

Global science divided by

Shane Whelan argues for a fundamental restructuring of the Faculty and Institute along functional rather than historical lines.

CONSIDER THE FOLLOWING TWO STATEMENTS:

1 I think that it is more important for the state to commit to what it aims to provide in terms of a proportion of the average industrial wage, rather than committing to a fixed retiral age.

2 The most effective way to reduce the cost of state pensions [set at a proportion of average industrial earnings], which is expected to more than double by 2050, would be to raise the retirement age.

Society doesn't ask much of its actuaries

Perhaps, like me, you see very little difference in substance between the two statements made above. But the media in the countries in which actuaries made these statements reacted very differently. The first statement, made in the UK by David Kingston in his presidential address to the Faculty of Actuaries (1), received general approbation: the *Financial Times* factually reported the message, just noting that 'this represents a tough political decision' and the *Evening Standard* (London) urged that 'it is something the government should take seriously'. The second statement was made in a report prepared by a working party of the Society of Actuaries in Ireland (2) providing an in-depth analysis of the problem. The minister for social and family affairs in Ireland immediately released a press statement rejecting the suggestion, and the debate spilled over to radio and the press. The debate, however, quickly degenerated, with the *Star* (Ireland) beginning the ridicule of our profession by asking: 'Is that the very best that they can do – solve the pension crisis by NOT paying it?' An article in the Irish *Sunday Independent* began: 'Society doesn't ask much of its actuaries' and it did not make better reading for us actuaries as it went on.

A science or a profession?

So what can be learned from this episode? Not much, at first sight: it is just another instance of different clients with different sensitivities demanding different solutions to the same problem. Or, in the manner of our guidance notes, the application of actuarial science requires a professional's understanding of the needs of the client.

The distinction between a profession and a science, as Bellis reminds us (3), is that a profession encircles the science with a code of conduct – a fence staked out by the truncated careers of transgressors. The public tolerate the private enclosure of a public science because the fence protects them from, in the case of actuarial science, the ill-informed or ill-willed misleading them or their dependents into miserable old age or infirmity.

Fences

How one goes about fencing a science into a profession

obviously depends on the mores of the society, the cynicism of the time, and the protections the public demand. The public were especially trusting before the 1960s. A supplement on the actuarial profession in the *The Times* (UK) of 25 May 1964 records the deference, if not awe, that our profession then commanded. But as the general level of education improved, deference to the educated waned, and trust was replaced by a growing cynicism. The fence enclosing the profession had to take a tangible form. And so began the progress of localisation of actuarial science – in the UK, harmlessly enough, with the memorandum of professional conduct in 1965 but then, inevitably, detailed guidance began with GN1 in 1975. The fence has been raised ever higher over the subsequent decades, although it has always been thinly staked.

The process of localisation of actuarial science into a profession was a global phenomenon over the past three decades or so. It took enormous effort, with traditional volunteer effort needing to be supplemented with permanent staff. In the UK, the pressure on resources forced closer co-operation between the Faculty and Institute and recreated upward pressure on subscription rates. The upshot is that with educational standards, guidance, and now disciplinary procedures and subscription rates common to both, there is a de facto single actuarial profession in the UK. The Morris Review made the homogeneity clear and footnote 1 of that report spelt it out:

Collectively the institutions of the Faculty and Institute of Actuaries are referred to as the Profession throughout this report. The profession is used in a broader sense to mean all actuaries in the UK who are members of the Institute or Faculty.

Home and overseas

It is time to take stock of the creeping localisation of our science. The once international scientific and educational bodies of the Faculty and Institute have been effectively merged and their scope largely localised to the concerns of the UK. It is my contention that both bodies are selling their histories short in accepting the geographical boundary of the UK. The membership of the Institute and Faculty is divided between home members and overseas members, a division that is widening with the growing local overseas actuarial bodies (to which such overseas members must also belong) calling in the professional debts of such members. In the case of Irish members, though classified as 'home' rather than 'overseas', there is evidence that the sea between us is more than just physical as the introductory episode makes clear. Ironically, all these forces of localisation are pressing just when the demands of our re-emerging science require global integration.

Why not map function to form? Why not take one of



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local professions

the current duplicate Institute and Faculty and make it into a purely learned society, global in scope, and make the other a purely professional body, local to UK actuaries? Without any material effect on the UK profession, this would give the international actuarial community leadership, true to the legacy of both organisations. It would continue to engage, and I daresay grow the overseas membership and effectively harness the enormous goodwill of the international community.

A possible new structure

The bones of my proposal is that the Faculty and Institute divide their current shared roles along the following lines:

Faculty of Actuaries in Scotland

- ◆ Devise education courses and materials
- ◆ Certify competency in actuarial science (through designation FFA)
- ◆ Publish journals
- ◆ Hold international seminars and conferences on topics in actuarial science
- ◆ Generally push out the boundary of actuarial science and effectively disseminate it to the next generation
- ◆ Rename body simply the 'Faculty of Actuaries'

Institute of Actuaries of Great Britain and Ireland

- ◆ Develop and issue professional guidance (with members bound by the guidance designated 'FIA')
- ◆ Ensure, through publications and events, the continuous professional development of UK Actuaries
- ◆ Issue practising certificates
- ◆ Monitor compliance and take disciplinary action where necessary
- ◆ Serve the public interest in the UK
- ◆ Rename body 'Institute of Actuaries of the United Kingdom'

The above rejigging would mean that professionally active UK actuaries would have the joint designations after their name, FFA, FIA, while those not professionally active in the UK would simply signify their qualification as an actuary with FFA. The subscription rates would be quite different between the two bodies, with the FFA annual rent being of the same order as other international learned societies (such as the Royal Statistical Society) and the FIA having a considerably higher rental to support its more expensive professional activities.

Whatever the eventual form, the Faculty and Institute need to carefully manage their strong international brand as a learned society established over 150 years. □

References

- 1 *British Actuarial Journal*, 7, 1, 51-73 (2001), quote is from 5.3.10.
- 2 David Harney's et al. (2003) excellent report, 'Population Ageing in Ireland and Its Impact on Pension and Healthcare Costs'
- 3 Bellis, CS (2000), 'Professions in Society', *British Actuarial Journal*, 6, II, 317-344