

AFIR SECTION COMMITTEE

Minutes of Meeting

Held in the Ipswich Room, Hyatt Regency Boston Financial Center
Sunday 7th November, 2004.

Present:

Jean Berthon (France, IAA Nominee, Chairman)
Bill Chinery (Canada, Treasurer)
Mike Barker (Australia, Secretary)
Andrew Cairns (UK, Editor)
Carla Angela (Italy)
Arnaud Clement-Grandcourt (France) (latter part of meeting)
Tor Eivind Hoyland (Norway)
Eric Thorlacius (USA)
David Wilkie (UK)

By Invitation:

John Riley and Valentina Isakina (Society of Actuaries, Organisers)

The meeting opened at approx. 4.00 pm.

1. Apologies:

The following apologies were noted:

Alf Guldberg (Sweden, Vice-Chairman)
Peter Albrecht (Germany)
Robert Clarkson (UK)
Tony Coleman (Australia, IAA Nominee)

2. Minutes of Last Meeting

The minutes of the last meeting were taken as read, and were approved.

3. Matters Arising from the Minutes

There were no matters arising from the minutes which were not already on the Agenda.

4. Review of Arrangements for General Meeting

4.1 Draft Agenda. The proposed agenda for the General Meeting was approved.

4.2 Treasurer's Report. Bill Chinery had circulated a report providing an update on the financial situation. This disclosed net assets at 30th September 2004 of CAD 398,480, and a surplus of CAD 53,168 for the nine months to 30th September. It was noted that funds continued to grow.

A request was made for some longer-term information on the trend of membership dues. Bill Chinery agreed to obtain from the Secretariat figures for the last few years, split by country. This would also be of assistance in planning promotional efforts.

4.3 Re-election of Committee Members. Only one member, Eric Thorlacius, needed to be re-elected this year, and he confirmed that he would stand.

4.4 Prize Ceremony. It was noted that Mary Hardy would be attending the ceremony to accept the Bob Alting von Geusau Prize on behalf of herself and Phelim Boyle, the co-authors of the winning paper. The ceremony was planned to take place at 4.30 pm on Tuesday, after the General Meeting.

5. Election of Vice-Chairman

Alf Guldberg had previously stated that he intended to stand down from the position of Vice-Chairman of AFIR, in order to concentrate on his role of President of the IAA to take effect in 2005. To replace Alf as Vice-Chairman, Eric Thorlacius was elected unopposed.

6. Report from the Organisers of the 14th Colloquium in Boston

John Riley reported that he was expecting final registration numbers of about 250. Because the meeting was a combined AFIR Colloquium and CIA/SOA Investment Symposium, it was not possible to state exactly how many attendees could be attributed to AFIR. However, a normal Symposium attracted 125 – 150 members, so it would appear that AFIR had added at least 100 to the total, which was pleasing to the organisers. This estimate was supported by the fact that approximately 40% of attendees were from outside North America. It was suggested that co-location of AFIR with the Symposium be repeated on some future occasion.

John Riley agreed to supply an additional list of attendees showing their country of residence as well as their employer.

An explanation was given of arrangements for the opening and closing ceremonies.

It was noted that there were 30 scientific papers accepted for the AFIR Colloquium, which was also very pleasing. The organisers planned to take a note of the numbers attending each session, and these would be provided to the Committee at the end of the Colloquium. (These are listed as follows)

AFIR SESSION ATTENDANCES

Session 1C:	38	
Session 1D:	37	Total Session 1: 75 (Non-AFIR 99)
Session 2C:	7	
Session 2D:	54	Total Session 2: 61 (Non-AFIR 78)
Session 3C:	60	
Session 3D:	35	Total Session 3: 95 (Non- AFIR 66)
Session 4C:	15	Total Session 4: 15 (Non-AFIR 121)
Session 5C:	49	
Session 5D:	24	Total Session 5: 73 (Non-AFIR 76)
Session 6C:	2	
Session 6D:	30	Total Session 6: 32 (Non-AFIR 115)
TOTAL		AFIR Sessions: 351 (Non-AFIR 555)

There was some discussion regarding the printing of papers. The Committee expressed its satisfaction with the overall quality of the printed edition. To assist future organisers, it was suggested that authors should (i) preferably use Word documents, or allow extra time for PDF files, (ii) avoid page numbering, as the numbers in the printed edition would be different.

The organisers were congratulated, and thanked for their efforts.

7. Report on 15th Colloquium in Zurich

It had not been possible for a member of the Swiss organising committee to attend the Boston Colloquium, but Jean Berthon reported his confidence in the arrangements being planned.

Andrew Cairns, as a member of the scientific committee for the Zurich Colloquium, provided some detail, and distributed a draft program. This showed a joint day with ASTIN on Wednesday September 7, at which there would be four invited speakers, followed by a Gala Dinner. AFIR papers would be discussed on the following two days, with a possible excursion on Thursday afternoon.

Current plans were for the Colloquium be held at the University, to minimise cost. There would be a range of hotels available as the University is close to the City.

8. Report on Proposals for meeting in Paris in 2006

The Chairman advised that plans were under way for inclusion of AFIR Sessions within the International Congress in Paris in 2006. It had been requested that a separate Scientific Committee be created to consider AFIR papers and then liaise with the ICA Organising Committee.

David Wilkie volunteered to chair the Scientific Committee, assisted by Carla Angela and Andrew Cairns.

9. Offer to hold Colloquium in Sweden

An offer had recently been received from Sweden to hold a colloquium there. The Committee enthusiastically resolved to accept this offer for 2007.

Following discussion of previous colloquium locations, it was suggested that a location somewhere in Asia would be desirable for 2008. Since Hong Kong had previously expressed interest, they would be canvassed first.

10. The ASTIN Bulletin

The Editor, Andrew Cairns, reported that the journal was continuing to go well, with a steadily increasing number of papers. Furthermore, the AFIR papers were an increasing percentage. There had been eight or nine candidates for the AFIR prize last year.

Efforts were continuing to gain the Bulletin an ISI listing but with no success so far. Although the reputation of the Bulletin was very high within actuarial circles, it had not achieved the wider acceptance of journals such as Insurance Mathematics and Economics, which was listed in the ISI. David Wilkie suggested combining with the North American and Scandinavian Actuarial Journals in attempting to gain listing for all three.

11. Investment Policy

The Treasurer, Bill Chinery, noted that at 30th September 2004 the funds were invested in cash and other short-term instruments. He stated that he was happy for the investment policy to remain as approved in 2002, viz.

“(1) At least 50% of the funds must be held in cash instruments
(2) The remainder of the funds may be invested in fixed income securities, with maturity no greater than five years, and restricted to Canadian or Provincial government credits.”

12. Reports of Planning Sub-Committees

Reports were presented by the Chairman on behalf of the Business Plan sub-committee, and by Tor Eivind Hoyland on behalf of the Liaison with National Organisations sub-committee.

As a related issue, it was noted that an IAA Risk Management Practice Taskforce, chaired by Tony Coleman, had been investigating the possible formation of an International Risk Institute (IRI). A copy of a report of this taskforce had been circulated to Committee members.

A lengthy discussion ensued, particularly focusing on the proposed Aims and Objectives outlined in the Chairman's draft Business plan, and on the possible relationship between AFIR and the IRI should the latter go ahead. It was decided that the focus of AFIR should remain purely on financial risk (principally market and credit risk), and not operational risk, so that AFIR's focus would be narrower than that of the IRI.

Several amendments to the draft Business Plan were suggested, and the Chairman agreed to produce a second draft to be discussed later during the Colloquium.

The Committee meeting was **adjourned** at 6.30 pm and reconvened at 12.30 pm on Tuesday 9th November.

At the re-convened meeting, the Chairman tabled a second draft of the Business Plan - Aims and Objectives. This was adopted, with a minor change in wording to emphasise that AFIR should maintain a balance between theoretical research and practical application. It was agreed that the **Business Plan – Aims and Objectives** would be communicated to the AFIR General Meeting later that afternoon.

The Committee meeting was **adjourned** again at 1.00 pm and reconvened at 4.00 pm following the General Meeting.

At the re-convened meeting, the Committee addressed the remaining part of the draft Business Plan, which was under the general heading of “**Means**”, the sub-topics being: **Colloquia, Membership, Publications and Research**. Agreement was reached on the following matters:

Colloquia:

- (i) There should be more control exerted over the programs at colloquia, with themes approved by the Committee. This would require a review of the “Protocol for Organising a Colloquium”.
- (ii) There should be an additional Committee meeting during the year, possibly at the IAA meeting in Rome in June 2005. A tele-conference was also suggested for earlier in 2005.

(iii) Additional seminars by national organisations or on a regional basis should be encouraged. As a precedent, it was agreed to provide financial support to a Quantitative Finance Workshop to be held in Edinburgh in April 2005.

Membership:

(i) A membership campaign should be undertaken, based on a hard-copy brochure circulated via national organisations. This should be carried out by the Liaison sub-committee, chaired by Tor Eivind Hoyland.

(ii) Contact should be made with GARP and PRMIA to see if they are interested in some form of alliance. Mike Barker was asked to do this.

The Committee meeting was **adjourned** again at 4.30 pm and reconvened at 5.30 pm following the Prize Award and Closing Ceremony.

Publications

Discussion took place regarding the establishment of an AFIR web-site, separate from the IAA, to be used as an electronic journal and as a forum for the interchange of ideas. David Wilkie and Andrew Cairns agreed to look further into this concept.

Research

Discussion of this topic was deferred.

13. Other Business

The Chairman updated the Committee on further discussions that had taken place regarding an International Risk Institute. Several universities in France, Australia and the USA were currently proposing to form an ERM Institute with a common syllabus, leading to a Diploma. This would be purely an academic initiative, and there was currently no intention of creating a professional body. It would not interfere with AFIR as currently constituted. Further discussions were due to take place at the IAA meeting in Washington DC later in the week.

Closure of Meeting

The meeting concluded at 6.15 pm.