

IAA Council Meeting – St. Petersburg, Russia

May 28, 2016

1. WELCOME AND INTRODUCTIONS

Seated at the head table...



Malcolm
Campbell
President



Tom Terry
President-Elect



Fred Rowley
Immediate Past
President

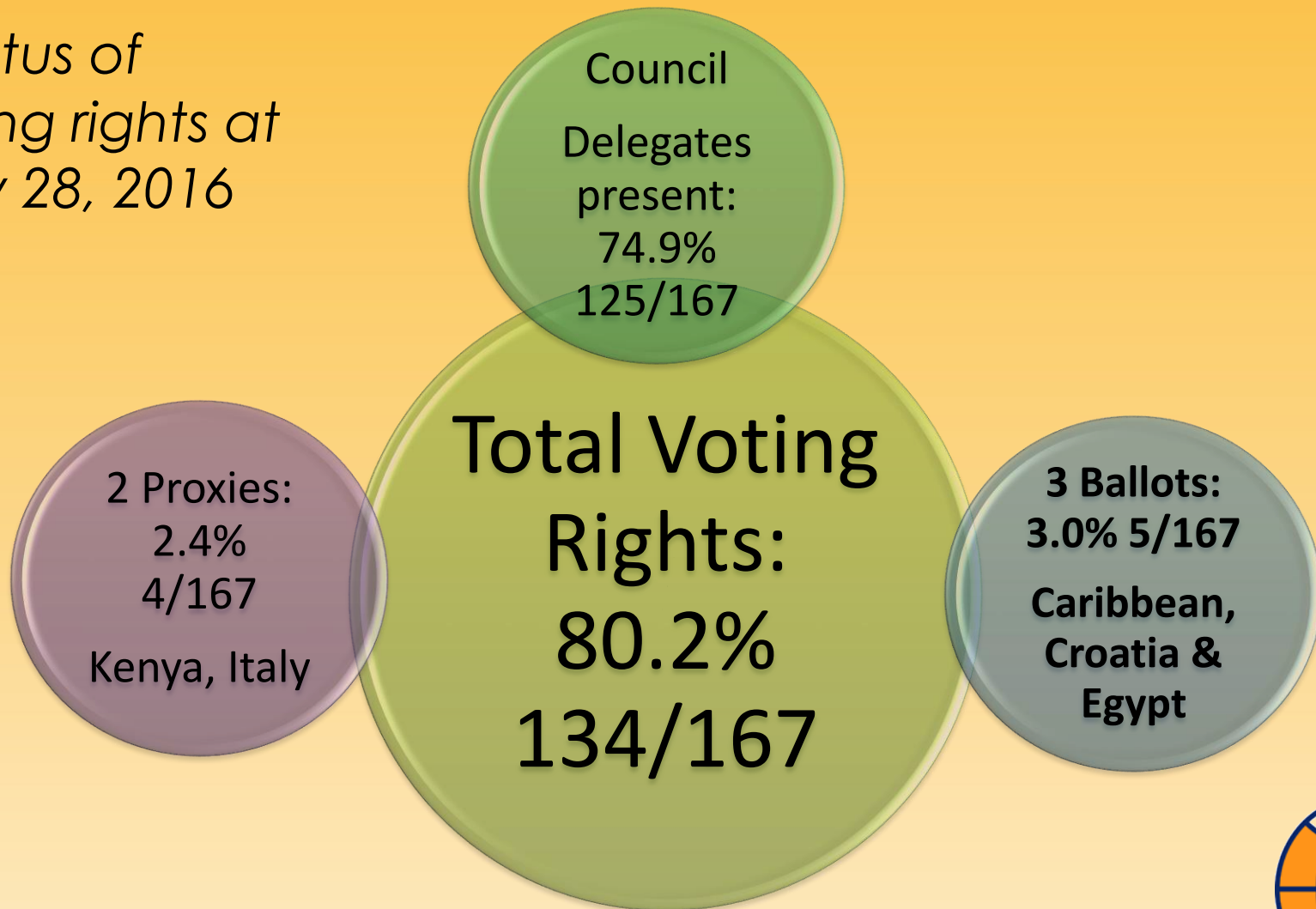


Nicole Séguin
Executive
Director



2. VOTING ARRANGEMENTS AND PROCEDURES

**Status of voting rights at May 28, 2016*



TOTAL MEETING ATTENDANCE

Full Members

• 43 of 67

Associate Members

• 3 of 29

Sections

• 6 of 7

Partners

• 2 of 5

Patrons

• 1 of 3

Delegates

• 264

Accompanying Persons

• 60

Time slots

• St Petersburg: 92
• Vancouver: 89

Groups

• St Petersburg: 54
• Vancouver: 48



IN MEMORIAM The IAA sadly lost the following volunteers since Vancouver:

Jim Doherty (Canada)



Jim was a long-standing member of the Education and Practice Subcommittee of the Insurance Accounting Committee, as well as an active participant in several other IAA Committees.

Garth Griffin (South Africa)



President of the Actuarial Society of South Africa, and then in the IAA, where he was a member of the Strategic Planning Subcommittee and the Presidents' Forum.

A moment of silence was held

SPECIAL GUESTS & SPEAKERS REGISTERED FOR THESE MEETINGS

Speakers

Presidents Forum: Marya Bogomolova

Thursday Lunch: Boris Kashin

Mortality Working Group (Part 1): Dmitry Pomazkin

Special Guests

Jules Gribble, International Association of Insurance Supervisors

Ann Muldoon, Financial Reporting Council

Philip Shier, Actuarial Association of Europe

4. APPROVAL OF PREVIOUS COUNCIL MINUTES

Motion: (simple majority vote required)

That the minutes of the Council meeting held on October 17, 2015 in Vancouver be adopted as presented.

Approved through a motion presented by Ken Hohman and seconded by Juan Carlos Padilla; 7 abstentions

5-6. REPORT OF THE PRESIDENT AND EXECUTIVE COMMITTEE

The work of the IAA is not restricted to our twice a year face-to-face meetings

- Thank you to our 800+ volunteers
- At May 24: 210 meetings by conference call since the meetings in Vancouver
- Officers and many other volunteers have been involved in representing the IAA in a number of major forums/meetings



5-6. REPORT OF THE PRESIDENT AND EXECUTIVE COMMITTEE (EC) (CONT'D)

EC Strategic Goals for 2016

1. Replacement of Executive Director
2. Launch of "Accessible Intellectual Capital" project
3. Adoption of a new core syllabus and CPD requirements
4. Further enhancement of branding initiatives and of FMA and stakeholder communication and engagement programs
5. Implementation of risk management proposals

VOICE OF THE PROFESSION – KEY MOVES

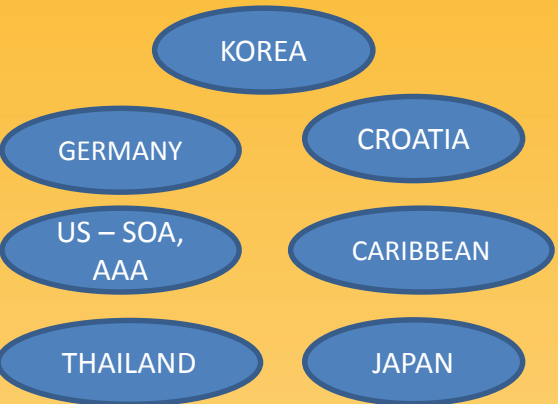


VOICE OF THE PROFESSION – LOOKING FORWARD



BUILDING A STRONGER PROFESSION: FMA ENGAGEMENT SINCE VANCOUVER – WHERE WE HAVE BEEN

FMA's



Regional Groups



FMA ENGAGEMENT – FORWARD LOOKING

- Examining IAA’s relationships with regional actuarial groups
- Targeted FMA consultations by EC

COMPETENCE – SUCCESSES

Education Syllabus

- Content

Research

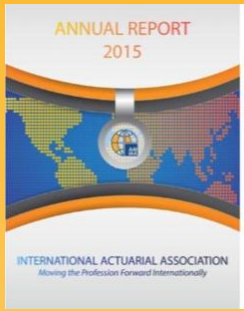
- Section Colloquia
- Papers:
 - Determination of Retirement and Eligibility Ages: Actuarial, Social and Economic Impacts
 - Actuarial aspects of ERM for Insurance Companies

COMPETENCE – LOOKING FORWARD

- Executive Director Replacement
- Education Syllabus – Governance
- Research – Actuarial Platform, Section colloquia



BRANDING – SUCCESSES



Annual Report 2015 just released
Newsletters

BRANDING – LOOKING FORWARD

- Branding policy
- Review of Strategic Plan
- Moving forward on ISAPs – ongoing work
 - 2017: adoption of ISAP 1A and ISAPs 5 and 6
- Implementation of risk policy
- Social media

ONGOING WORK OF THE COMMITTEES

- Education
- Pensions and Employee Benefits
- Social Security
- Scientific
 - Creation of working groups on Banking and on Big Data
- General Insurance Committee: NEW

7. COUNCIL GUEST SPEAKER - NO SPEAKER

8. NOMINATIONS COMMITTEE – Fred Rowley, Chair

a. Report

- Diversity: **the NC has been working on the report which will be finalized for the next Council meeting**
- Ongoing review and consideration of appointments: **the NC will continue to finalize its recommendations for committee leadership by conference call; the recommendation for President in 2018 is nearly final and will be announced by email (on June 6 announced Masaaki Yoshimura of Japan)**



8. NOMINATIONS COMMITTEE (CONTD)

b. Revised terms of reference

Motion: That Council approve the revised terms of reference for the Nominations Committee, as presented.

The motion was withdrawn through a motion presented by Rainer Fürhaupter and seconded by Bob Conger. The Council asked that the terms of reference explicitly require the NC to submit to Council written reports on diversity. With that amendment, approval will be sought by electronic ballot.

9. FINANCE & ADMINISTRATION

Cecil Bykerk, Chair

- Investment Portfolio overview
- Investment policy: **this will eventually come to Council for approval**
- Role of Treasurer: **assessing the need for this role going forward; this will come to Council**
- Workplan review

Q1 2016 Financial Statements

	(Canadian Dollars)		Summary of Net Assets	
	As at and for the period ended March 31		March 2016	Dec 2015
	IAA (Excluding Sections)	IAA Sections	IAA Total	IAA Total
Assets	\$2,693,871	\$ 2,412,254	\$5,106,125	\$ 3,429,478
Liabilities	2,021,819	333,731	2,355,550	731,664
Net Assets	672,052	2,078,523	2,750,575	2,697,814
Revenue	\$ 444,179	\$55,310	\$499,489	\$2,045,994
Expenses	(435,925)	(24,888)	(460,813)	(2,021,925)
Extraordinary Items	45,812	(30,261)	15,551	(49,860)
Excess	54,066	161	54,227	(25,791)



9. FINANCE & ADMINISTRATION

Q1 2016 Financial Statements

(Canadian Dollars) Summary of Financial Information IAA Total

As at and for the period ended March 31	2016	2015
Cash	\$ 2,008,064	\$ 2,121,479
Investments , short term	1,114,055	1,064,290
Investments, long term	1,618,097	1,646,429
Other assets	375,909	252,437
Total Assets	\$ 5,106,125	\$ 5,084,635
Deferred revenue	\$ 1,597,742	\$ 1,411,929
Other liabilities	757,808	821,783
Net assets - unrestricted	2,750,575	2,850,923
Total Liabilities & Net Assets	\$ 5,106,125	\$ 5,084,635
Revenues	\$ 515,040	\$ 538,062
Expenses	(460,813)	(410,745)
Excess (deficiency) of revenues over expenses	\$ 54,227	\$ 127,317

9. FINANCE & ADMINISTRATION

Investments Portfolio Overview

Asset Allocations at March 31, 2016	Description	TOTAL PORTFOLIO		Expected Maturity	Interest Rate
		\$	%		
Canadian Equities	iShares S&P TSX 60 Index	492k	10.4%	n/a	n/a - dividends only
Canadian Fixed Income Short Term	Gov't of Cda T-Bill	1,114k	23.5%	< 1 year	±0.97% p.a.
Canadian Fixed Income Long Term	Provincial/Municipal Bond	290k	6.1%	2019 - 2023	1.95% - 3.50% p.a.
Canadian Fixed Income	Gov't Cda Real Return Bond	836k	17.6%	2021	4.25% p.a.
Cash	Cash in bank + cash in investment accounts	2,008k	42.4%	n/a	n/a
Total IAA Portfolio		4,740k	100.0%		



9. FINANCE & ADMINISTRATION (CONTD)

Investments Policy Review

Asset Class Actuals at March 31, 2016	Allocation Policy %	SURPLUS COMPONENT OF PORTFOLIO	
		\$	%
Canadian Equities	0 - 50%	492k	30.4%
Canadian Fixed Income ¹	20-100%	1,126k	69.6%
Cash	0 - 50%	-	- %
Total Long-Term Investments		1,618k	100.0%
'Fixed Income Sector Allocation Actuals at March 31, 2016	Allocation Policy %	SURPLUS COMPONENT OF PORTFOLIO	
		\$	%
Government of Canada	25 - 90%	836k	74.2%
Provincial or Municipal	10 - 60%	290k	25.8%
Corporate	0 - 40%	-	-
Total Fixed Income		1,126k	100.0%

9. FINANCE AND ADMINISTRATION

b. AUDITED FINANCIAL STATEMENTS FOR 2015

Cecil Bykerk, Chair

Approved by electronic ballot on April 26, 2016

Questions? **None**



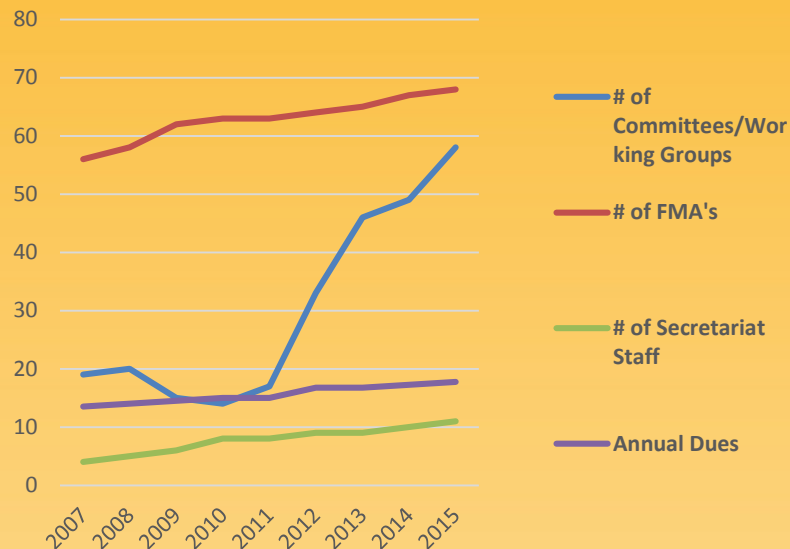
9. FINANCE & ADMINISTRATION

c. 2017 Dues Recommendation and Preliminary Budget

Fred Rowley, Treasurer

No decision was taken. It was clear from the numbers and information presented that some level of increase will be needed. The EC will reconsider based on Council discussion and come back with a recommendation.

IAA ACTIVITY VS DUES



IAA Preliminary Budget for 2017 with three options for Membership Dues

	2016 Approved Budget	2016 Forecast as of April 2016	No Increase	\$.50 Increase (2.9%)	\$.75 Increase (4.2%)	\$1.00 Increase (5.6%)
Membership Dues	\$17.75	\$17.75	\$17.75	\$18.25	\$18.50	\$18.75
	Jan - Dec 16	Jan - Dec 16	Jan - Dec 17	Jan - Dec 17	Jan - Dec 17	Jan - Dec 17
Gross Income	1,884,296	1,783,595	1,882,800	1,930,400	1,954,200	1,978,100
Total Expense	2,056,200	1,998,800	2,146,600	2,146,600	2,146,600	2,146,600
Net Ordinary Income	(171,904)	(215,205)	(263,800)	(216,200)	(192,400)	(168,500)
Net Other Income	(181,400)	(169,600)	(140,600)	(140,600)	(140,600)	(140,600)
Net Income	9,496	(45,605)	(123,200)	(75,600)	(51,800)	(27,900)
Change in Net Income per option				47,600	71,400	95,300



C10. CONSENT AGENDA

Motion: That the Council accepts all Consent Agenda items below, including the approval of any motions contained therein.

ELECTRONIC VOTES SINCE OCTOBER 17, 2015 COUNCIL MEETING

Adoption of IAA Audited Financial Statements – Year Ended December 31, 2015

Revisions of the Due Process for International Standards of Actuarial Practice (ISAPs)

Revisions of the Internal Regulations

Revisions of the Policy for MoUs

Appointments of José Luis Lobera and Peter Withey to fill vacancies on the Nominations Committee

Approved unanimously through a motion presented by Ken Hohman and seconded by Phil Merdinger

C11. CPD TASK FORCE REPORT

Rob Brown, Chair

- FMA must have a code of conduct that says an actuary shall only do work where competent and appropriately experienced.
- So we already have some requirement
- Should the IAA mandate CPD?
- TF did a survey of all (67) FMAs
- 33 provided input
- Most of those not responding were small (<200 FQAs)
- But Smaller FMAs showed more support for mandatory CPD than Larger FMAs (so apparently not a problem for them)
- Found wide variance in practice today
- Examples:
 - Australia: If an actuary is now a CEO, the CPD should be relevant to good business practice (not strictly actuarial)
 - American Academy: Only Actuaries signing Actuarial Statements of Opinion need CPD
- Support for mandatory CPD with the local FMAs establishing what is required and how monitored
- Support for use of available CPD opportunities from Larger FMAs by Smaller FMAs
- IAA activities should count toward CPD
- IAA Should require FMAs to have CPD activities that are appropriate to the work the FQA performs and/or contribute more generally to their technical and/or professional development
- Each FMA to decide how best to implement
- FMA would need to monitor compliance and have audits
- Believe this does not go against the “Principle of Subsidiarity”

Education does not stop on the day of qualification

Questions sent to Executive Committee to consider; will come back to Council with revised proposal

b. Report from the Syllabus Review Task Force, New Education Syllabus and Governance

Andrew Gladwin and Fred Rowley



B12. MEMBERSHIP

Accreditation Committee - Chair, Ken Hohman

a. Motion (two-thirds majority vote required)

That Council admit the Macedonian Actuarial Association (Macedonia), as a Full Member, subject to the recommendation of the Accreditation Committee.

Approved unanimously through a motion presented by Ken Hohman and seconded by Fiona Morrison

b. Motion (two-thirds majority vote required)

That Council admit the Actuarial Society of Ghana (Ghana), as a Full Member, subject to the recommendation of the Accreditation Committee.

Withdrawn – will be brought back at a later time

Accreditation Committee - Chair, Ken Hohman

c. Motion (two-thirds majority vote required) *That Council admit the Association of Professional Actuaries (Russia), as an Associate Member, subject to the recommendation of the Accreditation Committee.*

Approved unanimously through a motion presented by Ken Hohman and seconded by Vladimir Novikov

B13. PUBLICATIONS POLICY

Branding and Communications Subcommittee

Chair, Peter Doyle

Motion (simple majority vote required)

That, on the recommendation of the Executive Committee, Council approve the Publications Policy, as presented.

Approved unanimously through a motion presented by Bob Conger and seconded by José Luis Lobera

B14. REPORT FROM THE ACTUARIAL STANDARDS COMMITTEE

Chair, Alf Gohdes

ASC activity since Vancouver

- **ISAP 1A (Governance of Models)**

- ✓ ED exposed 1. Oct – 31. Mar
- ✓ TF / ASC currently working on comments

- **ISAP 5 (Insurance ERM)**

- ✓ ED exposed 8. Oct – 31. Mar (ref. to ISAP 1A)
- ✓ TF / ASC currently working on comments

- **ISAP 6 (ERM Programs and IAIS Insurance Core Principles)**

- ✓ TF / ASC working on ED

- **ISAP 7 (current estimates; IAIS capital stds)**

- ✓ TF / ASC working on ED

- **ISAP 4 (Insurance IFRS)**

- ✓ Probably the most extensive project
- ✓ TF / ASC working on first draft of ED



ASC activity since Vancouver

- **Other issues**
 - ✓ Held a “hearing” webcast on EDs for 1A & 5
 - ✓ Contributed to mitigation of risk from ISAPs
 - ✓ EC: “strategic direction of ISAPs”
 - ✓ PC: considering interaction with IANs
 - ✓ SSRT: exchanging experiences

Plans for the medium term

Expected adoption

- May 2017 : IASP 1A
- May 2017 : ISAP 5

Estimated adoption

- Nov 2017 : ISAP 6
- July 2018 : ISAP 7
- July 2018 : ISAP 4

Raising Profile of ISAPs by

- Increasing interaction with MAs – ensuring availability
- Running webcasts after ED issuance and ISAP approval
- Defining and monitoring “success”

Watch out for

- 2nd Standards seminar in spring 2017



B15. FUTURE MEETING VENUES – 2018 AND 2019

a. Motion: (simple majority vote required)

That, on the recommendation of the Executive Committee, the IAA Council and Committees meet in Q4 2018 in Mexico City, Mexico, at the invitation of the CONAC.

b. Motion: (simple majority vote required)

That, on the recommendation of the Executive Committee, the IAA Council and Committees meet in Q2 2019 in Washington, DC, United States, at the invitation of the American Academy of Actuaries.

c. Motion: (simple majority vote required)

That, on the recommendation of the Executive Committee, the IAA Council and Committees meet in Q4 2019 in Tokyo, Japan, at the invitation of the Institute of Actuaries of Japan.

All three motions were approved unanimously through one motion presented by Tarmo Koll and seconded by Thomas Béhar

B16. ICA 2018 – BERLIN – UPDATE

Rainer Fürhaupter

B17. NEXT MEETINGS: CAPE TOWN, SOUTH AFRICA – NOVEMBER 18-21, 2016 (Location Westin Cape Town Hotel)

Rosanne Da Silva

B18. OTHER BUSINESS

Abraham Hernandez presented a video promoting the PBSS Colloquium to take place in Cancún, Mexico, in June 2017

B19. ADJOURNMENT 5:50 pm

THANK YOU TO OUR HOSTS THE RUSSIAN GUILD OF ACTUARIES!!

