

THE INSTITUTE OF ACTUARIES OF AUSTRALIA AND NEW ZEALAND

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THE Institute of Actuaries of Australia and New Zealand was incorporated in Sydney in May 1963 as a Company Limited by Guarantee in terms of the New South Wales Companies Act 1961.

Although as a corporate body it now commences existence, it has in fact a past history of 66 years, since it is a lineal descendant of The Actuarial Society of New South Wales, founded in 1897.

The oldest Australian life office had been established in 1849, friendly societies on English models had existed from an early date, pension funds were in existence and for these and other purposes actuarial knowledge was needed. Qualified actuaries from England or (more often) Scotland had accepted positions in Australia; they had given some instruction to those about them; and there were others who, while not qualified by examination, had acquired some knowledge of actuarial science. The populations of Sydney and of Melbourne in 1897 each exceeded the half-million (and were each to grow to over two million as we now know), so that a move for actuarial organization was not premature.

The highly appreciated action of the Institute of Actuaries of London in announcing, in 1891, that examinations would, in future, be held in the Colonies, is a landmark in the history of the profession. This was a far-seeing decision because, although apparently reducing the scope for those qualifying in England, it had the effect of confirming the high standard of the Fellowship as the appropriate standard for Australia.

The actual initiative in forming the original Australian Society is attributed to three gentlemen in Sydney who were in 1897 all approaching the final examination for the Fellowship of the Institute of Actuaries, and had formed the custom of meeting to discuss their studies. Their respective backgrounds are mentioned as illustrating the influences shaping the new Society:

E. M. Moors was Assistant Professor of Mathematics at the University of Sydney; W. R. Day, the son of Archibald Day, President (1886-88) of the Institute of Actuaries of London; C. A. Elliott, a studious officer of the most prominent life office.

These three consulted with the five Fellows who were resident in Sydney at the time, with the result that on 19 October 1897 a meeting

of seventeen gentlemen adopted a constitution for the Actuarial Society of New South Wales.

The rules adopted for the new Society were simple. All members of the Institute (of London) and the Faculty (in Scotland) were eligible for membership, and such others as the Society might approve. The objects were to disseminate professional knowledge among members and to secure greater recognition of the profession. There was no formal classification of members who, broadly speaking, fell into three groups: actuaries, executive officers interested in the subjects, and hopeful students. All were encouraged to join in discussions. The Society was soon able to report a membership of thirty-two.

The objects of the Society were pursued with a vigour commendable in view of its small membership. The first sessional meeting was held only six weeks after formation, and during the next few years a wide range of actuarial subjects was discussed. The first Presidential Address by W. R. Dovey, F.F.A., A.I.A., took the form of a paper on Valuation Methods and was published in *J.I.A.* 34, 346.

More than 300 papers on a great variety of subjects of interest to actuaries have since been submitted to the Society and discussed at Sessional Meetings.

A manuscript Journal was kept at the beginning, and in 1901 it was arranged that all papers for discussion should be printed and circulated before the meeting (though papers prior to 1933 were not bound into volumes of Transactions). In 1899 when amendments to the Friendly Societies Act were in contemplation, a deputation was arranged to convey the Society's views to the Minister. In 1902 tutors were appointed for Parts 1 and 2 of the examination of the Institute (of London).

Membership of the Society gradually increased to 54 in 1914—including 14 Fellows and 22 Associates of the Institute and Faculty.

By 1919 the Federation of Australia had been an accomplished fact for eighteen years, the Colony of New South Wales had become a State of the Commonwealth of Australia, and a number of residents of other States and of New Zealand had joined the Society. The name was accordingly altered to 'The Actuarial Society of Australasia', and the rules amended in 1922 to permit the formation of branches. The only new branch actually formed was in Victoria. Where no local branch was formed, residents might join either the N.S.W. or Victorian branches. It became the custom thereafter to appoint the President of the Society in a regular system of alternation from Sydney and Melbourne.

In the year 1920 the number of members is recorded as 65 for N.S.W. and 31 for Victoria.

In addition to producing their own Sessional papers, members were

able in course of time to make some contribution to *J.I.A.* and the names of Australians made occasional appearance in the list of Institute prize winners.

In 1926 the Faculty of Actuaries in Scotland decided to follow the example of the Institute in opening its examinations to Australian students.

In 1934 lectures to students, which had lapsed, were renewed.

In 1938 the Society received recognition from the Federal Government, in the form of a request for advice on the form of Federal Life Assurance legislation. This question had been discussed from the early days of the Society (in 1904 for example) and it was held that a Commonwealth Act to replace and extend existing State legislation (which differed for each State) was highly desirable.

The matter of defining an actuary in the Act caused discussion. Under the Life Insurance Act, 1945, 'actuary' means an F.I.A. or F.F.A. or an A.I.A. who had qualified prior to the commencement of the Act, 'and, when an Institute of Actuaries is established in Australia and has been approved by the Governor-General includes a Fellow of that Institute'. The words quoted were not generally desired by actuaries who felt that the time was not ripe to conduct local examinations; yet it seemed that to leave a vacuum might encourage some body of unqualified persons to attempt the formation of an institute of low standard. The existing Society, including in its membership all the qualified actuaries in the country, was the only body reasonably entitled to recognition.

The probability of such legislation had led in 1938 to a precautionary amendment of the Society's rules and for the first time members were classified into Fellows, Associates, Students and Lay Members, Fellows and Associates to be those who held corresponding qualifications from London or Scotland. 'Lay Member' is an unusual term in this connexion but it was necessary to find a description for members who, while not technically qualified, were valued for their general attainments and support of the Society. The amendments provided for examinations but these were not to be inaugurated without the approval of a General Meeting at which nine-tenths of Fellows and Associates were in favour.

In the ensuing years as studies interrupted by the war were resumed, the number of qualified members rapidly increased and there was a further increment from actuaries sent by British offices commencing life assurance business in Australia and New Zealand. The number of Fellows, from 36 in 1943, grew to 62 in 1953, and to 114 at incorporation in May 1963.

In 1945 the practice was inaugurated of publishing a periodical bulletin containing matters of actuarial interest.

In 1953 a Convention lasting three days was held in Sydney to enable actuaries from all over Australia and New Zealand to meet. In 1957 the venue of a similar gathering was Melbourne. Conventions again were held in 1961 and 1963 (in Canberra), and are now regarded as a normal activity.

In 1953 it was decided to commence an investigation into the mortality experience of Australian assured lives. Details of the experience were made available to members in 1958 and 1961. The investigation is still continuing.

In 1960 the name of the Society was again changed, on this occasion to 'The Actuarial Society of Australia and New Zealand', the expression 'Australasia' (used to denote the two countries combined) having fallen into some disfavour.

The question of incorporation had been debated on several occasions from the early days of the Society, but opinion had not been unanimous. In 1961 it was again considered by both branches, and the eventual decision was that the position would be best safeguarded by incorporation.

The Memorandum of Association has been elaborately drafted with the intention that no useful and relevant object could at any future time be found *ultra vires*. In appearance the new constitution is a far cry from the few simple rules of 1897; but the mind is the same.

The classification of members is on the same lines as was that of the Society except that no new Lay Members will be admitted in future. The Fellows are in effect the Voting Members. Examinations are within the objects, but no such system is to be inaugurated without an Extraordinary General Meeting at which three-fourths of the Voting Members are in favour.

There is no movement for separate examinations at the present time. Relations with the Institute (of London) and with the Faculty in Scotland have been of the happiest, and the attitude of Australian and New Zealand actuaries is one of loyalty and gratitude.

The membership of the Society at the date of incorporation as the Institute was as follows:

Fellows	114
Associates	26
Students	62
Lay Members	79
TOTAL	<u>281</u>