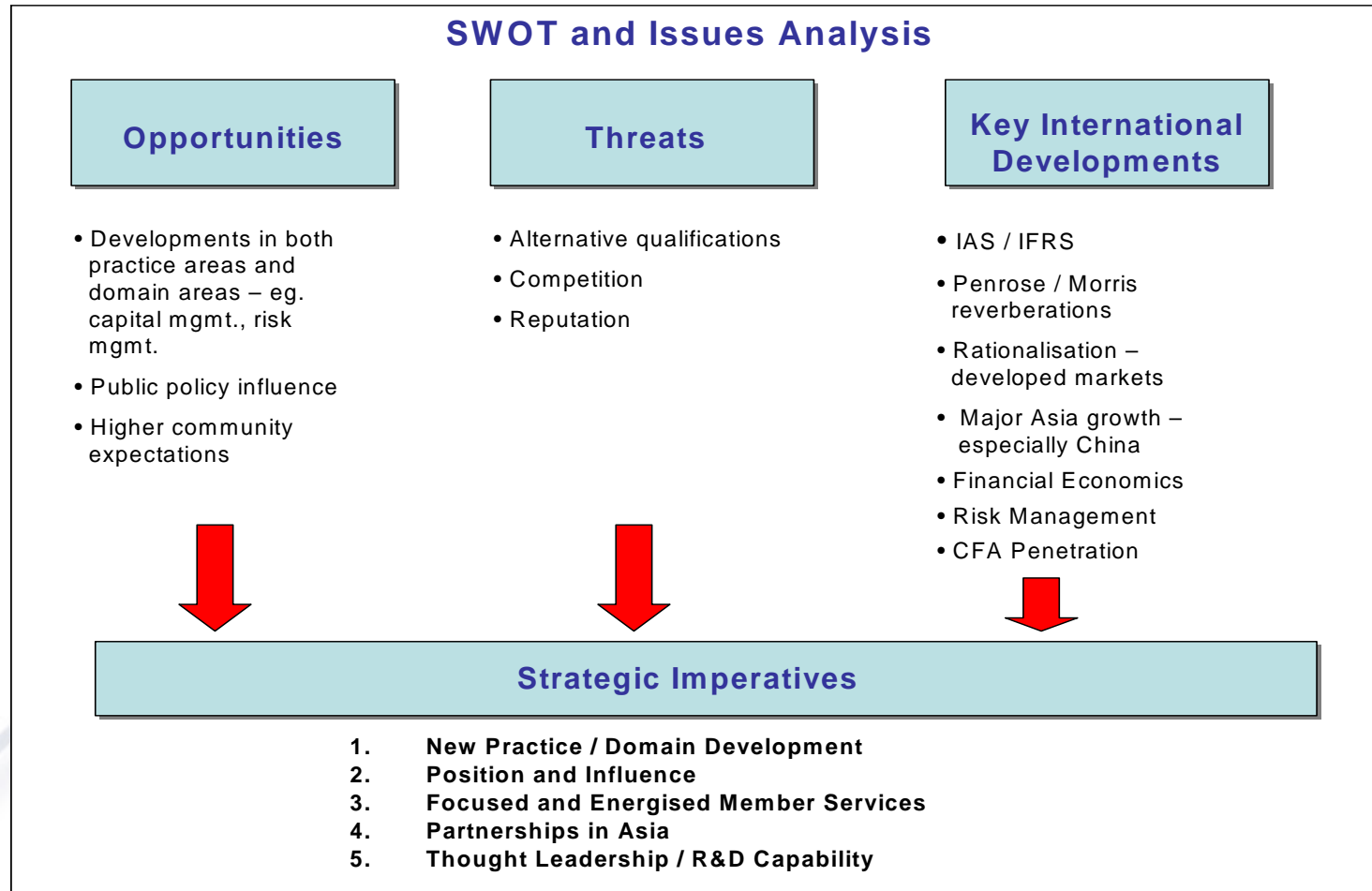


New Zealand Society of Actuaries Conference - Australasian Issues

14 – 17 November, 2004

Andrew Gale
Senior Vice President
Institute of Actuaries of Australia

Strategic Imperatives..... A Matter of Trust



Global Developments and Impacts

- **Penrose\Morris Impacts**
- **IAA Developments**
 - **Promulgation of Standards**
 - **Risk Initiatives**
- **IFRS**



What do our Public expect of us? An Australian View

‘We know actuaries are very smart people who have a great faculty with mathematics and numbers especially in dealing with the future. We don’t understand what you do, but we expect you to get “it” right and to tell us when “it” is wrong.’ - Journalist’s comment at Institute lunch

‘Statutory requirements to use an actuary clearly carry significant benefits for the profession. However, governments do not confer monopoly rights without expecting some quid pro quo. Governments expect actuaries to take their duty at law seriously and exhibit due care and diligence in the discharge of their duties.’ - Senator Helen Coonan, former Minister for Revenue & Asst Treasurer

‘Why didn’t someone ask the question “Is this right?”’

- Justice Owen, HIH Royal Commissioner



Duty to “client”

Duty to public interest

- A balanced approach – but with a shift towards the public interest
- Understand fully how advice may be used
- Communicate advice with this in mind (purpose and limitations)
- Consider when public interest over-rides client confidentiality



What is Australia doing about Quality and Integrity

Corporate Governance (2003) & Penrose/Morris Taskforce (2004) – key recommendations

- Independent peer review
- Review professional standards and Code of Conduct
- Mentoring
- Whistle blowing
- Improved Education & CPD
- Practice certificates
- Regulatory responsibilities



IAA 2004-7 Strategic Plan:

- **Address the core**
 - Reputation, Standards, Education, CPD, Research
 - Implementation of new Part III
- **Strategic – especially :**
 1. **General Insurance growth – FCRs; Risk roles**
 2. **Banking & Finance**
 3. **Risk Analysis and Management**
 4. **Capital Management**

Huge developing demand driven by commercial and regulatory need.



Developments of Interest

- **Banking, Finance and Investments Review Taskforce**
- **ARCA (Actuarial Research Centre of Australia)**
- **Risk Initiatives**
 - **International Risk Institute**
 - **Enterprise Risk Management**
 - **CRO's**



New Zealand/Australia Relations

- Overseas Affiliate Proposal
- Practice Committee Representation
- Standards
- Regulatory Harmonisation
- Education
- CPD



Emerging CPD Directions

- **More objective definitions of CPD**
- **Practising Certificates :**
 - **Relevance to statutory roles**
 - **Recognition of particular expertise**
 - **Branding/positioning; employment opportunities**
 - **2005 Convention discussion**
- **PS 500 Review (2005 Convention discussion)**
- **CPD Delivery**
 - **Premise that every member is 'remote'**
 - **As much CPD information as possible to be on website**



Institute of Actuaries of Australia

Visit *www.actuaries.asn.au*



The Global Challenges

- **Working together**
- **Repairing and enhancing the traditional reputation**
- **Constantly refurbishing the intellectual foundations of the profession**
- **Building a global position in risk management**
- **Linking with development of profession in India and China**



The Actuarial Profession is in the spotlight

Professional Quality and Integrity

Australia - HIH, James Hardie
UK - Equitable, Defined Benefit Pensions, Morris Enquiry

Competing Influences

Financial Economics
Risk Management

BUT

Opportunities

Especially General Insurance, Banking and Finance, Risk and Capital Management.
Huge developing demand driven by commercial and regulatory need.



Key initiative and priorities -2005

- **Introduction of Independent Peer Review**
- **Review of Professional Standards**
- **Review of Code of Conduct**
- **Review of Disciplinary Scheme**
- **New Part III Education**



“James Hardie” Taskforce

Recommendations include amendments to Code of Conduct

- **clarify and support position and response of actuary if work is misused**
- **notification of outdated advice or advice revision**
- **measures to avoid misinterpretation of advice**
- **declaration of independence; conflicts of interest**
- **disclosure of all information relied upon**



What are the hard choices we have to make?

- **CPD – How much? How tough? How regular?**
- **Professional Standards – balance between “black letter” law and broad principles**
- **Discipline – balance between transparency (publicity) and confidentiality; speed and due process**

