



# **The Actuarial Profession**

making financial sense of the future

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## **THE WORLD NEEDS ACTUARIES**

ADDRESS

BY THE PRESIDENT OF THE FACULTY OF ACTUARIES

**RONNIE BOWIE**

Delivered to the Faculty of Actuaries, 6 October 2008

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### THE CURRENT FINANCIAL CRISIS

Rarely can a President of the Faculty have stood to make his address with such financial turmoil going on around him.

Across the western world many of the so-called ‘masters of the financial universe’ have been proven to be no more than ordinary mortals. Some of them will be able to reflect on the ordinariness of their talent in the luxury which their millions have bought.

However, most citizens and taxpayers will have no such luxury. Instead, we will pay for these excesses for many years to come.

Whichever way you look at it, the situation cannot be resolved without significant government bailout – and that means by us as taxpayers. Governments are effectively pledging a part of the taxes they will raise in future years to underwrite the cost of unwinding billions of pounds’ worth of unwise loans.

In consequence, governments will be less able to fund their citizens’ health care, their social care for older and vulnerable people, their childrens’ education and the various other elements of the infrastructure of a civilised society. It may take a generation or more before the effects have fully washed through the system.

There must be an uncomfortably high probability that parts of the world will suffer social tension and threats to inter-generational solidarity. We can only hope that the coincidence of economic woes and the rise of the far right in Austria and other European countries in the 1930s finds no echo 75 years on.

Who knows what further damage lies ahead and what other household names are yet to fall from grace? It seems certain that things will get worse before they get better and it seems highly likely that the contagion will spread into the real economy even more than it already has.

For 20 years companies and individuals have been encouraged to ‘gear up their balance sheets’. The unwinding of that debt fest will be an unpleasant one.

Of one thing I am certain. We can no longer have banks run with the risks needed to generate huge profits when what the public wants and needs is for them to be run in a secure, risk-averse way. The public demands that banks be run like utilities, not like low cost airlines!

Questions will rightly be asked of the role of regulators and lessons will undoubtedly be learned.

My personal view is that these are not failures of government or regulators, but that they have largely been failures of management to run their businesses within an appropriate risk framework.

Directors and management may argue that their risk models were telling them that their actions were within an acceptable risk level, but, ultimately, management must take responsibility for those risk models and any failures therein.

The directors of Bradford & Bingley should not have needed complicated risk models to tell them that if you don’t carry out any checks on whether the income that their borrowers are claiming to have actually is real income, then things could go badly pear-shaped, which indeed they did!

### HOW CAN ACTUARIES HELP?

As the process of rebuilding our financial systems begins, it is my view that we actuaries have a valuable role to play.

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My expectation is that, in future, management of financial institutions is going to need help from those who truly understand risk and who are not simply slaves to mathematical models. The world is going to want the stewards of their savings, insurance and investment to be curious to find out where the risks lie, energetic in finding ways of managing and reducing those risks, and influential in persuading company management to take the necessary actions.

The world is going to place its greatest trust in those whose training, experience and moral backbone will serve not only their clients and employers, but also the broader public interest.

These are times when the world needs actuaries (even if the world does not yet know it). In particular, it needs those actuaries who are impressively and consistently curious, energetic and influential.

## RISING TO THE CHALLENGE

If we are to answer that need and take advantage of those opportunities, we are going to have to display a boldness and a spirit of enterprise for which we are not currently renowned.

Yet, if we do not take that bold and expansive option, I fear that the alternative of nestling in the well-paid comfort of our traditional areas may mean that, in the very long run, the actuarial profession may go the way of all trades, professions and businesses which have not stayed in tune with their customers' needs; a cycle of complacency, decline and, eventually, irrelevance.

In financial markets, we are seeing the fallout from irrational exuberance. But, we must remember that the opportunity cost of irrational conservatism can be almost as damaging. The effects of irrational conservatism may happen more slowly, but they may ultimately be just as terminal.

So, I approach the privilege of being able to give this address with a sense of cautious confidence, but also with a sense of some urgency.

We now have a clear strategy for the UK Profession and a robust internal infrastructure to support it. I pay tribute to my predecessors and thank them for giving my fellow Council members and me the platform on which to build.

### Profession's purpose

- Support members through their careers
- Market the profession



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The present financial turbulence may afford actuaries opportunities to broaden the use of our skill set. The role of the professional body is to support them and to market the actuarial skill set.

What, then, can and should the leaders of the Profession do to best serve our members and what can and should our members do in response?

## Today`s themes

- World class member support
- Marketing the profession
- Regulatory stakeholders
- Vibrant Scotland



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I have four themes today.

The first is that the UK Profession will strive to become a world class member support organisation, supporting our members so that it is as easy as possible for them to continually develop and enhance their skills to meet each new challenge.

The second is that we will energetically market the profession's skills (especially in new areas of activity) to potential recruits, to current and potential employers and to other influencers, so that it continues to be a profession which attracts the brightest and best.

The third is that we will seek to establish the Profession as the most valued and trusted voice with our various regulatory stakeholders.

Fourthly, and finally, we will do all we can to make Scotland a vibrant centre of actuarial excellence.

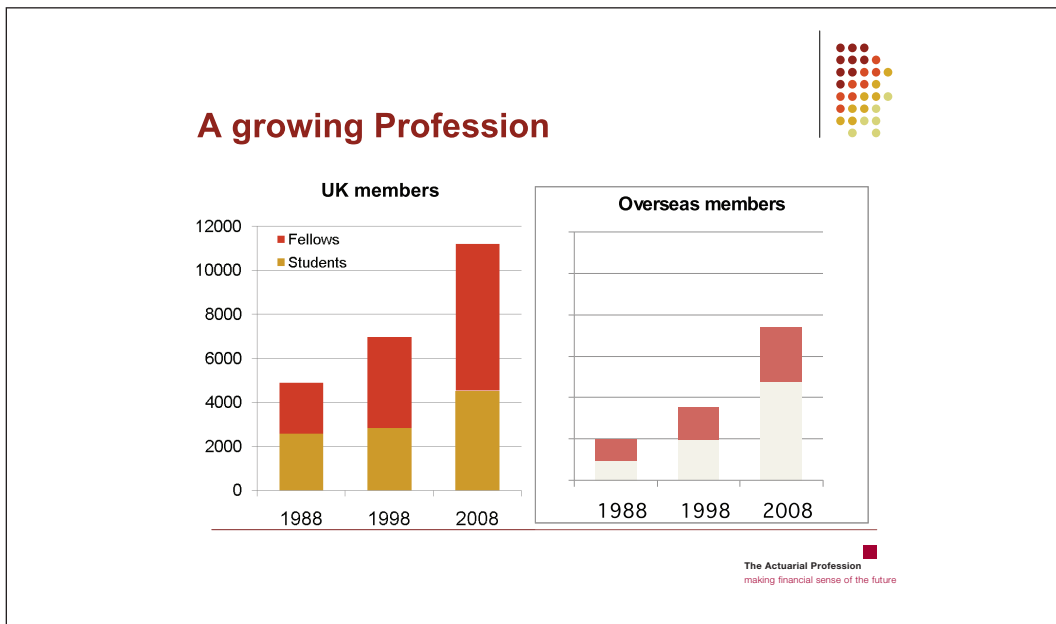
## THE STATE OF THE UK ACTUARIAL PROFESSION

I very much subscribe to the view that the further back in history we look, the more we can learn – a lesson which would have been very useful to many fallen stars of the investment banking industry whose unthinking application of models used as little as five years of historical data.

If it is always helpful to understand the historical context, then it is absolutely essential (for any talk by an actuary) to have charts, graphs and numbers! So, here goes.

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*UK members doubled, Fellows trebled, overseas quadrupled.*

These charts show the growth in the Profession over the last 20 years. Growth has been, and continues to be, very encouraging. For example, in April 2008, nearly 10,000 examinations were sat in 120 centres around the world.

I would like to pay tribute to the dozens of volunteers whose vital, yet rarely acknowledged, efforts keep this enormously important work going. The willingness of such a large proportion of our small profession to come forward as volunteers to support a wide range of activities is a distinguishing and rewarding feature of the Profession.

The growth in the actuarial profession has indeed, by most measures, been a great success story. Demand for actuaries has substantially exceeded supply. The average newly qualified actuary apparently now has a salary of £55,000 per annum, the average qualified actuary with 10 years' experience has a salary of around £125,000 per annum, and most enjoy interesting and fulfilling employment. These include actuaries working in central London, but they are nonetheless the envy of most other professions.

However, as I hinted earlier, that very success could pose a risk and we must not be complacent about the need to maintain the lustre of the profession.

It is also encouraging to note that the proportion of Fellows outside our traditional areas continues to grow also.

Two weeks ago, I was delighted to attend the Profession's convention of actuaries working in general insurance. It was not so long ago that this was one of the emerging new areas for actuaries. Nearly 600 delegates attended the convention and demand for actuaries in this field continues to grow strongly.

Three aspects of the programme for the convention struck me.

The first was the content of a number of the sessions and, in particular, the topic of climate change and a session on flood water patterns and their impact on the insurance market. The subject matter of this and many other sessions has a very real and understandable meaning for the general public. We need to exploit this practical aspect of the work of the profession in our marketing.

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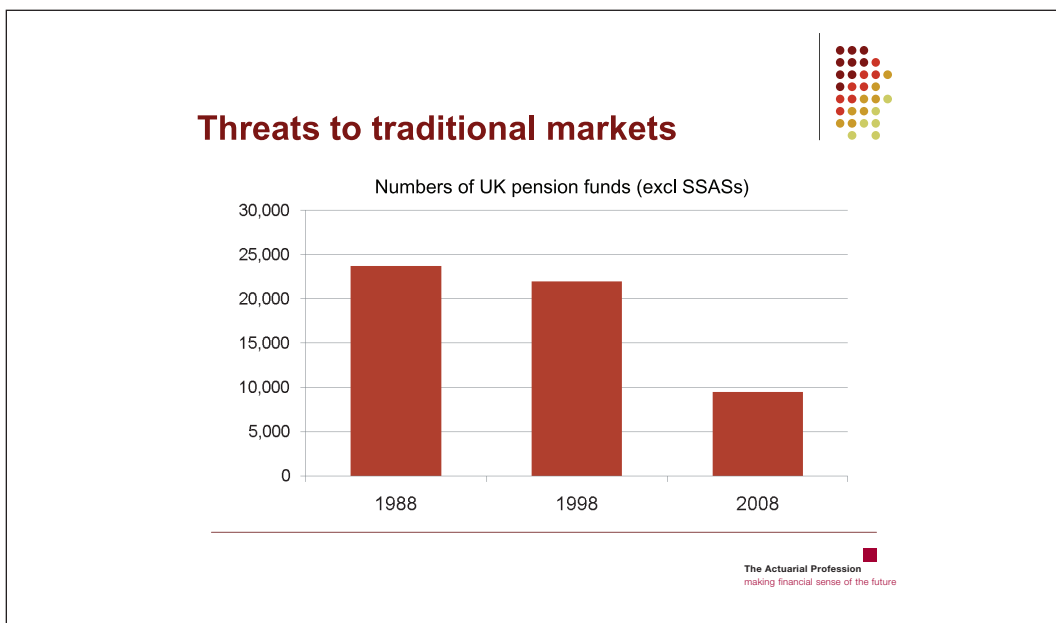
Secondly, I was struck by the fact that there was much more commonality between the skills and techniques used by general insurance actuaries and those used by actuaries in other disciplines than I had expected. That issue of transferability of skills is one to which I will return later.

The third thing that struck me about the convention was how fast moving that subject is. The general insurance area of our activity is less highly regulated than life assurance and pensions, and it therefore seems to me to be less encumbered and more fleet-of-foot.

If we regard actuaries in life and pensions as the heavy artillery of the profession, so the actuaries in general insurance and the other new areas might be regarded as the light infantry.

We will always need some heavy artillery. But one of my hopes for the next two years is that we will become as well known for our highly trained financial light infantry – ready to tackle risk management problems wherever they arise – as we are for our heavy artillery. We need to be ready to fight tomorrow's battles, not yesterday's.

In insurance, the peak of work around Solvency II may keep demand high for a period, but the situation five years hence is less clear. In pensions, the difficult times may be closer at hand.



Within the pension scheme environment there are no new defined benefit pension schemes and, as an increasing number of trustees and employers seek to buy-out their liabilities, it seems likely that the number of pension schemes will decline further. In addition, there appears to be more and more standardisation and a risk that our services become more and more of a commodity (of which, more later).

Pensions, therefore, seems likely to be the area where we will feel the draught first. Whilst even here there are opportunities (which I shall return to later), and whilst the skills of pensions actuaries may be transferable, we should not underestimate the difficulty of changing discipline.

It would take courage (and often a backward step, some re-training and a short term reduction in salary) before one could change disciplines.



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Thus, for as long as the going remains good to firm in insurance and pensions, I do not expect there to be a mass migration. However, if the going gets soft or heavy the Profession must be ready to offer re-training and a re-skilling.

## A VISION FOR THE FUTURE

My vision is that, in the future, actuaries will continue to be regarded as being among the brightest and best. However, it will be as the brightest and best across a wide range of disciplines whose common theme is quantitative risk management. We will bring a unique combination of mathematical ability, business awareness, practical application and communication skills.

In that vision, the actuarial qualification will be one of the most desirable passports in business.

This is a very tall order. Yet, if we succeed, the lustre of our profession will be burnished.

What is the Profession doing to deliver that vision/dream/fantasy of an extraordinarily talented financial light infantry?

It is easiest to divide this into how the Profession is supporting today's and tomorrow's actuary; by firstly looking at the education and training of tomorrow's actuary and then thinking about the development (and occasional re-training) of today's actuary.

## TOMORROW'S ACTUARY

Anyone who qualified more than 10 years ago would hardly recognise the current examination syllabus.

The Core Technical part covers eight truly technical subjects. These take about one to two years. In addition, there is a ninth subject which is a two-day business awareness course. This two-day course offers an introduction to the financial services industry, an introduction to corporate strategy and an introduction to the ethical and professional requirements of the profession.

The Core Technical part is followed by a Core Applications part. It also takes about one to two years. The Core Application part again does what it says on the tin. The majority of this course was developed by asking practitioners in the various disciplines what techniques they apply to their daily work. That feedback was then turned into a course module. That module is supplemented by modelling and communications courses.

Once a student has completed the Core Technical and Core Application parts and they have done one year of work-based skills and a one-day professionalism course, they become an Associate of the Profession and can call themselves an actuary.

However, Associateship status in that form is very recent. Hitherto, almost all actuaries have been Fellows. To achieve Fellowship status, you need to complete the Associateship and then pass two further specialist exams (for example in life assurance, pensions or investment) and complete yet more work experience and professionalism.

Fellowship is indeed a serious qualification for seriously bright (and very determined) people. However, whilst its difficulty has contributed to, and continues to, its cache, this is a double-edged sword.

There is evidence that there is a small but growing perception among graduates that Fellowship is too arduous a course for a qualification whose traditional



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markets (life assurance and pensions) may be in decline.

A recent survey commissioned by the Profession indicated that less than two per cent of the brightest and best mathematics graduates had considered an actuarial career. Yet, if we do not continue to attract our share of the brightest and best, then our long-term future is seriously at risk.

Surveys of employers in our traditional and non-traditional areas persistently say that our technical skills and knowledge remain unchallenged. However, they also say that our business awareness and our communication skills, particularly when presenting our work at board or executive level, too often fall short of the levels that those employers would wish.

These comments are given constructively and in an encouraging spirit. It costs employers a lot to train an actuary. It is in our interest to listen to them and to respond.

So how do we address this?

I think there are three strands: technical content, business content and means of delivery.

Some changes to the technical content are already in hand. With effect from next year, we will offer an enterprise risk management course.

I am delighted that much of the drive and hard work behind this initiative has come from a Faculty Fellow, Professor Andrew Cairns of Heriot-Watt University, a department which is at the leading edge of the Profession's risk management initiative and one of whose professors, Alex McNeil, will later today receive an Honorary Fellowship.

If, as I hope, this course and its examination are placed into the Core areas, we will be able to begin to position 'actuaries' (i.e. those who have achieved the Associate qualification) as broadly based and well qualified risk management experts.

It would also fit well within the proposed International Actuarial Risk Management qualification.

Fellows will then be people who not only have that broad risk management foundation, but who have also built further specialist expertise on top.

That sounds like a big step in itself, but is it enough? I personally think we need to do even more, both in the business content and in the means of delivery.

To give the Associate status the appropriate cache and to make it a highly desirable qualification in its own right, we need to address the earlier feedback from employers.

Firstly, whilst I agree that business awareness is best done (at least in part) through a residential course, I cannot see how two days can be anywhere near enough if this is to be a world class qualification.

I think the Profession needs to expand this and may be best advised to explore partnering with one or more outstanding business universities to lift the standard of this element at least as high as each of the other Core Application components. Indeed, if we choose our partner universities wisely, then this will further enhance the overall reputation of the profession.

Secondly, I am not sure that we are yet teaching the right sort of communications. At the moment, it appears to me that we are focusing our training and



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examination on communication with consumers. Instead, I think we should be focusing on learning how to communicate at Executive and Board level; that is, understanding how to place our technical advice in the context of business realities and business priorities; the “influencing” I mentioned earlier. Again, it would be worth looking at some form of partnership with outside agencies – indeed, perhaps we could link it to the business awareness module.

Then, we have to think about the means of delivery. It is noticeable that whilst qualified actuaries are expanding their reach into new areas, the vast majority of students are still in the traditional areas. If those areas were to decline and, by then, we had not embraced the university route to qualification, we could find the life blood of the profession (i.e. the intake of bright graduates) being damaged.

In time, perhaps we could accredit universities to offer Masters courses which would take individuals to the Associate status (subject to additional experience qualification). That, then, would free our Associate qualification from its current dependence on there always being employers willing to take on graduates and sponsor them through to qualification.

It would be a practical piece of risk management for the profession and in turn would achieve one of the recommendations of the Morris Report, which was to focus the education much more on universities as they do in Australia and in continental Europe and much less on employers.

As you will gather, I am very excited about the opportunities which development of the Associate qualifications and the positioning of enterprise risk management within it might afford. The UK Associate qualification could itself develop a cache as the pre-eminent quantitative risk management qualification.

However, again we must not pretend that this will be easy. Even if we take all the actuaries globally, we are still a small profession. There are also existing risk management organisations (GARP etc) who have already stolen a march on us.

The message is, however, that the Profession is not sitting still on this important initiative and we are likely to see significant developments over the course of the next two years in training and educating the actuaries of tomorrow.

### TODAY'S ACTUARY

In the meantime, as a Profession, we need to offer the right sort of professional development opportunities for the actuaries of today. The themes are the same; keeping our technical skills up-to-date in a fast changing world and bringing our business awareness skills up to the same level.

There is good evidence, therefore, that the Profession is already doing much to create and to meet this important demand.

As you were entering the auditorium this evening, you will have noticed the loop which was playing. This was to draw your attention to just a few of the training and development opportunities the Profession has already made available for 2008. Once again, I wish to express my grateful thanks to the staff and the many volunteers who make this possible.

We are also trying out new ways of delivering training and development, recognising that the traditional evening sessional meeting in London or Edinburgh no longer suits the location, lifestyle or preferences of the majority of our members (and entirely excludes our overseas members). We are excited at the recent ‘webinar’ on pension fund transfer values, where more than 500 actuaries were able to take part remotely.

However, I think we may need to go further.



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It is up to the Profession to make available the intensive courses needed to allow actuaries to renew and update their core skills and make ready for these new challenges. In my dream these courses will be of such quality that actuaries and their employers will voluntarily subscribe to them as mid-career boosters in the way that many currently regard short MBA courses.

The Profession can of course do only so much. It will be up to individual actuaries to exploit the opportunities provided, but I am determined that the Profession will play its part.

### A WORLD CLASS MEMBER SUPPORT ORGANISATION

Equipping today's and tomorrow's actuaries for business life in the 21st century is consistent with the first of today's themes: to make the UK Profession a world class member support organisation and one whose approach other professional organisations will seek to emulate. World class member support organisations appear to have six key features which are as follows:

- Make everything member focused. Whilst many organisations talk about being 'customer focused' the really great member services organisations actually live it out in practice. That must be our goal.
- Know what it is that you are trying to achieve. You might think that this falls into the 'blindingly obvious' category, but it is surprising how many organisations don't really know what they are trying to achieve (or at least behave as if they don't know).
- Be adaptable. This would certainly resonate in our circumstances for the reasons I mentioned earlier. It is perfectly possible that in 20 years our profession will be built around the Associate status with satellites of specialist Fellows and a much larger membership. We must be ready to adapt to those changes.
- Build alliances. I mentioned earlier that our strategic concepts course is provided in partnership with another firm and that we may need to partner with a leading business school for an enhanced business awareness module. It is my expectation that an increasing number of our courses will be offered in partnership, but that we will only seek to be in partnership with those excellent organisations that can really add value and enhance our profession's reputation.
- There are no easy answers. Within my vision of the exciting future that I have tried to present I have already mentioned a number of notes of caution. The truly great organisations understand that achieving real change is difficult, and so must we. We must not underestimate the size of our challenge.
- Chat! By comparison with the others, this seems almost trivial. Yet, the studies show that the remarkable organisations are in constant dialogue with their members (and within the organisation there is regular dialogue among volunteers and staff). Our member support executive committee has begun to go down that road and will be looking at ways of understanding our membership better. But this is best done as a two-way and continuous process. We had great feedback on what people wanted for their professional and technical development. These surveys are enormously helpful, but we also want information feedback on a continuous basis.

Tell us what you want, tell us what you need. In my dream the Profession will recruit someone from Tesco or Amazon who has a real understanding of how to understand our members' needs. "Other people who signed up for pensions really enjoyed climate change too...."

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**World class means...**

■ **CHAT!!!!**

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## MEASURES OF SUCCESS

How will the members of the Profession know if we are succeeding? It will be through the 'customer experience'.

- If the information we are sending you is useful and relevant.
- If you feel that the events that you go to are really helpful in your personal development (rather than just being a means of achieving CPD hours).
- If you find at times when you need help, guidance and perhaps retraining, the Profession is the best place to turn.
- If every contact you have with the Profession adds value to your professional life, then and only then, will we have achieved our goal.

It is a tall order but I hope you will give us your constructive feedback on what we are doing well and what we need to do better.

## MARKETING THE PROFESSION

There is one area in which the UK Profession is already a world leader: in that most British of activities of hiding its actuarial light under a bushel. The huge range of activities that the Profession already provides (and of which you saw a small sample in the loop) needs to be better publicised.

I have found it immensely encouraging to learn what is going on in relatively new areas (for the UK at least), such as health care, and to learn about the individual successes of the 600 or so actuaries who are now active outside our traditional fields of insurance and pensions

We do, however, need to make more impact and tell the world about the bright and vivacious group of people that actuaries comprise. One aspect of our efforts to highlight the attractions of the Profession to prospective recruits is to commission a series of videos. I am delighted tonight to premiere short extracts of the first two of these featuring two actuaries based here in Scotland, Zoe Craig and Iain McGowan. Through this means and more, we intend to market the actuarial skill set and how it can add value in an ever-widening variety of areas.

[http://www.actuaries.org.uk/the\\_profession/actuaries\\_voices](http://www.actuaries.org.uk/the_profession/actuaries_voices)

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## THE OPPORTUNITIES IN OUR TRADITIONAL AREAS

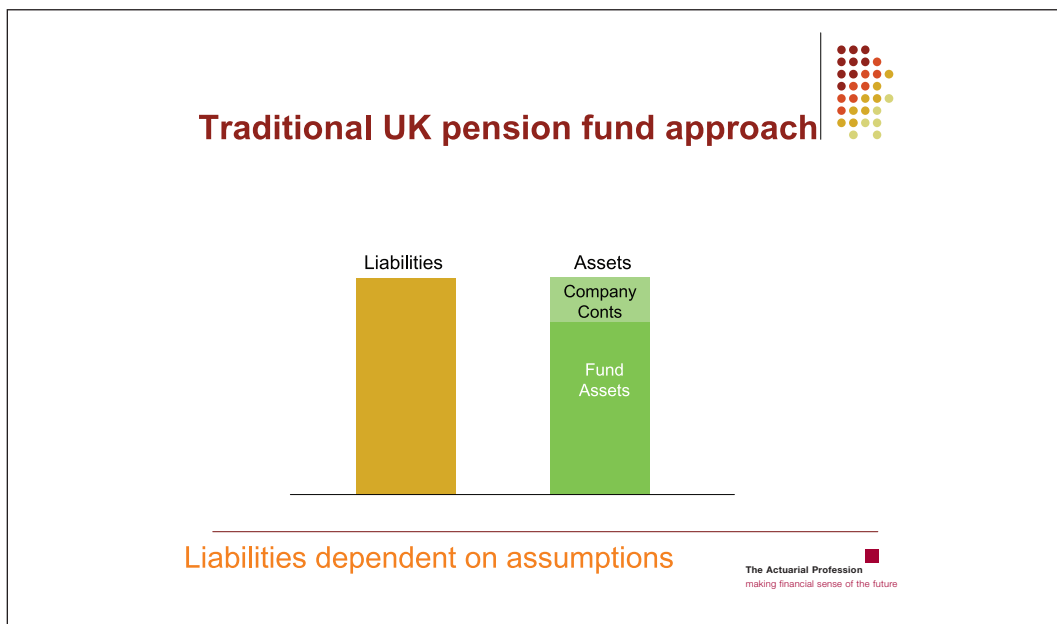
As we look forward with excitement to what might be achieved in these new areas, we must not forget that it is still the case that over two thirds of actuaries working in the UK are still in the traditional areas of insurance and pensions. We cannot, therefore, be a world class member support organisation if we neglect to support that the majority group of our members.

I think they can be grouped under two broad headings:

- Commoditisation
- Loss of influence.

By commoditisation, I mean the increasing uniformity with which we are doing our calculations – in large part driven by regulators and other outside forces. Let me illustrate with a pensions example.

In the old days actuaries would ‘exercise judgement’ to calculate both the assets and the liabilities.



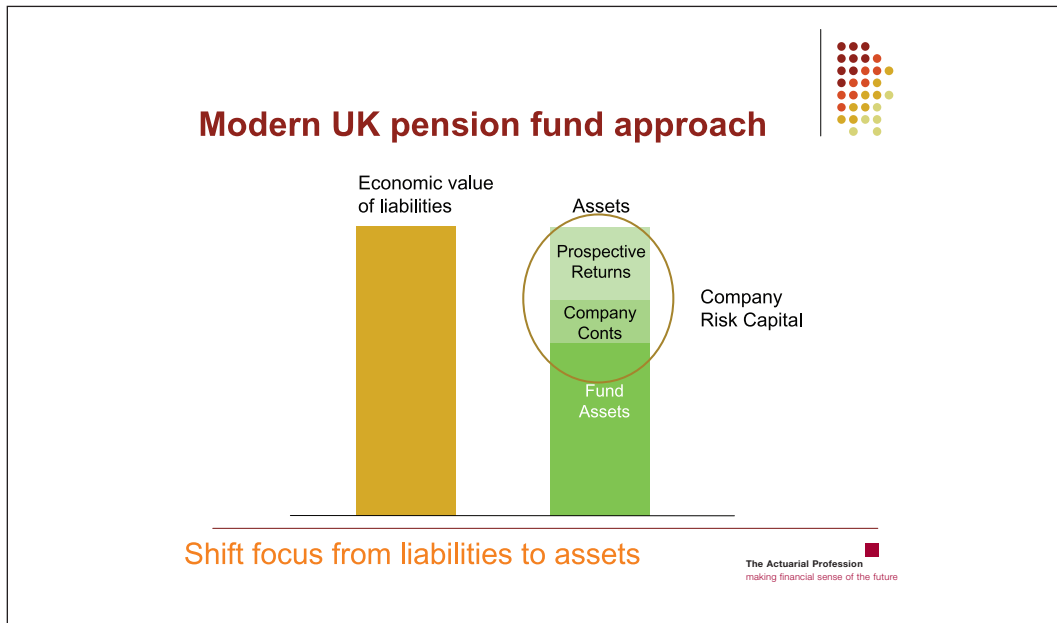
Thus, people would joke (I think they were joking) that an actuary could give you any answer you wanted. Indeed, at its peak some 10 years ago, there were 13 different ways in which actuaries were required to calculate liabilities, depending upon the purpose of the calculation.

What had been regarded as our unique skill – the ability to pick ‘the right assumptions’ – became increasingly a source of scorn.

On the liabilities side, our discretion is now being further eroded. It is not hard to see a day when the liabilities are universally calculated using some low risk discount rate. In those circumstances, all we would be doing would be the calculations and we would not get paid £125,000 per annum for doing that!

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In my view, that is to miss the point and to miss the opportunity. The action is not, and never was, on the liabilities side. It is on the assets side. Commoditisation may well be happening on the liability side, and in my view it is right that it should. But the opportunity on the assets side is enormous.

For those pensions actuaries who are prepared to work hard to build investment skills, there is a huge opportunity to advise on the overall asset strategy. They are not only advising on the individual components of the funding and investment strategy, but they are also in a unique position to advise on how it all hangs together. Those of my fellow actuaries who have made the effort and the mental leap to become 'liability and asset management actuaries' rather than 'liability actuaries' have never been busier and have never found the work more challenging or interesting than it is today.

We should, therefore, have nothing to fear from commoditisation, provided we are willing to expand our reach. What about our loss of influence?

## OUR REGULATORY STAKEHOLDERS

To build our influence we need to earn the right to be the most valued and trusted voice with our regulatory stakeholders. Nigel Masters and I have made it one of our key objectives to build constructive relationships with our key regulatory stakeholders: FSA, FRC, the Pensions Regulator, Government etc. In so doing, we seek to address the second of those threats: loss of influence.

It is early days, but so far Nigel and I have enjoyed only encouragement and open doors from our regulatory stakeholders. I am hopeful that we can indeed extend our influence, but only if we first win the trust and understanding of those regulatory stakeholders and only if we demonstrate that we are motivated by a strong sense of public interest. Much of this will go on behind the scenes, but we will seek to keep our members informed of progress.

So, our objectives are to build a world class member support organisation for today's and tomorrow's actuary, to market the profession to as wide a group of stakeholders as possible (especially in new and exciting areas of potential employment) and to build valued, trusted and constructive relationships with regulators.



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What, then, shall we do in our spare time?

## THE PROFESSION IN SCOTLAND

So far, I have only talked in a UK context. Much of what I have said applies equally to Scotland and to actuaries in Scotland, although around the edges, the threats and opportunities differ.

Scotland has slightly lost its position as a pre-eminent insurance centre and we look set to lose our second largest bank. In the non-financial areas we have also lost a number of headquarters and, therefore, there are fewer defined benefit pension schemes to service. And as little general insurance or healthcare work is done in Scotland, we have little exposure to that growing area. In that respect, the position in Scotland is less attractive.

However, we still have some very influential large employers (for example Standard Life and others are major employers) of actuaries both in the traditional areas and in newer risk management areas. There are also some interesting smaller boutique actuarial employers and we have the highly acclaimed Actuarial Science Department at Heriot-Watt.

Finally, as always, we have a good record of innovation. Two weeks ago we ran a very successful networking evening in Glasgow during which the audience were able to compare and contrast the challenging work of an actuarial chief risk officer with that of a banking chief risk officer.

Some of our younger members designed and launched the Our Changing Future format of informal discussion meetings, which have been a huge success and which are now being copied in the south.

What we need to do is to create a climate in which more of these good ideas are generated and within which the ideas and their authors have the opportunity to prosper.

My wish is that Faculty Council, whilst continuing to play its full part on the UK stage, devotes an increasing part of its time to acting as a catalyst for the actuarial community in Scotland (including the 170 or so Institute Fellows who live and work in Scotland).

We are a small network (less than 600 working Fellows and 400 students operating in Scotland). Whilst that means that we don't have the depth of coverage in all of the areas in which actuaries are involved across the UK, we are, or should be, a tight-knit community. There should be positive and productive interaction between business and academia and between pensions and insurance and investment and there should be, by virtue of that tight-knit community, the opportunity to make Scotland one of the most fertile areas for research in the UK and beyond.

How, then, does the proposed merger fit with these Scottish ambitions?

It is my firm intention, shared by Nigel Masters and the Profession's leadership, that the progress towards merger must not deflect us from the important goals that I outlined earlier.

As we look forward, I believe that a Scottish Council of a merged UK Profession, within which some members would be focussed solely on Scottish affairs, has the potential to create a more vibrant and individual Scottish character which will enrich not only actuaries in Scotland, but also the UK Profession.

Nearly two thirds of the Faculty members who participated in our recent consultative survey indicated that they supported a merger on the terms proposed.



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A number of those who did not support the merger (including some members of Faculty Council) indicated that they were not against a merger in principle. However, they were concerned that the arguments in favour had not yet been put in sufficiently convincing terms, nor had their concerns, for example about the continued vibrancy of a merged profession in Scotland, yet been fully addressed. Your Council takes both these points seriously and has committed to address them as part of a joint project with our Institute colleagues and with the Profession's staff.

Whilst I and a significant majority of Faculty Council support a merger as being in best interests of the UK and Scotland, we will only proceed to a formal vote once we feel that these remaining issues have been properly addressed. There is good spirit in Council and a determination to do what is best for our members.

In the meantime, Faculty Council will develop its thinking and its actions to make the profession in Scotland as vibrant as it can be and to play its customary (and disproportionately large) role within the UK and abroad.

## CONCLUSION

So, in conclusion, there are a lot of challenges and there is a lot to do. On the other hand, there is already a lot of excellent work going on within the UK Profession to meet those challenges. If we can keep that up and also push on in a few more areas, I really do believe we can enhance the reputation and relevance of the profession for the 21st century.

I mentioned earlier the criteria by which you will judge whether we have been successful in our quest to become a world class member support organisation.

My goal is to reach the point where all members can honestly say that they feel part of a profession that has a positive direction and an exciting future and of which they are proud to be a member. They will also be able to say that every contact they have with the Profession adds value to their professional lives.

For me, that will indeed represent success and I look forward to working with members of the Profession and our external stakeholders to this effect.

These are turbulent times. The need for our skills and objectivity has never been greater. The world needs actuaries – and it is time the world knows it. It is our responsibility to rise to the challenge and I urge you to join with me in doing so.