



# Report on the IAA Activities in ERM

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## IAA Background

- Worldwide association of professional actuarial associations (62 Full Member and 26 Associate Member associations)

### MISSION:

- *To represent the actuarial profession and promote its role, reputation and recognition in the international domain;*
- *To promote professionalism, develop education standards and encourage research, with the active involvement of its Member associations and Sections, in order to address changing needs.*



## ERM is new Focus of IAA

- Now One of Top Priorities
- Global CERA Treaty
- Role of the Actuary in ERM Report
- Enterprise & Financial Risks Committee
- AFIR ==> AFIR/ERM



# Global CERA Treaty

- Not officially an IAA initiative
- 13 Actuarial Organizations are signatories
- Legal entity in Switzerland owns CERA
- 3 Associations are now certified to grant CERA
  - SOA – 700 awarded
  - IFA(UK) – 9 awarded
  - IAAust – 20 awarded
- 3 Associations in process to be certified
  - CAS, South Africans, Netherlands



# Role of the Actuary in ERM

- Report to IAA Executive Committee – Summer 2010
- Actuarial USPs
  - Familiarity with strong range of quantitative risk management techniques
  - Rigor in approaching the assignment
  - Integrity in executing the assignment
  - Objectivity in communicating in business terms about the assignment
  - All Reinforced by the most demanding professional requirements.



# Action Plan

- Promote the position of actuaries in ERM Field
- Support the Globalization of CERA
- Provide Platforms for CPD in ERM for actuaries around the world
- Support and direct research in ERM



# Action Plan

- To be executed by
  - Exec Committee
  - CERA committee
  - Enterprise & Financial Risks Committee
  - AFIR Section
  - Advice and Assistance Committee
  - Insurance Regulations Committee



# Enterprise & Financial Risks Committee

- Existing Work
  - ERM Report
  - CARE Report
  - Other Financial Crisis Reports
    - The Global Financial Crisis – What Next?
    - Dealing with Predictable Irrationality
- New Project
  - Actuarial Review of Risk Management Practices





# Enterprise & Financial Risks Committee

- New Tasks from Role of the Actuary Report
  - Work with the IMF on projects relating to risk management
    - three projects subsequently initiated by Coleman & Ingram with Supranational Committee
  - Conduct a Survey of ERM Practices
    - to be started for Sydney
  - Construct a library of Case Studies
    - to be started by Sydney
  - Develop a package of material to promote ERM to actuaries
    - Work has started on document providing guidance on guidance for actuaries on ORSA – adapting a document prepared by the Groupe Consultatif



## AFIR & ERM

- AFIR is one of the longstanding sections of the IAA
  - AFIR objective - the promotion of actuarial research in financial risks
  - AFIR organises colloquia and publishes papers on the subject.
- In 2011, is planning to adopt ERM as a key focus
- AFIR will also take up new tasks from the Actuarial Roles in ERM report



# AFIR/ASTIN Colloquium 2011, Madrid

- 19th to the 22nd of June 2011.
- Topics
  - Enterprise Risk Management
  - Stochastic Modeling
  - Risk Transfer Vehicles
  - Lessons Learned from the Crisis
  - Ethic, Professionalism & Finance
- Venue
  - MAPFRE Congress Center in the financial center of Madrid, close, very close, to the Real Madrid Arena.



# AFIR & ERM

## New Tasks

- Develop List of Top Outstanding ERM research questions
- Develop a Web site for exchanging ERM Research References
- Sponsor Local Meeting Panel Discussions on International approaches to ERM, Differences, Impact in Local Area
- Find Speakers & Topics for Global ERM Colloquium in 2012
- Sponsor Webinars on ERM topics

# **ASB ERM Task Force**

- Two Discussion Draft Standard of Practice
  - Risk Assessment
  - Risk Treatment
- Will be distributed for discussion in the spring