

Final April 17, 1999

**ADVICE AND ASSISTANCE COMMITTEE MEETING
NOVEMBER 2, 1998
SOMERSET WEST, SOUTH AFRICA**

Present:

Bob Collett, Chairperson
Chris Daykin
Katsunori Inoguchi
Max Lacroix
Catherine Prime
Martin Balleer, (Chair, CSIM)
Jean Berthon, President
Howard Bolnick
Paul Thornton
John Trowbridge

Nicole Séguin, Executive Director

The chairperson, Bob Collett, called the meeting to order at 13:15.

1. MINUTES OF THE COVENTRY MEETING, JUNE 5, 1998

The minutes of the previous committee meeting were approved subject to the addition of the following sentence at the end of point 5, as recommended by Max Lacroix: “The matter of the IPEF will be taken at the next meeting.”

2. CHINA

Chris Daykin provided some background on contacts with the Chinese to date. Max Lacroix had initiated the preliminary work in Asia by organising, with the assistance of the Faculty and Institute of Actuaries, a first meeting in Singapore for the leaders of the profession in the Asia-Pacific Region. The meeting was attended by Chinese delegates who were keen that the next meeting be in China. Chris noted that, in order to advance the project, much work was required in building appropriate bridges with the Chinese to help them start their actuarial profession.

Max Lacroix expanded on his contacts with the Chinese authorities and his extended stay in China. It was suggested that Max Lacroix communicate the information to the China Task Force as useful background.

China Task Force

The Committee discussed the role of the China Task Force and the direction it was taking. In order to secure the required funding for the seminar, the task force would need to produce a document describing the goals of the task force and a marketing plan. The date for the seminar was not yet selected, but preference was given to taking the time to organise a successful seminar rather than trying to organise one within a short period of time.

Bob Collett undertook to contact Tim Andrews, the chair of the China Task Force, for a progress report and to discuss other questions raised by the Committee. He will report his findings to the Committee.

China Subcommittee

The Committee engaged in a lengthy discussion on the most efficient and effective way for the IAA to organize itself to respond to the needs of China in the development of its actuarial profession.

Jean Berthon commented that, in addition to the task force organizing the seminar in China, the A&A Committee needed a special subcommittee responsible for all the other China issues. At its meeting earlier in the day, the Nominations Committee had discussed expanding the terms of reference of the A&A Committee, and possibly other committees, to give them the authority to create subcommittees to deal with specific projects. The terms of reference and membership of subcommittees would be subject to Council approval. The intent was to present a resolution at the Madrid Council meeting to establish a subcommittee for China issues.

3. INTERNATIONAL PROMOTION AND EDUCATION FUND (IPEF)

Riga Meeting

Chris Daykin reported on the recent meeting in Riga organized by the IPEF, with assistance from the Faculty and Institute of Actuaries. The meeting was attended by 49 people from 20 countries and was an example of an international professional meeting organized essentially for leaders of the embryonic professions in Central and Eastern Europe countries where there were no actuarial associations prior to 1990. The people invited to these types of meetings were members of the board of directors or committees of new associations, those who were starting actuarial programs in universities and those connected with the supervision of insurance or pension activities in these countries.

Riga was the third such meeting. Previous ones had taken place in Prague in 1994 and in Belarus in 1994-95.

The topics discussed included the role of the actuary in the supervision of insurance, educating actuaries, and the role of a national association. It was an opportunity for an exchange of views and to meet others in similar situations. The total cost of the exercise to the IPEF was \$16,000, which paid for the travel and/or accommodation of 23

participants, some costs relating to the administration of the event by Latvia, and a dinner to which some local dignitaries were invited. As with previous such meetings, it was a great success.

The low cost of the meeting was largely attributable to:

- the meetings being held in the university
- the use of a modest hotel for accommodation
- individuals seeking IPEF assistance being required to travel on discount fares
- most people travelling over the weekend in order to benefit from excursion fares

The attendees indicated that another meeting would be worthwhile, but perhaps in two years' time.

Future Meetings

The proposal for 1999 was to organize a first meeting in Africa. In this respect, Max Lacroix was in communication with African actuaries, particularly those from the less developed parts of Africa.

Activities

Max Lacroix summarised the IPEF activities over the past years.

- In 1997, coordinated with the Groupe Consultatif and helped obtain a reduced fee from the organizers, financed travel and helped obtain visas to the Netherlands for participants from Central and Eastern Europe.
- Over the last few years, granted over 60 scholarships for the well-known Warsaw summer school.
- Assisted one or two participants who could not find resources to attend the ASTIN meeting in Glasgow.
- Assisted a number of scholars, mostly from Latvia, participating in a diploma course at Vilnius University. The IPEF was doing it again for a second level diploma course.
- Committed to support studies of Indonesians at masters' level, with three scholarships constituting \$10,000 US over two years.

Max Lacroix noted that the IPEF was a flexible operation and that it kept its resources for cases where other financing was not available. At the Birmingham Congress, for instance, there were many sources of financing and therefore the fund only provided a few hundred dollars to facilitate one of the cases.

Max Lacroix commented that the IPEF did not financially support participants from countries where the profession was well established. The fund was modest, but the

stewardship of the money was conducted in a way that the money was leveraged and not used when other money might be available. Participants were urged to keep financial requests modest because the resources available were voluntary contributions from the profession. In addition, the fund avoided sponsoring meetings in luxury surroundings, which added to the credibility of the fund.

IPEF and the A&A Committee

Catherine Prime pointed out that, although the fund commenced activities before the A&A Committee existed, she saw a future role for the A&A Committee, probably fed by other committee activities, to make suggestions and to provide initiative for some of the future fund activities. Another way to use the Committee and the fund together was to facilitate fundraising.

Max Lacroix was very supportive of the suggestion that there was a role for the A&A Committee in the IPEF activities.

However, until now the A&A Committee had not had any direct involvement in either the direction of the flow of funds or the processing of funding requests. The executive leadership of the IAA should provide additional direction as to the desired internal operating relationship.

Brochure

Max Lacroix advised the Committee that the IAA brochure was distributed at the IPEF meetings to promote the IAA and the profession. In addition, it contained an insert of the list of congresses, ASTIN and AFIR colloquia and professional international meetings. Max Lacroix mentioned that he and Chris Daykin had been discussing revising the brochure. The Committee agreed that the brochure should be redesigned and recommended that, in addition to reflecting the restructure of the IAA, it should address the needs of both the A&A Committee and the IPEF. Max Lacroix stressed that the list of meetings should be retained as it was deemed valuable by participants.

It was generally agreed that the revision of the brochure was a Committee activity.

Finances

Max Lacroix explained that the IPEF finances were divided into two distinct categories: the operations and the administration. The meetings were funded from the voluntary contributions to the operations while the administrative support was financed through a modest assessment on associations at the level of 100 Belgian francs per individual member.

In the absence of a written directive, the Secretariat issued, in conjunction with the collection of the 1998-99 IAA dues, an appeal for voluntary contributions. No assessment was made for the administration, but rather contributors were asked to specify how they wished their money to be used: for the operations or the administration.

The IPEF monies reside in three separate accounts: one managed by the Faculty and Institute of Actuaries in British pounds, one in US dollars managed by the SOA and the other in Belgian Francs managed by the Secretariat.

Max Lacroix reported that the total balance in the IPEF would be nearly \$130,000 U.S., once \$40,000 had been deducted for the meeting in Riga. The amount owing to him for administrative support did not exceed \$21,000 as of April 1998. He pointed out that he had never submitted a statement of expenses.

4. ACTIVITY WITHIN CENTRAL AND EASTERN EUROPE

Georgia

Chris Daykin reported that the Association of Actuaries and Financial Analysts, the newly developed association in Georgia, was very enthusiastic and looking for assistance with an education program. Chris Daykin was investigating whether the "Know How Fund" would support the program. (The "Know How Fund" was the U.K. government's fund for the transfer of knowledge to Central and Eastern Europe. It had provided financial support to run diploma courses for training actuaries in most of the countries of Central and Eastern Europe. The fund had contributed approximately 1.3 million pounds since 1990 to actuarial education. That was a valuable contribution to the actuarial profession, because it was instrumental in establishing the profession in many of these countries.)

Romania

Romania had held its first actuarial summer school in September, sponsored by the Romanian subsidiary of Nationale Nederlanden. At their meeting, they discussed the formation of the Romanian Actuarial Association and appointed a provisional president, Ms. Lupea.

Albania

The supervisor has asked if the IPEF could run a summer school in Albania. Chris Daykin has approached the ASTIN Committee, which may finance the project. The idea would be: to send three or four people speakers over a period of a couple of weeks, and to allow the Albanians to organise themselves by assembling individuals interested in the actuarial profession and by spreading the word in Albania about what actuaries are able to do and contribute.

Morocco

Morocco has established an association

Russia

The Russian Actuarial Society was established in September of 1994, but it has become active only in the past year through the initiative of several actuaries keen to progress the profession in Russia. They were consulting the Faculty and Institute of Actuaries on how they could establish themselves as a professional body. They want to introduce their own examination system for the professional examinations, with the basic technical training being provided by universities. They want to start work on experience studies both in the mortality areas and in motor insurance. There was a written agreement between the supervisory authority and the Russian Actuarial Society to establish a joint working party to develop standards for reserving for life insurance.

The Russians require assistance and Chris Daykin was hopeful that the “Know How Fund” would provide training in terms of setting up the experience studies, establishing the actuarial examination system, and translating basic actuarial works.

The Siberian Actuarial Society was established in mid-1991, but it was absorbed into the Russian Actuarial Society. The Russian Society was also keen to join the IAA and Chris Daykin had suggested it apply as an Observer Member.

5. BIRMINGHAM CONGRESS

Bursaries

Chris Daykin provided a brief summary of his written report on the bursaries for the Birmingham Congress.

A&A Reception

Chris Daykin reported that the A&A Reception at the National Sea Life Centre had been a successful event. It was well attended by the Chinese delegation and other bursary recipients, and had served the purpose for which it was conceived. It was a good opportunity to raise the profile of the IAA with individuals from developing countries.

The cost of the reception was approximately £3000 (catering only) and it was agreed that it was money well spent and the Committee should take such an opportunity again.

6. DATABASES

The committee discussed the different types of databases that could be useful in its work. The following databases were suggested in addition to the assistance database already being developed:

- a reliable meeting database that everyone would work to keep up to date

- a resource of people available to assist in some of the situations the IAA was involved in in developing countries (i.e., the ASTIN committee wanted to sponsor seminars and so on, but it needed speakers)
- a database of office holders in the different associations, their change of office and annual meeting
- a list of associations that have been created and book donations they have received; this would help in the coordination of donations from the various associations and ensure that the appropriate people were on the mailing lists to receive the North American Actuarial Journal and other actuarial journals
- assistance requests, coordination of planned activities, and assistance provided

The print-out of a draft database was presented to the committee for discussion. The third part of this database comprised information published in the April Bulletin each year. The intent was to stop publishing in the Bulletin and to regularly update the database and make it available on-line.

Bob Collett asked whether it would be useful to also include information with respect to actuarial organisations in the developmental stages. Chris Daykin indicated that they had put together a list for ASTIN of over a hundred people to which the donations were sent. The recipients were essentially contacts at universities where actuarial education was being introduced, addresses of newly founded actuarial societies, and contact persons in countries where as yet there was no actuarial association. It was pointed out that this type of information would be useful when one wanted to get in touch with actuaries in a particular country with no association; at least we would have a contact.

Max Lacroix raised the question of including guidance and assistance given by individual companies. This was also seen as a worthwhile addition to the database as it would indicate who was interested in providing assistance in various countries.

Chris Daykin suggested adding requests from supervisors or from authorities, i.e., the request from Egypt.

The following improvements to the database were suggested:

- the addition of a current contact person both in the association and in the country providing assistance
- preferable to expand “assistance provided” from a code system to a short description which would contain enough information so that a person would know where to go next

7. OTHER BUSINESS

Financial Times

Chris Daykin informed the Committee that the Financial Times had published, on October 14, 1998, a four page supplement on the actuarial profession. In particular, there was an article dealing with the international aspect of the profession and it talked about the development of the profession in Eastern Europe, Russia, China and so on.

(Secretary's note: the IAA Secretariat has a copy of the supplement.)

Egypt

The Secretariat received a request from the supervisor in Egypt for various information about the qualification of actuaries and so on. Nicole Séguin was preparing a response with input from various individuals from within the IAA. It was suggested that the response may have some aspects which could be used on subsequent occasions and that the response therefore be circulated to the Committee, when available. *(Secretary's note: the response was distributed to the Committee on January 21, 1999.)*

Microfinancing (small loans)

The SOA had received a request for assistance from the Mexican actuaries who were approached by a university in Mexico interested in developing a program on microfinancing in the Mexican area. The potential lenders recommended that the university seek actuarial advice. The SOA suggested that the issue be brought to the A&A Committee to determine whether anyone was knowledgeable in this area and whether the Committee considered the question important enough to encourage the Society to move forward in the discussions.

Bob Collett undertook to report to the SOA that the issue was really outside the scope of the role of the A&A Committee. One possible action for the A&A Committee might be to try and determine whether there was any experience from other actuarial organizations around the world.

Japan

Katsunori Inoguchi reported on the upcoming IAJ qualifying examination being offered in the China Institute of Finance and Banking in Beijing on December 17, 18 and 21.

8. ADJOURNMENT

There being no further business to discuss, the meeting was adjourned at 5:10 p.m.