



INTERNATIONAL ACTUARIAL ASSOCIATION

Accreditation Committee Meeting November 18, 2016 — 10:00-12:30 Westin Cape Town Hotel Minutes

Please find the attendance list at the end of these minutes.

I. Information agenda

1. Introductions and to note current membership of the committee

The chairperson welcomed the participants to the meetings and a round of introductions was made. He also welcomed the new member to the committee: Graham Luffrum – Slovenska Spolocnost Aktuarov.

2. Request to Move Information Items to Discussion Agenda

Elements of the information agenda were noted and the chairperson asked if committee members would like to move any element to the discussion agenda. A report from the Professionalism committee was moved to the discussion agenda.

II. Discussion Agenda

1. Approval of the St. Petersburg Meeting minutes

The minutes of the meeting in St. Petersburg were approved as presented.

Action items: Secretariat to post final version to the website (done)

2. Document Reviews

a. Applications for Associate Membership status

Colegio Actuarial Mexicano (CAM). Steve Eadie, the reviewer of the documentation, submitted a report to the chairperson outlining his concerns. On his report, he indicates that there is a confusion on whether this is an application for full membership or associate membership. The outlined concerns are:

- 5 out of the 20 members of the association would meet FQA requirements but no evidence is provided on how they qualify as actuaries.
- There is information that at least one member may have been expelled from another actuarial association. This must be clarified as they will not qualify without five bona fide members.
- They present strange membership categories. Founding Members were self-appointed at inception and subsequently control the voting membership.
- It is troubling that their By-laws can't be changed without the approval of Founding and Permanent members.

- They apply their Code of Ethics to all actuaries – even non-members. They seem to try to regulate the daily practice of actuaries in all aspects (even non-actuarial work and the work of foreign actuaries).
- They seem to be in direct opposition of CONAC and likely soliciting new members from CONAC.
- CONAC's input on this matter is recommended before proceeding.

The chairperson indicated that this has been a very sensitive situation presenting several concerns that need to be addressed:

1. The membership application itself. Based on the reviewer's opinion the Committee is in no position to assess this until some clarifications are received.
2. Accreditation Committee's responsibilities in this type of situation. To be addressed on point 5. a of the agenda.
3. CONAC's position on this application. To be explained by CONAC representatives at the meeting.

Carlos Lozano, President of CONAC, and José Luis Lobera, explained that the profession in Mexico was launched 70 years ago, and the Colegio was founded 20 years later. The name "Colegio" in Mexico can only be assigned to an association that has been recognized by the Ministry of Education as such, as the body that will be taking care of meeting the professional standards and code of ethics of the profession in question.

Some concerns that CAM's application raises are:

- a) This body is calling itself a "Colegio" -Colegio Actuarial Mexicano- when the only organism with that recognition in Mexico is CONAC.
- b) This association does not have clear by-laws or code of conduct.
- c) This is a body formed by 10 actuaries and maybe 90 students. The members they are admitting might not necessarily be actuaries and neither could be following and actuarial education syllabus.
- d) CONAC's mission is also very clear, to organize the profession.

Representatives of CONAC moved forward the motion of considering that the admission of this applicant would not be for the benefit of the IAA.

The question of whether the 10 actuaries that are members of CAM are also members of CONAC was posed. It was answered that they are not, in fact this association was founded by a member that was expelled from CONAC because in 2010 he requested funding to participate in the ICA 2010 taking place in Cape Town, request that was denied under the grounds that congress participants had to cover their own expenses. Later, he accused the members of CONAC's government body of improperly using the funds from CONAC. Mr. Lozano and Mr. Lobera reported that Mexicans participating in IAA events cover their own expenses as the association does not have the resources to do so.

With regards to the question of whether there are specific tasks that only CONAC actuaries can perform, it was mentioned that Mexican regulations required actuaries working on insurance or reserving to be certified by CONAC. This is also recognized by the Mexican insurance regulator and is clearly established within the scope of insurance law. In addition, if the actuary wants to pursue pension related work he/she must also be certified by CONAC. Nonetheless, Mexico has many actuaries involved in finances, banking, ERM that do not need any specific certification.

With regards to education it was mentioned that in Mexico education is university based and CONAC offers the professionalism components that will allow the actuary to become an FQA as required by the IAA Education Syllabus.

The Mexican regulator allows non CONAC members to pass exams administered by the regulator but the exams being offered by the regulator are provided by CONAC.

As the actuarial degree is provided by the Mexican universities and not by CONAC, there are many actuaries in Mexico that are not CONAC members.

Action item:

Secretariat and Ken to draft a message to CAM requesting some clarifications on:

- how do their actuaries receive their qualifications,
- whether their actuaries have been expelled by other associations, and
- their relationship with the other actuarial organizations in Mexico. (Done)

b. Applications for Full Membership Status

1. *Central American Actuarial Association.* Mike McDougal the reviewer indicated that he had an extensive exchange with the association to clarify some issues, especially related to the appeal process outlined in their disciplinary process. All recommendations were considered and from the reviewer's point of view there are no issues with the association.

From the Education perspective, this is a derivative association, their fully qualified actuaries will be FQAs from another IAA full member association. The concerns expressed by the Education Committee reviewer were that they do not have a membership committee reviewing applications as well as the viability of the association moving forward as a derivative association. However, it was noted that these concerns do not violate the accreditation criteria of the Internal Regulations, and therefore do not affect the decision made by the Accreditation Committee.

The committee approved the motion of recommending to Council the admission of the Central American Actuarial Association as a full member association of the IAA.

Secretarial note: Following some concerns expressed by council members the motion to approve the admission of this association as an IAA full member was removed until further information is received.

Action Item: Secretariat to submit a letter to the applicants seeking answers to the questions posed by some Council members. (Done)

2. *Actuarial Society of Ghana.* Mike McDougal reviewed the documentation and referred to the report he submitted in St. Petersburg in which he indicated that some elements could have been more explicit but it was sufficiently aligned with the requirements of the IAA. He noted that from the Education side Steve Eadie had reported that the education program presented had not been approved by the reviewers and it would be premature to go forward.

The Education Committee reviewers agreed that they do not have sufficient information to assess the education program they presented via universities. Therefore, they recommended

the association to start their full membership on a derivative path and work with the Education Committee to establish a university based education program.

It was mentioned that Education Committee members were trying to meet with Ghanaian representative to clearly communicate these issues and establish the next steps.

3. *Actuarial Society of Turkey*. The reviewer, Ken Hohman, complimented the representatives of the association for considering all questions and concerns raised. He mentioned that they quickly made the changes suggested and the only potential concern is that initially, as written, it appeared the appeal process could take place over a two years' timeframe. They explained that their government statutory requirement is to meet at least every two years but they agreed to do it on a yearly basis and to call additional meetings if needed to ensure that the appeal process works on a timely fashion.

The committee approved the motion of recommending to Council the admission of the Actuarial Society of Turkey as a full member association of the IAA.

c. Existing association's document review

1. South Korea – process for the adoption of standards. Waiting on documents.
2. Chinese Taipei – code of conduct and discipline process. Mike McDougal reviewed the documentation and indicated that he had only one issue regarding the appeal process. He mentioned that the process requires the actuary, found guilty in a disciplinary action, to receive the support of 3 members of the board in order to lodge and appeal. The IAA would anticipate that an actuary should be able to make an appeal regardless of having the support of board members. The reviewer mentioned that he recommends the association to review and change this element.

A representative of the association indicated that she will bring the concerns back to the association.

3. Finland – discipline process and process for the adoption of standards. Thierry Poincelin reviewed the documentation presented by the association. He indicated that after a preliminary review he requested more information from the association and he was satisfied that IAA requirements were met.
Changes submitted by the Finish association were approved.
4. Japan (JSCPA) – process for the adoption of standards. Guillaume Moussa reviewed the documentation submitted by the association and indicated that his only comment is that the association membership is only given a two-week period to submit feedback in is the event of a modification to a standard. It is his personal view that this timeframe might be too short for requesting membership feedback.

It was mentioned that before publishing the drafts, information is perhaps circulated among the association stakeholders, giving them the chance to review this before the exposure period. It was noted that if this was the case then 2 weeks may not be too short of a period.

It was agreed that the committee would recommend the association consider a longer exposure period for their drafts.

5. Russia – code of conduct. Waiting on documents.
6. Egypt – code of conduct. Committee awaiting Régis de Laroullière review.
7. Hungary – code of conduct, discipline process and process for the adoption of standards. Donald Fuerst reviewed the documentation provided by the association. He indicated that they were amending their CoC and DP primarily for administrative purposes. He only found a minor issue with the requirement that actuaries should not advertise in a way that might be misleading. The reviewer believes that this is a translation mistake because this item was not changed from the information approved 10 years ago. After further discussion with a representative of the Hungary association, it was agreed that this is a translation issue.
8. Pakistan – code of conduct. Thierry Poincelin offered to make the review.

Action Items:

- Secretariat to:
 - Inform the Chinese Taipei, Finland, Japan, and Hungary of the result of their document's review.
 - Submit the documentation from Pakistan to Thierry Poincelin.
 - Continue requesting the documents from South Korea and Russia.

3. Confirmation Forms Review

a. *Information of the most recent filings*

The chairperson indicated that currently the IAA has two sets of confirmation forms, one for associate members and one for full members. It was mentioned that this year 11 full members did not submit the confirmation form 2015. Out of this group one association did not complete the form but provided all the material they had amended, which was reviewed accordingly and now discussed and approved; another association sent a message informing that they will submit next year because they are making many changes to their governing documents. Following this, the question of these two associations being compliant or not was posed. It was mentioned that the Secretariat considered the information provided and did not send further reminders to those two associations.

There was discussion of what should be done with one association that has not completed the confirmation form for at least 3 years despite the reminders sent.

This year the secretariat sent 4 reminders to associations that have not submitted their forms. It was noted that it should not be a big concern if an association does not submit the form for one year, but after two years it would be important to try to assess what is preventing them from completing the form.

The IAA is a very inclusive association but when 3 years go by without hearing from member associations, we should ask them to catch up on all three years or action will be taken. It was noted that the association that has 3 years of confirmation forms pending is not an association that participates in IAA meetings.

Action item:

Secretariat to send a strongly worded letter to the association indicating that they have not responded to the confirmation form request for 3 years and if they do not respond with their confirmation forms by the Budapest meetings accreditation will consider removing them from membership of the IAA.

b. Confirmation Form 2016 - New format

The chairperson indicated that this year a new format is being suggested for the Confirmation Form. He explained that the form itself is long but the information required for accreditation purposes is not large. The new format includes the same information as last year but it separates it into what is compulsory for accreditation purposes – changes to code of conduct, discipline process, education questionnaire and process for the adoption of standards, if setting standards - from what is not, with the mention that the information is requested to facilitate the work of various IAA committees such as professionalism and standards. It was emphasized that only the first part will be compulsory and if the association does not reply to the second part it will not be considered as not compliant with IAA requirements.

The professionalism committee expressed concern that there was a wish from the Executive Committee to remove the question about standards as it was considered onerous for the association to answer the same question every year, and associations felt forced to complete it even when they had made no changes from the previous year.

It was further noted that big associations with the resources and staff to answer questionnaires will respond, whereas the small associations – the ones that probably need the standards – will have issues finding the resources to submit the form and will opt-out from completing the section. These are the associations the Professionalism and Standards Committee will want to know about. It was emphasized that these questions are of importance to these committees as there is no point of working on these topics if associations will not use them.

It was suggested to pre-populate the form with the responses that were given the last year to simplify the reporting. It was mentioned that the Secretariat had considered this option in the past but unfortunately the conditions of the current IT system do not allow this.

It was suggested to add a box to be selected in case there have been no changes from the previous year.

It was noted that member associations have complained over the years of being inundated with various surveys from different committees which have a low rate of answers. It was mentioned that due to the importance of the standards these were added to the Confirmation Form.

Action item:

Secretariat to add a box allowing associations to select if there have been no changes from the previous year.

4. FMA checklist review

The chairperson indicated that Accreditation Committee members go through a checklist every time they review an application for full membership or changes that an association has made to its code of conduct, discipline process or process for adoption of standards (if they adopt standards). A group has been formed to annotate the checklist with the historical perspective of the items the committee has required associations to change as opposed to those the committee

think could be improved but would be accepted as written, recommending the association to amend at a next review of their documents. Thus, the checklist will note the level of flexibility allowed for various requirements so reviewers know where the committee stands with regards to the accreditation requirements.

The Secretariat reviewed the archives and compiled all the letters available indicating the results of accreditation criteria reviews either from applicants or from associations making changes. Then, created an excel document to indicate the date of the review, the provision of the internal regulations involved, and whether the specific item was a required change or not. It was suggested to add a field to the document indicating the date or committee meeting in which it was resolved that the association had addressed the issue.

Action item:

Secretariat to send a reminder to the group working with this so we can have a document for Budapest.

5. Review of Internal Regulations Accreditation Criteria

a. *Extent to which a member association can block the application of another association from their jurisdiction.*

Under this circumstance the questions for the applicant would be, who do they represent, is there duplication of work with what the other local associations do, how do you deal with actuaries that are members of more than one association within a country.

It was mentioned that by looking at having only once association per country, there is the risk of getting involved in politics as there are various reasons for establishing more than one association. The example given was the one of the Cataluña association that, although from Spain, is quite different from the association based in Madrid. Flexibility was suggested by looking at each case individually.

It was mentioned that the US has more associations than any other jurisdiction but, while they may overlap membership, each association serves a distinctly different mission. The problem is that in many cases associations formed by actuaries are not always a truly actuarial association, they might be trade associations or social clubs. The question is whether the applicant is truly an actuarial association that should be part of the constituency of international organizations hosted by the IAA.

It was suggested that under these situations the IAA should be flexible and remain impartial. As IAA does not have the capacity to make a full investigation of the applicant, the Accreditation Committee should make a review of the documentation and present its findings to Council including the objections presented by other associations. Then Accreditation should present to Council the associations under review and request their approval for admission at the next meeting. This would give Council members enough time to make a well-informed decision.

It was explained that the current procedure is including the information on the 60 days' agenda for Council. This gives associations the possibility to review and to comment on a timely manner, which is what happened with CONAC. The issue is whether more time is required or not.

The question of which organization should carry the burden of proof was posed. It was noted that it should be the applicant's responsibility to prove that they are a bona fide association. It was agreed that if an FMA raises a concern with an applicant, the Accreditation Committee would send a letter to the applicant requesting responses to the issues raised.

If Accreditation finds itself unable to decide, the question should be posed to Council. The IAA's role is to be an inclusive organization that provides resources to all its member associations to develop actuarial practice around the world.

b. Syllabus Governance Task Force Recommendation that the Education Committee advise the Accreditation Committee as to the level of compliance of an association with the syllabus.

The chairperson briefly summarized the role of the Accreditation Committee by indicating that, currently, Accreditation looks to the Education Committee to give a determination on the education requirements and then approve that determination. The SGTF suggests that Education should advise and that the Accreditation committee should decide, so Accreditation will look for a scale of where the association falls with regards to satisfying the education requirements and if they are close to the passing mark, then Accreditation will take a closer look at the elements presented.

The question of the expertise Accreditation Committee members have to make assessments differently than Education Committee members, was posed. How would the Accreditation Committee decide differently than the Education Committee and in what circumstances would that happen? How would the Accreditation Committee judgement be deemed more important than the judgement from the Education Committee?

It was mentioned that the thought is for Accreditation to request more information from the Education Committee reviewers so they can understand where they stand on the assessment of passing or failing and association. It was further noted that there has been a good history of having a cross-over membership of the Education Committee in the Accreditation Committee, so Accreditation has been able to rely on their expertise but this will not always be the case.

It was suggested to ensure having a member of the Education Committee sitting at the Accreditation Committee meetings as a liaison. It was noted that it was discussed during the St. Petersburg meeting to maintain overlap between Education and Accreditation Committee membership, but the SGTF believed there should be a clear divide between the committees. Therefore, an Education Committee liaison present at the Accreditation Committee meetings to present their evaluations of the material might be the best course.

It was mentioned that the IAA's Education Committee, relies on the AAE's Education Committee in respect to the European Associations. Conversely, the AAE relies upon this committee for codes of conducts and discipline processes presented by European Associations. This has saved a lot of work that overlaps between these two associations. It was noted that this should not change.

6. Review / update of the committee's [Terms of reference](#)

The chairperson indicated that it is the role of the committee to review the terms of reference every meeting and assess whether any changes should be made if appropriate. This will consider the discussion on the previous point about the SGTF change recommendation on the item reading: "To rely on the advice of the Education Committee in relation to compliance with the

education requirements." Accreditation should look for the Education Committee's advice but it should not necessarily rely on that.

7. Other business.

It was reported that a new item on the professionalism committee arose in St. Petersburg is a study on disciplinary schemes with reference to code of conduct. The first discussions will include some videos from the IFoA and will be taking place during the Cape Town meetings. This is the beginning of a project looking at how these two elements work together and it might have some implications to the work of the Accreditation Committee in the long run.

Respectfully submitted,
Karla Zúñiga-Cortés

Attendance List

Chairperson: Ken Hohman, American Academy of Actuaries

Vice-chairpersons:

Tomio Murata, Institute of Actuaries of Japan

Secretary: Karla Zúñiga-Cortés

Members:

Don Fuerst, Conference of Consulting Actuaries
David Martin, Institute and Faculty of Actuaries
Michael McDougall, Actuarial Society of South Africa
Guillaume Moussa, Deutsche Aktuarvereinigung e. V.
Thierry Poincelin, Institut des Actuaire

Executive Committee Liaison:

Tarmo Koll

Observers:

Bob Beuerlein
Ruth Chu
Janet Duncan
Seda Ekizoglu
Orhun Emre Gelik
Heather Jerbi
Sam Liu
José Luis Lobera
Carlos Lozano
Michel Simard
Tom Wildsmith
Stephen Yeboah
Cynthia Ziegler

Appologies:

Régis de Laroullière
Renata De Leers
Steve Eadie
Pat Teufel