

Final May 25, 2006

**Minutes of the Advice and Assistance Committee Meeting
November 19, 2005
Rio de Janeiro, Brazil**

Delegates in Attendance:

Stephen Handler, Chairman
Howard Bolnick
Bob Conger
Norm Crowder
Chris Daykin
Stuart Leckie
Jim MacGinnitie
Tomio Murata
Janina Slawski

Telephone Participants

Robert Collett, *Member, IAA Fund Subcommittee*
Graham Rogers

Ex-officio

Tom Bayley, *Member, Latin America Subcommittee*
Peter Clark, *Member, IAA Fund Subcommittee*
Yves Guérard, *Secretary General*

Regrets

Ibrahim Muhanna, Vice-Chairman
KC Chan, *Chairperson, China Subcommittee*
Rainer Fürhaupter
Luis Huerta
Tarmo Koll

Non-delegates

Kevin Cronin, *American Academy of Actuaries*
Steve Lehman
Nicole Séguin, *Executive Director*
Seong Who Choo

1. Welcome and constitution of meeting

Chairman Steve Handler welcomed all those in attendance, in person and on the phone, to the meeting.

2. Confirmation of minutes of previous meeting held in Rome, June 15, 2005

The draft minutes of the meeting held in Rome in June, recently circulated to the committee, were approved as presented.

3. Matters arising from the minutes

It was noted that all matters arising from the previous minutes were on the agenda and would be dealt with through the course of the meeting.

4. Report on Fund Meeting in Bali

A written report was circulated to the committee in advance of the meeting. The IAA Fund Subcommittee was reconsidering the desirability of holding meetings for the Asia Pacific region in conjunction with the EAAC. It is believed that that was a factor in poor attendance at the Bali meeting. In addition, it was noted that for this particular region of the world, careful presentation of the program would assist in improving attendance.

5. Policy on Associate Members

5.1 Approach for advice and assistance to Associate Members for upgrading to Full Member status

The Secretariat was asked to circulate the list of potential members of the IAA and associate members to give the committee a sense of where work was being done and where the A&A Committee should concentrate its efforts in helping to develop the profession.

This will be a discussion item for the meeting in Paris in May 2006.

6. Joint Task Force with World Bank

Steve Handler reported that the Executive Committee (EC), which met on November 16, had identified the implementation of a global actuarial qualification as a high priority. The Strategic Planning Task Force met on November 18 and reinforced the decision of the EC. A task force was being created and Steve Handler and Chris Daykin will be part of the membership.

Steve Handler reviewed the process that will be followed. The task force is being created mainly for two reasons: a) its brief is to address a top priority issue, and b) to facilitate the IAA's further discussions with the World Bank. In addition, it was felt that such a high level task force was needed to underpin the IAA's deliberations with the World Bank in order to stress the importance of this initiative for the IAA

The collaboration model envisaged by the World Bank for its relationship with the IAA is similar to the "partnership" one currently in existence between the World Bank and the IAIS.

Within the context of such a partnership with the World Bank, the IAA is developing a business plan to implement a strategy aimed at creating a global actuarial qualification. This is to be targeted initially at developing countries, but will be available for use by all countries.

An appendix to this business plan will comprise case studies. This appendix serves to suggest the way forward in implementing a number of the components already in place or to be developed under the World Bank partnership. It is intended that these initiatives in specific countries would be financed by other funding agencies, i.e. First Initiative, USAID, etc. First Initiative would consider providing assistance in low income countries.

The global actuarial qualification is an element of the strategic plan being developed by the TF on Strategic Planning. The idea is to move towards creating an international actuarial qualification including a logistical infrastructure that will help associations, as needed and at their own discretion, to maintain or replace their education systems.

An important component of the strategy will be to introduce a qualification route involving universities. The IAA would control the curriculum content, approve examination standards where appropriate, and would oversee the implementation.

The World Bank has asked the IAA to confirm its intent to proceed by December 5 at the latest as there exists an opportunity to put this forward within the World Bank in January with the possibility of obtaining funding under a Development Grant Facility (DGF) as early as the second half of 2006. The completed application will be needed by January 16.

The IAA Latin America Subcommittee, through Luis Huerta, is in separate negotiations with the Inter-American Development Bank (IADB) and ASSAL, the association of Latin American insurance supervisors, for possible projects for the Latin America region.

There are specific “narrow” needs in certain regions and the IAA will have to be careful about addressing the specific narrow needs without losing sight of the greater strategic plan. The A&A Committee will need to brief the Insurance Regulation Committee about these developments because they have regular contact with the IAIS. It was suggested that the A&A committee should have a liaison representative with the Insurance Regulation Committee.

The World Bank’s interest in education stems from a deep concern about professionalism and governance in developing countries. We will need to work with associations in certain countries to help them develop their discipline process, code of conduct and standards, and close liaison with the Professionalism Committee will be a necessary part of this.

Since World Bank funding will not be available indefinitely, the IAA will need from the outset to plan to progress toward a self-sustaining system.

7. Human resources for projects

This item was a follow-up to a request made by the Executive Committee at its meeting in Rome for a recommendation on obtaining actuaries for various IAA projects.

During the discussion, the following comments and suggestions were made:

- Invite applications from individual actuaries, probably through their associations, to have their name added to a roster, asking them to specify their field of competency and on what basis they would be available.
- Establish some type of remuneration table.
- The IAA is a voluntary organization, but it cannot always expect projects to be done on a volunteer basis.
- Many compensation models currently exist ranging from expenses only to near-market rates and these should be consulted in defining a model for the IAA.

- The definition of market rates varies from country to country and this will need to be kept in mind.
- Designate a section of the Web site to advertise available opportunities.
- Members of the Committee felt that the issue falls within the province of the A&A Committee and that this Committee should recommend a policy for adoption by the IAA.

The discussion concluded with an undertaking from Bob Collett and Bob Conger to draft a policy for consideration by the committee. They expect to circulate a draft some time in February.

8. Updates from subcommittees

a. *IAA Fund*

Financial Report

The IAA Fund's third quarter financial statements were presented, for information.

Chris Daykin updated the committee on the Role of the Actuary seminar planned for Istanbul, Turkey on 2 December 2005. This seminar will be jointly funded by the Turkish Actuarial Society, the IAA Fund, the Muhanna Foundation, and the Bahçeşehir University, a private university in Istanbul with an actuarial programme.

The major activity of the Fund for 2006 will be a meeting in Central/Eastern Europe, most likely in Warsaw in September. Participation from A&A Committee members to this meeting was strongly encouraged as this could be the last IAA Fund meeting for the Central region of Europe. After this meeting, the focus for Europe/Western Asia will be on the regions further east.

The next Africa meeting will most likely take place in early 2007 in Kenya, and Beijing is being considered as the location for the next East Asia meeting, perhaps in the first half of 2007.

b. *China*

The Society of Actuaries in China is reforming to become a stand alone professional body, possibly to take effect late in 2006 or early 2007. This would be a major step forward for the profession in China.

With respect to the Congress in Paris, there is an urgent need to communicate the availability of bursaries to Chinese actuaries. The SAC's desire to make a presentation in Paris was seen as a positive development and favourably received by the committee.

The committee was informed that, for personal reasons, KC Chan was resigning as chairperson of the China Subcommittee and that Estella Chiu was being recommended to fill the vacancy. The question was raised as to whether there was a need to continue with the China Subcommittee once the new SAC was formed, or whether it should be converted to an Asia region subcommittee rather than solely focusing on China. After some discussion, the committee agreed that the needs of China were not the same as those of the rest of the region, and therefore the

subcommittee should continue to operate under its current structure. At such time as China becomes a member of the IAA, this can be reviewed.

Additional details are available in the China Subcommittee minutes.

c. Latin America

Steve Handler reported that the main current activity of the LA Subcommittee involved discussions with ASSAL (the insurance regulators of Latin America) and the IADB on the development of the profession in LA.

Additional details are available in the Latin America Subcommittee minutes.

9. Sessions and reception sponsored by A&A at ICA 2006

The committee agreed to organize a reception during the Congress week for representatives from actuarially developing countries and bursary recipients. The Thursday evening (June 1) seemed to be the best time given that the Congress sessions on the Friday would focus on the development of the profession. It was further agreed that the reception should last no more than 1.5 hours and should be held in the same venue as the IAA meetings. The Secretariat will take care of the logistics and coordinate the timing with the Congress organizers.

(Secretarial Note: The Congress organizers agreed that Thursday, June 1 was the best day for holding such a reception. The Secretariat will report back on estimated costs.)

The closing session on the Friday afternoon will be a plenary session on the work of the AWF Section. One hour of this plenary has been set aside for the A&A Committee. The intent is to present three case studies: Estonia, possibly Indonesia, and China. Hong Kong is another possibility (but not if China is featured). There should also be a parallel session organised by the A&A Committee on Friday morning, when some other new associations can be featured, including perhaps India. Chris Daykin and Steve Handler will pursue this with the associations in question to obtain confirmation and will also arrange for the presentations. The target audience for the parallel session will be individuals from actuarially developing countries and anyone interested in learning more about the work of the A&A Committee.

10. Adjournment and next meeting: Paris, May 2006

There being no further business to discuss, the meeting adjourned at 12:00 noon. The next meeting will take place in May 2006 in Paris, France, prior to the ICA.