

ASTIN COMMITTEE – Orlando (USA), June 19, 2007

Attending: Hans Bühlmann, Andrew Cairns (from 13.15), Chris Daykin, Dave Finnis (phone), David Hartman, Mette Havning, Tor Eivind Hoyland, Henk Kriek, Jean Lemaire, Edward Levay, Charles Levi, Jose Luis Lobera, Harry Panjer, Nino Savelli,

Candidate members: Peter Boller (phone), Yuji Morimoto, Hervé Odjo, Arne Sandstrom

Apologies: Yasuhide Fujii, Christian Hipp, Steve Philbrick, John Ryan, Shaun Wang

Guests: Chris Carlson (CAS), Colin Czapiewski (Institute of Actuaries) – agenda item 1

Call to order (12.30)

a) *Welcome*
Dave Hartman welcomed everybody

1. - Colloquia Reports

a) *2007 – Orlando (Chris Carlson)*

The colloquium has 175 – 180 delegates and 20 accompanying persons from 31 countries. There are four featured speakers: Naomi Robbins, Morton Lane, Steve D'Arcy and Hans Bühlmann. The presented papers are available on the website and all participants are to receive them on a CD. A discount on the registration fees is given to 8 PhD students. Bursaries are provided to everyone who asked for it and have been provided to delegates from China (3), Iran (1), Portugal (1) and Kazakhstan (not used).

June 20 is a joint day with the CAS. At the end of the day the ASTIN committee dinner will take place. The afternoon excursion will be on Thursday at the Kennedy Space Center. The gala dinner will take place on Friday night at Epcot, starting at the US pavilion and ending at the UK pavilion to set the way to the UK-2008 colloquium.

The Scientific Committee, led by Gary Venter, has done a great job in reviewing the papers. Kitty Hartman spent a lot of time on the organisation of the social programme.

The Committee offers a word of thanks to Chris and the whole team for the hard work done.



The colloquium will probably break even although the number of delegates is lower than hoped for, since more sponsorship funds came in. Sponsors are Milliman, Towers Perrin Tillinghast, Guy Carpenter, Axis, Global Aerospace, Variance and Renaissance Re.

b) 2008 – U.K. (Chris Daykin, Andrew Cairns, Colin Czapiewski)

The meeting is planned for 13 – 16 July in Manchester. The preparations are going well. No budgetary problems are expected.

The meeting of the Committee is planned for the 13th, with the ASTIN dinner that evening. There will also be a “light buffet” welcome reception at Manchester Town Hall, where the colloquium will be held.

The formal opening will take place on Monday. In the evening a civic reception will take place in presence of the Mayor of Manchester followed by a formal dinner.

There will be a morning session on Tuesday. The guests can choose for a trip to Tatton Park and Chester for the afternoon.

Wednesday is a full working day, which will be closed by a gala dinner at the Imperial War museum. People can look round in the museum during the reception.

The social programme includes a guided city tour, lunch in Chinatown and a visit to Lyme Park on Monday, URBIS and a walking tour Tuesday morning and the group trip that afternoon, and the Lowry Gallery, Lowry Shopping Outlet and lunch Wednesday morning.

Andrew Cairns plans to have keynote lectures by Ingram (S&P), Genest on copulas, a panel session on Solvency II/IFRS and probably a UK industry leader. Other topics include enterprise risk management, emerging risks and the actuary’s toolkit. The format will be such that UK practitioners are encouraged to participate in the colloquium. An idea is to see if working parties from the UK or even from several countries would be willing to present their work. Also, a variation on speakers’ corner is being considered.

Hans Bühlmann encourages the organizers to show the model of working parties to the delegates, because not everyone may be aware of this great system.

There are good accommodations available (Midland), but also some cheaper and budget hotels.

Harry Panjer asked where and when the IME conference is to be held, since it is in some ways a competitor of the ASTIN colloquium. The 2008 IME will be held in Dalian instead of Beijing. Unfortunately, the dates (16-18 July) overlap with ASTIN.

c) 2009



The Committee received two proposals, that is Helsinki (presented by Chris Daykin) and Madrid (no presenter, proposal communicated by Dave Hartman)

Helsinki (Finland)

The colloquium will be held in memory of Teivo Pentikainen (1917 – 2006). The organising committee prefers to organize the 2009 colloquium since it is close to the death of Teivo, but would be willing to organize 2011 if the Committee prefers another candidate. The Actuarial Society of Finland was founded in 1922. Finland organised the 23rd International Congress of Actuaries (1988) and the 11th ASTIN colloquium in Turku (1974). The colloquium is planned for 1-4 June 2009. There is a good range of hotels available at different prices. The exact location has not been decided yet.

Madrid (Spain)

The actuarial society of Spain was founded in its present form in 1959. The 2009 Colloquium would be one of the events in the process of celebrating its 50th anniversary. Madrid is centrally located, has an excellent art museum, the royal palace and other sites are available. The colloquium is planned for mid June 2009.

The Committee decided to hold the 2009 Colloquium in Helsinki, an important reason being that Teivo Pentikainen is one of the great men in Insurance. Spain can be granted priority for 2011 but the Committee wants to see a more detailed proposal.

It was also discussed that:

- For Australia and Japan early June would be better than mid June given the end of the fiscal year;
- AFIR holds seminars in September 2008 (Rome) and September 2009 (joint with the Life section);
- The IAA Council and Committee meetings are planned for Tallinn, Estonia, June 3-6, 2009.

d) 2010 – ICA South Africa

In this year no colloquium will be held

e) 2011 and subsequent years

Spain is a possible location (see above). Other expressions of interest have come from the Netherlands and Poland.

2. Secretary's Report

Approval of minutes of 28 May 2006

The minutes were approved with one change: the gift to the Institute of Actuaries for the purchase of the Equitable Life Archives is £ 5.000, not €5.000.

3. Treasurer's Report – Nino Savelli



a) *Approval of Report 1 January 2006 – 31 December 2006*

Nino presents some highlights in addition to the written report:

- Since 2005 ASTIN financial statements are made on a calendar year basis.
- We have made a loss of €14.920 (2005 profit €42.574) mainly to reduced capital gains and a slight increase in institutional ASTIN expenses
- The value of ASTIN assets as at 31 December 2006 is €1.083.455 (2005 €1.105.030)
- The bank accounts are located at Delta Lloyd Bank in Brussels and Degroof Bank in Luxembourg. The asset portfolio is managed by Degroof Bank.
- Net investment income is €17.500 (2005 €103.056), resulting from a realised capital loss of €7.687 and unrealised capital gains of €25.166.
- The ASTIN accounts have been audited for the last time as at 30 June 2003. For the following years the auditing will be done by the IAA's auditor, probably from 2005 onwards. The previous accounts have been sent to the IAA. No comments are received yet.
- An annual operating loss of approximately €28.000 is normally compensated by investment gains. This year is somewhat different.
- The bursaries for the ICA 2006 in Paris of €28.268 were already accounted for in 2005
- In 2006 the IAA Secretariat has collected CAD 60.240 (2005 CAD 61.760) annual fees, corresponding to 1.433 ASTIN members (2005 1.510).
- The expenses for printing and shipping the ASTIN bulletin 2006 issues amounts to €61.560 (2005 €52.534)

The following issues were discussed:

- The IAA is investigating its tax position
- Should the dues be raised? For example to have a break-even position on ongoing expenses. Bursaries etc. could be financed from the capital position. An open discussion took place but did not lead to decisions
- The cost split for the ASTIN Bulletin between ASTIN and AFIR was discussed under item 4.

Hans Bühlmann used the opportunity to explain to the Committee two principles of the "old school":

- Absolute financial independence
- Production of an ASTIN Bulletin of fine quality.

These principles are still considered to be very important by the Committee.

The Treasury report on 2006 is approved by the Committee. Nino is thanked for his work.

b) *Dues level for 2008*

The Treasurer proposes to keep the individual ASTIN fees at the same level (CAD 40 for Ordinary Members and CAD 80 for Benefactor Members), since the annual fees plus the ordinary investment income cover the "standard" expenses sufficiently. The dues have been unchanged since 1977. The Committee supports this proposal.

c) *Investment policy*

As discussed during last years' meeting, ASTIN is entitled to an investment policy that differs from the IAA policy. However, it makes sense to take the IAA guidelines into account. Nino illustrated the IAA policy and a first sketch of a possible ASTIN policy.

INVESTMENT POLICY

Categories IAA	Operating range IAA	Benchmark IAA	ASTIN first sketch	Current ASTIN
Canadian equities	0-50%	30%	35%	38%
Canadian fixed income bonds	20-80%	60%	40%	39%
Canadian Cash	0-50%	10%	5%	3%
Real estate				1%
Diversified funds	0-30%		20%	19%

Nino will draft an investment policy and send it to everyone by email. The policy will include issues as type of investments, geographical spread, currencies and rating of bonds (**action Nino**).

4. Editor's Report - Andrew Cairns

a) *Regular report and succession planning*

Since our last meeting 24 papers have been published and another 4 are under review. The papers amount to 650 pages. The submission rate is a steady 60 papers per year, with an acceptance rate of around 40 – 50%. The editorial board is expanding.

Shaun Wang wants to step down in about one year. Good replacement is necessary, with an appropriate track record on the non-life side. Steve Philbrick wishes to step down. He has not been able to dedicate enough time over the last 1-2 years, but has made a very positive contribution prior to that. John Ryan is in a similar position. He is semi-retired and his involvement decreased somewhat. It is not clear if he wishes to continue.

It is considered to repeat the communication about the ISI listing (**action Shaun / Andrew**).

Andrew and his team are thanked for their valuable contributions.



b) *ASTIN Bulletin costs / extension to other sections*

After extensive discussion it was decided that (**action point Dave**):

- Each section except AFIR will receive an email explaining that we are happy to expand the ASTIN bulletin to all members of the sections. No printing and editorial cost will be charged, only mailing expenses amounting to CAD 5 per issue. The cost allocation will be reviewed over time.
- The arrangement with AFIR will remain at the current CAD 10,54 per issue. It will be communicated that this will be reviewed over time.

5. Seminars

The following colloquia were mentioned:

- a. Modelling extremes (Mexico - Paul Embrechts)
- b. Solvency modelling (Romania – problem so far in getting a speaker)
- c. ISI seminar on statistical models (Tor Eivind Hoyland with speakers Andrew Cairns, Montserrat Guillen and Robert Clark).

6. Ratification of revised ASTIN Rules

The following changes to the Rules are agreed by the Committee during the meeting:

- Article 2b: ASTIN will take the lead in the publication of the ASTIN Bulletin. It is a scientific journal of high quality.
- Article 13: *The ASTIN Bulletin – the Journal of the IAA* - is a scientific journal of high quality. It includes topics from all actuarial practises.
- Article 19: The Treasurer is responsible for the management of the assets of ASTIN in compliance with the ASTIN Investment Guidelines.
- Article 20a: The IAA Secretariat collects the membership fees of Ordinary members of ASTIN and assists the Treasurer with the maintenance of records and the management of the accounts.

Dave will implement the changes and will show them on the screen in the General Assembly for approval.

7. Review of election of Committee members during General Assembly

We received resumés of four nominees as new members of the ASTIN Committee, each supported by their member association: Peter Boller, Hervé Odjo, Yuji Morimoto and Arne Sandstrom. The Committee approved that all four nominees are put up for election at the General Assembly.

8. Loan to the IAA International Education Program Committee – Dave Hartman



The World Bank was expected to provide \$ 5 million dollars to the IAA in support of the international education program. The IAA needed \$100,000 seed money as a loan until this money would be provided. This issue is moot since the World Bank has changed its priorities.

The Committee discussed the question if such a loan could be provided under the bylaws and objectives of ASTIN. Since the specific request was moot, no action was taken.

9. Membership growth

Some thoughts on this important issue are:

- More association memberships – this will result in groups becoming a member, whereas other activities are focussed on individuals. The IAA could draft a letter on this (**action Dave**)
- Make it easy to be a member to apply, for example by ticking a box on dues notices
- Get local organisations more involved in the payment process
- Find persons that keep an eye on countries that are not represented in the Committee

10. Services available from the IAA Secretariat

The IAA Secretariat has sent a document on services they can offer to IAA Sections. Examples of activities that are perceived by Committee members as being useful are registration services and providing a mailing service for brochures.

11. Other Business

The minutes will be distributed for e-mail vote and will be ratified at the next meeting

This is the last meeting Dave Hartman will chair the Committee. The Committee applauds the large contribution Dave has made during his membership and chairmanship. Dave in his turn applauds the work of the Committee.

The meeting adjourned at 5.35 PM

Action points

Nr	Issue	Responsible
1	Draft investment policy	Nino Savelli
2	Repeat communication on ISI listing?	Andrew Cairns / Shaun Wang
3	Communication cost ASTIN Bulletin to other sections	Dave Hartman
4	Draft letter IAA memberships	Dave Hartman

Respectfully submitted,

Henk Kriek
Secretary