

REPORT OF THE SOCIAL SECURITY COMMITTEE
October 2002 – Barcelona, Spain

The IAA Guidelines of Actuarial Practice for Social Security Programs. At its meeting in Cancun the IAA Council decided to release the Guidelines dated December 10, 2001 as an exposure draft. The period of exposure lasted until September 30, 2002. Comments were requested from full member associations. The Committee received replies from seven member associations (the American Academy of Actuaries, the Actuarial Society of South Africa, the Canadian Institute of Actuaries, the Casualty Actuarial Society, the Faculty of Actuaries (UK), the Israeli Association of Actuaries, the Institute of Actuaries (UK)).

The endeavour to provide guidelines of practice to actuaries working in the social security field was greatly welcomed and unanimously approved by the commentators. Most of the replies included only minor, but still valuable, clarifications of definitions and adjustments to the wording. The most complicated issue in the Guidelines has been the definition of the scope of their application.

The scope of the Guidelines is defined on the basis of risk types, since the social security programs have been arranged in very different ways regarding, e.g., the structure, the coverage, the use of private/state entities to provide the benefits and financing. Hence a wide set of different types of social security programmes will fall into the scope of the Guidelines.

The US and Canadian member associations have expressed their concern about the applicability of the Guidelines to their workers' compensation programs which are provided by insurance companies and have specific regulation, guidance or practice. The Guidelines are not meant to override the local regulations, standards or guidance. Neither are the Guidelines meant to be applied to actuarial work related to financial reporting of the entity or for calculating its premiums or rates for the next fiscal year when there are specific requirements for that.

Since the Committee has understood that the Exposure Draft, as it was approved by Council in Cancun, may not be satisfactory for all IAA member associations, the Committee has prepared a slightly changed draft in order to have as wide as possible approval of the Guidelines.

After gathering some experience about the applicability of the Guidelines, the Committee will update them. At that time, all the comments received by the Committee will be taken into account.

The Shared Sessions in Cancun, ICA- 2002. The Committee organised three shared sessions in the Cancun Congress titled "Social Security Around the World: Where are the Actuaries?" All the sessions were very popular and successful. The papers presented have been posted to the IAA website. The Committee decided to edit and publish a review of them which is in the works.

Network. The Committee has been developing the idea of creating a network for social security actuaries. This process will continue at the Committee meeting in Barcelona.

Hillevi Mannonen, Chairperson
10 October 2002