REPORT OF THE CHAIR OF THE STEERING COMMITTEE OF THE TECHNICAL COMMISSION ON STATISTICAL, ACTUARIAL AND FINANCIAL STUDIES
Update for the period starting in November 2012

The Steering Committee of the Technical Commission on Statistical, Actuarial and Financial Studies of the International Social Security Association (the ISSA) is composed of one chairperson representing Canada (Jean-Claude Ménard) and eight vice-chairpersons representing Denmark (Chresten Dengsoe), Ghana (Frank Odoom), Jordan (Mohammed Tarawneh), Lebanon (Ibrahim Muhanna), Sweden (Ole Settergren), United Kingdom (Martin Lunnon), Uruguay (Luis Camacho) and Zambia (Yollard Kachinda). Florian Léger is in charge for the ISSA Secretariat, to act as liaison official and bring ISSA’s proposals regarding the activities of the Technical Commission.

During 2011-2013 triennium, the Technical Commission on Statistical, Actuarial and Financial Studies (the TC ACT) is coordinating a subproject “Supporting the sustainability” of one of the four priority areas identified by the ISSA: “Proactive and preventative approaches in social security”. Within this framework the TC ACT is closely cooperating with the Technical Commission on Investment of Social Security Funds (TC INVEST), the Technical Commission on Medical Care and Sickness Insurance (the TC MCSI) and the Technical Commission on Old-Age, Disability and Survivorship Insurance (the TC IVS). The following themes for the subproject “Supporting the sustainability” have been identified to be addressed for the current triennium:

Financial Sustainability
- Asset and Liability Management (ALM) of pension schemes as a proactive and preventive tool (a joint project of the TC ACT and the TC INVEST)
- Sustainability of health care financing (a joint project of the TC ACT and the TC MCSI)
  Intergenerational Sustainability (encompassing both financial and political sustainability)
- Promoting a fair intergenerational balance (a joint project of the TC ACT and the TC IVS)

The Technical Commissions are planning to produce technical reports summarizing findings of these projects.

In order to advance these two projects, the Technical Commission on Statistical, Actuarial and Financial Studies has organized and/or actively participated in three events:
- International Seminar, Abu Dhabi, United Arab Emirates, March 27-29, 2012

This triennium will culminate with the Word Social Security Forum to be held in November 2013 in Doha, Qatar.

The Technical Commission on Statistical, Actuarial and Financial Studies is pleased to state the active participation of the International Actuarial Association (IAA) in all events that took place so far and is seeking further IAA’s input to future events.

This seminar entitled “Proactive and Preventive Approaches in Social Security - Supporting Sustainability” was jointly organized by the TC ACT, INVEST and IVS. The seminar in Muscat addressed five topics: “Social security trends in the region”, “Asset and Liability Management of pension schemes as a proactive and preventive tool”, “Health care financing”, “Intergenerational sustainability” and “Focus on Reserve Funds: Presentations on the ISSA Investment Guidelines and on the ISSA Reserve Fund Monitor project”. Jean-Claude Ménard, chair of the TC ACT, as well as Technical Commission’s vice-chairpersons Chresten Dengsoe, Martin Lunnon and Ibrahim Muhanna, delivered presentations at this event. In addition, Mr Dengsoe participated as a panellist in the session on investment guidelines.

The IAA was actively involved through Junichi Sakamoto presenting a report “Pension reforms and intergenerational equity discussion in Japan”, and Christopher Daykin being a panellist at the session on investment guidelines.

Asset and Liability Management (ALM) of pension schemes as a proactive and preventive tool
The Technical Commission’s work on this project addresses the use of ALM techniques by social security arrangements. This project is lead by the Government Actuary’s Department (GAD), United Kingdom. As a part of this project, a targeted international survey on the use of the ALM’s by social security systems was conducted by GAD. The results of this survey are currently being compiled. Mr Lunnon presented an update on this project at the Technical Seminar in Muscat in February 2013.

Sustainability of health care financing
Health care systems exist in different shapes and forms around the world. While methods of financing of health care and approaches to provide health services vary between countries, concerns about the sustainability of health care systems are crucial to developed as well as developing countries, and are a major preoccupation of the population.

In addition to discussion that took place at the 17th International Conference of Social Security Actuaries and Statisticians, the Technical Commission participated in the “Health care financing” session of the Technical Seminar in Muscat, Oman in February 2013. Mr Muhanna presented a keynote speech “Technical Report on Health Care Financing”.

Promoting a fair intergenerational balance
The intergenerational equity is one of the key elements in the sustainability discussion. If it appears that the intergenerational imbalance arose, it is important to understand why it happened and examine the nature of the social risk involved. An important aspect of this topic is the examination of ways in which the intergenerational equity is assessed. How risks are shared between the young and the old? What is the real value of benefit promises and how do demographic and econometric changes affect that value? Finally, it is necessary to examine ways in which equity issues are addressed and to look at measures intended to protect or to restore intergenerational equity.

The Technical Commission has organized a session “Intergenerational sustainability” at the Technical Seminar in Muscat, Oman on 24 February 2013. Mr Menard and Mr Dengsoe talked about intergenerational sustainability of Canadian and Dutch retirement income systems, respectively. In addition, country case studies from France, Japan and Saudi Arabia were presented at the session.

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