

IMPLEMENTATION OF THE IAA STRATEGIC PLAN

Prepared by Strategic Planning Subcommittee

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STRATEGIC OBJECTIVE 1

Identify, establish and maintain relationships with key supranational audiences and provide them with actuarial input to improve the soundness of decisions being made on important issues with a global impact.

A. SUMMARY OF COMMITTEE AND SECTION ACTIVITIES BY APPROVED PRIORITIES/ACTION PLANS FOR SO1

1. Identify and prioritize relevant supranational organizations with whom to establish and maintain key relationships.

The Supranational Relations Subcommittee (SRSC) of the Executive Committee (EC) developed a three tier prioritisation of about 30 supranational organizations in 2009. In 2010, it was clear that some organisations needed to be moved up and some new organisations were identified. In 2011, the focus moved mainly to development banks and the following organizations were identified as priorities: Asian Development Bank (ADB), African Development Bank (AfDB), World Bank (WB), World Health Organization (WHO), United Nations Development Programme (UNDP), United Nations Conference on Trade and Development (UNCTAD), InterAmerican Development Bank (IADB) and East European Development Bank (EEDB). For 2012, the following have been identified as priority targets: International Social Security Association (ISSA), International Accounting Standards Board (IASB), AfDB, International Labour Organization (ILO), International Organization of Securities Commission (IOSCO), ADB, IADB, International Monetary Fund (IMF), UNCTAD, WB, WHO.

2. Bring key relationship bodies into contact with the relevant actuarial groups.

3. Build and maintain key relationships.

- a. Signed MOU with International Organization of Pension Supervisors (IOPS), ISSA and IASB; will be signing one with Organization for Economic Co-operation and Development (OECD) and International Association of Insurance Supervisors (IAIS) in June 2012.
- b. Guest speaker from supranational organizations at Council meetings: IAIS in Vienna (2010), IOPS in Sydney (2011), OECD in Zagreb (2011), International Federation of Accountants (IFAC) in Los Angeles (2012).

- c. Successful joint seminar on stress-testing with IMF in Washington (September 2011). Exploring possibility of organizing such a seminar for 2012.
- d. EC created Regulated Professions TF to liaise with the IFAC joint TF responding to G20.
- e. In 2010, introduced a news release program to communicate to supranational organizations and employers of actuaries important/relevant IAA developments. Issued 10 news releases in 2010, 25 in 2011 and planning 22 in 2012.
- f. Discussing Observer Member status in IAA with WB, IADB, CIPRES and IMF.
- g. Organized a discussion forum in Geneva in 2010 with ISSA, ILO and AKAM; and in 2011 with ISSA, ILO and WHO. These are proving to be successful events and another one is planned for 2012.
- h. Additional meetings took place between IAA leaders, Committees and Sections with the UN, WB, WTO, IDB, IMF, UNCTAD, IOSCO, USAID, ILO.

B. DESCRIPTION OF “DESIRED OUTCOME” FOR SO1 BY 2014

- a. The IAA has an agreed list of key supranational audiences with identified relationships within the target organizations and “relationship managers” within the IAA. We know why we are targeting each institution and have a strategy in place for maintaining and developing the relationship.
- b. The IAA is aware of the challenges the key supranational audiences are facing and of the requests they might address to the IAA.
- c. The IAA has a Staff member in place responsible for supranational relations. While the IAA Supranational Relations Subcommittee continues with its fine work in supporting existing and opening up new relationships, within the strategy for each key relationship, there are clear accountabilities for support and development of each key relationship. First contacts to stakeholders should involve the Officers or a member of the EC.
- d. The IAA has in place a mechanism/process for identifying key global issues where it would like to make a contribution.
- e. The IAA has built internal structures and operational processes that enable it to respond to external requests within an appropriate time. Opinion forming within IAA must be reached within a short timeframe when necessary. To ensure this, constant dialogue on an operational as well as a political level needs to be maintained.
- f. The IAA is recognized by key supranational bodies as a “thought leader” on matters relating to financial stability and risk management, the role of insurance within economies, pensions and social security systems, financial reporting issues in each of these areas, and mortality / morbidity / demographics.
- g. The IAA provides regular commentary on relevant global developments and its input is proactively sought by key supranational bodies.
- h. The IAA increases membership in each of the following categories, institutional, observer and benefactor, by at least one member per year.
- i. The IAA has engaged in MOUs with all institutional members and with organizations identified as key supranational organizations, as appropriate.

C. FINANCIAL AND STAFF RESOURCES UTILIZED IN 2011 IN IMPLEMENTING SO1

Committee expenses (\$80,000; 66% of total committee budget) and Officer representation (\$38,000):	\$118,000
Staff resources:	15% of total staff

STRATEGIC OBJECTIVE 2

Facilitate the use and expansion of the scientific knowledge and skills of the actuarial profession, including beyond the traditional areas of actuarial practice, to help enhance the scope, availability, and quality of actuarial services offered by individual members of its member associations.

A. SUMMARY OF COMMITTEE AND SECTION ACTIVITIES BY APPROVED PRIORITIES/ACTION PLANS FOR SO2

1. Identify and prioritize fields of practice and develop a program to support each area.

The Mortality Working Group was created late in 2009, the Microinsurance (MIWG) and Population Issues (PIWG) Working Groups in 2010, and the Environment and ORSA (Own Risk and Solvency Assessment) Working Groups, and an Expert Panel on Islamic Finance in 2011.

We continue to seek to identify other areas of research, providing an opportunity for collaboration with others and consequently enhancing the scope, availability and quality of actuarial services offered by members of the actuarial profession.

2. Create strong links with non-actuarial international organizations in “wider fields”. (links to Strategic Objective 1)

It is clear from the activities provided that there is collaboration between certain committees, sections and working groups, consequently support is being provided for various projects. Some committees are also working well with external bodies, such as supranational organizations, in order to build on the scientific knowledge already present. There is actuarial input into various supranational projects from the IAA. Committee members are also attending meetings organized by supranational organizations, in a more involved role, as speakers as well as attendees.

Various papers written by supranational organizations have been and are currently in the process of being reviewed and responses are being provided where necessary (14 public statements issued in 2010 and 10 in 2011).

The IAA became an institutional member of the Microinsurance Network (MIN), a forum bringing together public and private organizations interested in promoting the growth of microinsurance. In addition to representing the IAA, the MIWG serves as the MIN Actuarial Discussion Group. MIN membership provides a highly visible role to effectively promote the development of sound actuarial principles and practices for managing microinsurance organizations, which generally lack professional actuarial advice. The MIWG/MIN Actuarial Discussion Group will undertake projects to facilitate the sound growth of microinsurance organizations and enhance the role of the actuary in this new practice area. The MIWG will participate in key microinsurance conferences to promote the visibility of actuaries in microinsurance and also will participate in appropriate actuarial meetings to make microinsurance more widely known and better understood within the profession.

Data on mortality has been collected and analyzed in order to project future trends; developments are being monitored. A view is being formulated on best practice for projecting future mortality trends and a summary of literature with reference has been included on the website.

Through its various committee leaders, the IAA was represented at the following events:

- a. IAIS ComFrame dialogue on September 27, 2011 in Seoul
- b. IAIS Solvency and Actuarial Issues Subcommittee on November 28-29, 2011 in Basel, where we made a presentation on “Quo Vadis ComFrame?”
- c. IAIS Macro-prudential Policy and Surveillance WG on November 30, 2011 in Basel, where we made a presentation on “Value Generating Stress Testing”
- d. Roundtable of the Insurance and Private Pensions Committee of the OECD on December 1, 2011 in Paris. The roundtable was held on systemic relevance of the insurance sector for financial stability and the economy; the IAA provided two speakers.
- e. IAIS Solvency and Actuarial Issues Subcommittee on January 30-31, 2012 in Basel, where we made a presentation on “The SST and Quantitative Group Requirements” and on “Conglomerates and Major Groups - Supervisory Challenges”.
- f. IAIS Reinsurance Subcommittee on February 1, 2012 in Basel
- g. IAIS Observer Hearing and ComFrame dialogue on February 23, 2012 in Basel; we made two introductory remarks.
- h. IAIS Workshop of Macro-prudential Policy and Surveillance WG on March 29, 2012 in London

More evidence of SO2 can be seen in the development of various publications, such as the *Stochastic Modeling* book. Revision of the *Blue Book* is underway. The monograph on discount rate issues has been developed and will be released in 2012; another monograph is planned on risk adjustment.

Online actuarial libraries by specialty area are being developed for hosting on the IAA website. Several Sections have hosted webcasts and webinars.

3. Promote the development of actuarial practice in Enterprise Risk Management, including the development of a global designation/credential.

In addition to creating the ORSA Working Group, a survey of ERM practices has been conducted; a library of case studies has been constructed; a list of areas requiring research in ERM has been compiled and discussions have taken place with ERM-II as to how the IAA can cooperate more actively regarding supporting and directing research in ERM.

CERA has been established and several IAA Full Member associations have signed on.

The IASSC has produced a discussion draft Statement of Intent on a possible ISAP on ERM, soliciting comment as well on preferences for ISAP or an IAN in this area.

Actuaries Without Borders' volunteers conducted a two week seminar for The Actuarial Society of Kenya and the University of Nairobi on Enterprise Risk Management and Economic Capital Concepts in Kenya in November 2009.

B. DESCRIPTION OF "DESIRED OUTCOME" FOR SO2 BY 2014

- a. The IAA facilitates the maintenance of "virtual libraries" for each of its key areas of practice and promotes their availability to ensure they are regularly accessed and used by individual actuaries.
- b. The individual research-oriented Sections of the IAA have grown their membership base significantly (10% of total actuaries worldwide).
- c. Each Section that carries out research has a very active research program that involves many actuaries from across the globe and new pieces of research emerge regularly from the Section research panels.
- d. The IAA has commissioned and published one key research monograph that has made a major contribution to actuarial practice across the globe and is looking at publishing two more.
- e. Global "webinars" are a regular event and there are now at least two per annum developed for each of the major practice areas.
- f. The IAA makes available a comprehensive set of best practice papers in each practice area.
- g. The IAA maintains a database of key global information (mortality tables, economic data, etc.).
- h. The IAA maintains a database of social and professional networks of actuaries, which includes the ability to identify expert resources in key areas.

C. FINANCIAL AND STAFF RESOURCES UTILIZED IN 2011 IN IMPLEMENTING SO2

Committee expenses (10% of budget):	\$8,250
Staff resources:	11% of total staff

STRATEGIC OBJECTIVE 3

Establish, maintain and promote common standards of actuarial education and common principles of professional conduct. Promote the development and issuance of actuarial standards in the jurisdictions of all Full Member Associations, and the global convergence of actuarial standards.

A. SUMMARY OF COMMITTEE AND SECTION ACTIVITIES BY APPROVED PRIORITIES/ACTION PLANS FOR SO3

1. Periodically review basic education standards to ensure they remain up to date.

The IAA syllabus and guidelines were reviewed in 2011 and will be approved in 2012.

2. Develop a recommended set of voluntary Continuing Professional Development (CPD) guidelines.

Council adopted Guidelines on (CPD) on October 2, 2011. A template has been developed to ensure professionalism is embedded within the education systems.

3. Achieve a common understanding of the principles of professionalism, including code of conduct and disciplinary procedures.

Council approved on January 23, 2012 *“Principles of Professionalism”* and *“Achieving a Common Understanding of Professionalism”*. Council also considered a paper on The Governance of International Actuarial Work.

4. Develop model standards of practice.

- a. EC established Interim Actuarial Standards Subcommittee (IASSC) and Task Force on a Permanent Structure.
- b. General Practice Standard issued with exposure period ending December 2011. Revised draft to be considered by IASSC in May 2012 for recommendation for approval as final standard (or for re-exposure).
- c. Statement of Intent (SOI) for the development of a Social Security Valuation International Standard of Actuarial Practice (ISAP) approved by Council October 2, 2011. Exposure Draft to be considered by IASSC in May 2012.
- d. SOIs for the development of ISAPs on work in connection with IFRS reporting generally and with IAS 19 specifically in course of preparation.
- e. Discussion draft SOI for development of an ERM ISAP approved by IASSC and distributed to MAs and other interested parties in March 2012, with comment particularly solicited regarding whether an ISAP or IAN is appropriate at this point.
- f. Revised Due Process for International Standards of Actuarial Practice approved by Council January 2012.

Created Actuarial Educators Network and Subcommittee.

The MIWG is providing comments to the joint IAIS-MIN Working Group on its work for the IAIS on the regulation of microinsurance products and providers.

B. DESCRIPTION OF “DESIRED OUTCOME” FOR SO3 BY 2014

1. Core Education
 - a. The review and update of the IAA core education syllabus is finalized.
 - b. All Full Member Associations (FMAs) have completed the necessary updates to their local content to meet the revised IAA core syllabus.
 - c. The IAA has issued an updated version of the education questionnaire to help member associations demonstrate compliance with the IAA’s revised syllabus.
 - d. There is due recognition of the potential overlap with other international assessment processes, and appropriate coordination is in place to minimize duplication of effort. (For example, coordination with, or if appropriate, recognition of the Groupe Consultatif’s assessment process.)
2. Professional Conduct

FMAs have either adopted the IAA Common Principles of Professional Conduct (or a substantially similar version), or demonstrated that pre-existing local standards of professional conduct are in substantial alignment with the IAA Common Principles.
3. Continuing Professional Development

The IAA has completed an examination of its proper role in promoting continuing professional development for actuaries, giving due recognition to the expanding cross-border educational offerings of its FMAs, and paying particular attention to the unmet needs (if any) of smaller associations.
4. Practice Standards
 - a. Considerable progress has been made towards the long-range objective of having actuarial practice standards well established among most IAA FMAs.
 - b. The IAA’s model standards are being accepted among newer or smaller associations, as well as some of the more established associations.
 - c. Relevant supranational bodies understand and appreciate the progress that has been made toward global convergence of actuarial standards.

C. FINANCIAL AND STAFF RESOURCES UTILIZED IN 2011 IN IMPLEMENTING SO3

Committee expenses (6% of budget):	\$4,800
Staff resources:	10% of total staff

STRATEGIC OBJECTIVE 4

Support the development, organization and promotion of the actuarial profession in areas of the world in which it is not present or is not fully developed.

A. SUMMARY OF COMMITTEE AND SECTION ACTIVITIES BY APPROVED PRIORITIES/ACTION PLANS FOR SO4

1. Help emerging and existing actuarial associations to develop.

- a. Actions are taking place to monitor the development of an updated database of emerging and developing associations, in addition to the various other activities of the member associations.
- b. An Asia Subcommittee has been created and assistance is being given to the Institute of Actuaries of Korea to upgrade to Full Member status.
- c. An ongoing project to train actuarial educators in Colombia and Senegal has been initiated.
- d. Seminars organized by the IAA Fund were held in Zagreb, Croatia (September 2011), Kuala Lumpur, Malaysia (October 2011), Nairobi, Kenya (November 2011) and Bogota, Colombia (November 2011). A Fund seminar is planned for May 2012 in Hong Kong.
- e. Conducted a very successful webcast on Risk Equalization and planning for three more webcasts.
- f. Assisting the ILO with the development of actuarial training in social security for less-developed countries. Also identifying opportunities for the IAA to participate in Conferences etc conducted by supranational organizations. This will include Brazil, Mexico, Chile and Peru.
- g. MIWG has established relationships with a number of key national associations.
- h. Actuaries Without Borders (AWB) has been involved in several professional/educational discussions, including potential activities, in different countries including Kenya (where it could be involved with International Association of Black Actuaries and Actuarial Society of South Africa for one project under development for The Actuarial Society of Kenya), Georgia, Mongolia, Tanzania, Zambia, Romania, Albania. Additionally it has assisted in providing volunteers for standards development to Caribbean Actuarial Association and has provided volunteers for actuarial schools sponsored by Actuarial Society of Kazakhstan and a lecturer for short course in General Insurance topics in Azerbaijan.

2. Examine the feasibility of constructing and managing an International Actuarial Education Program.

A survey on actuarial education needs of member associations has been conducted. The results are being examined towards redefining the IAA's education goals.

3. Facilitate the access to information and experiences from other countries, especially for countries with a developing actuarial profession.

- a. A joint colloquium of the IAAHS, PBSS and IACA will take place in May 2012 in Hong Kong.
- b. Other committees involved in activities relating to SO4 include Population Issues, Mortality and Education.
- c. Actuaries Without Borders is developing mentoring projects linking experienced actuaries with other actuaries in countries with developing professions.

B. DESCRIPTION OF “DESIRED OUTCOME” FOR SO4 BY 2014

1. The IAA has regional committees active in all major economic areas of the world.
2. IAA membership adds 8 new FMAs and 9 new associate member associations.
3. The IAA and the World Bank have a good working relationship in assisting with the development of financial regulation in developing markets.
4. “Distance”/cross border educational programs available from [X] FMAs under IAA endorsement meeting the educational needs of many smaller associations.
5. Material available for local adaptation to support professionalism learning.
6. Mentorship scheme for smaller member associations introduced with support from relevant larger member associations.
7. Barriers to the participation of individual actuaries from small and developing associations in the affairs of the IAA are reduced (e.g. by sponsorship, more electronic meetings).
8. Of the countries which today use no actuarial advice in the running and regulation of social security and insurance, [XX] will have begun to do so.

C. FINANCIAL AND STAFF RESOURCES UTILIZED IN 2011 IN IMPLEMENTING SO4

Committee expenses (14% of budget)	\$8,250
Staff resources:	7% of total staff

STRATEGIC OBJECTIVE 5

Provide a forum for discussion among actuaries and actuarial associations throughout the world.

A. SUMMARY OF COMMITTEE AND SECTION ACTIVITIES BY APPROVED PRIORITIES/ACTION PLANS FOR SO5

1. Encourage forums for actuaries to discuss global actuarial issues.

- a. Congresses: 2010 Cape Town: 1600 actuaries; 2014 Washington aiming for 2500; 2018 Berlin.
- b. Section colloquia and mini congresses.
- c. IAA intro session at Council and committee meetings.
- d. Increase in Section webcasts.
- e. Actuarial Educators Network.

2. Encourage discussions between association Presidents.

IAA organizes Presidents' Forum twice a year in conjunction with Council and committee meetings.

3. Encourage not only worldwide but also regional contact and cooperation among member associations.

The IAA Fund and Sections are sponsoring sessions in conjunction with regional events, i.e., the East Asian Actuarial Conference.

B. DESCRIPTION OF "DESIRED OUTCOME" FOR SO5 BY 2014

- 1. Active participation in IAA affairs is an explicitly acknowledged priority for FMAs.
- 2. IAA meetings are seen as "have to be there" events by FMA leadership teams. They are seen as great opportunities to learn about developments in the profession globally, providing ideas for the enhancement of local associations. This has now become a key aspect of each IAA meeting.
- 3. The IAA facilitates regional interactions between member associations, either directly or via an agreed regional "champion", and most regions now have at least annual leadership gatherings where regional strategies for the development of the profession are discussed and ideas exchanged.
- 4. We have a broad spread of FMAs represented and active at IAA meetings - at least 75% of FMAs are represented at each IAA meeting and on one or more IAA committee.
- 5. Globally, individual actuaries have many opportunities to access professional learning opportunities (e.g. conferences etc) and there is growing evidence of a greater degree of cross border / multi-national attendance at such events. We have a dynamic schedule of

“open” conferences accessible to individual actuaries; FMAs have in place mechanisms to encourage local member involvement at non-domestic conferences; there are a number of bursary / sponsorship schemes in place to facilitate the involvement of actuaries from smaller FMAs.

6. Cross border collaboration between FMAs has become a feature of the global actuarial profession and there is significant evidence of this taking place in a wide range of areas, such as:
 - a. Education, with a growing global actuarial educator network and collaboration between FMAs on certain aspects of the actuarial syllabus
 - b. Specific practice areas
 - c. Professional skills development
 - d. Cross border participation in conferences.

C. FINANCIAL AND STAFF RESOURCES UTILIZED IN 2011 IN IMPLEMENTING SO5

Committee expenses:

NA

Staff resources:

6% of total staff