



# Situation and Evolution of the Profession in Japan

October 12, 2014

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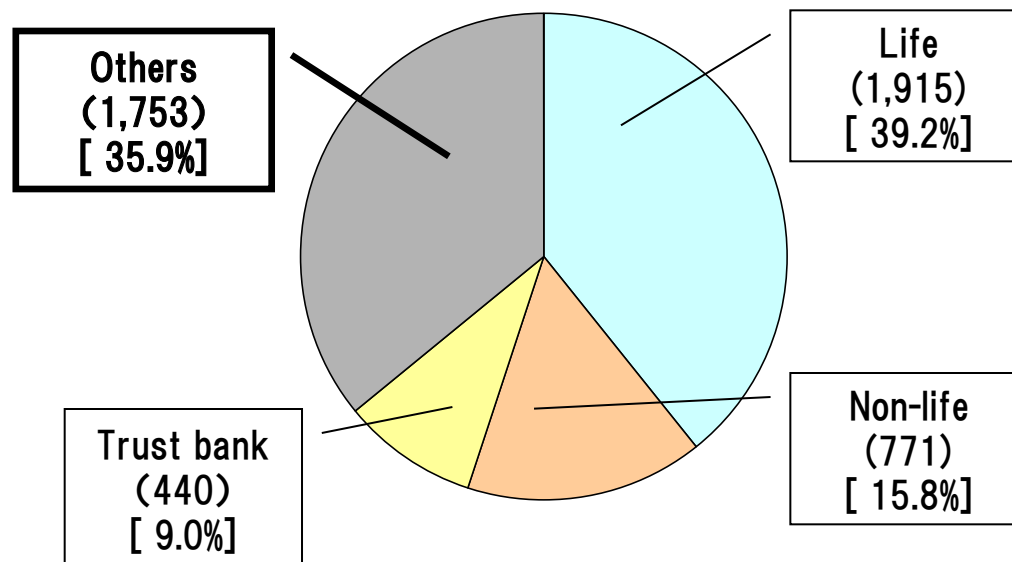
# 1. Actuarial Organization

## (1) Membership

- Number of members as of April 2014

Corporate members	Individual members				Total
	Fellows	Associates	Students	Sub-total	
114	1,435	1,278	2,166	4,879	4,993

- Classification of the IAJ members as of April 2014



## (2) History

- History of the Institute of Actuaries of Japan (IAJ)

1899	Establishment of the IAJ
1936	Initiation of qualifying examination for fellowship
1963	Incorporation
1970	Initiation of Actuarial Seminar of East Asia (ASEA)
1976	20th ICA in Tokyo
1995	8th EAAC in Tokyo
1999	Centennial Anniversary IAA meeting and ASTIN/AFIR Colloquia in Tokyo
2000	Entitlement of “Designated Association” by Financial Services Agency
2007	14th EAAC in Tokyo
2012	Initiation of qualification for CERA
2013	Public-interest Corporation Transfer

## 2. Professionalism

### (1) Professional Activities

<b>Annual Meeting</b>	Every autumn, hosts two-day Annual Conference as a forum for members to present the recent research efforts
<b>Regular Meeting</b>	Several times a year, hosts lectures under diverse themes in the actuarial areas
<b>Seminar</b>	Organizes interactive forums to inspire discussion among participants and to further professional knowledge and technical competency
<b>Study Courses</b>	In order to develop young actuaries, offers “Basic Classes (6 months)” mainly for candidates for the actuary examination, and “Intermediate Classes (3 months)” for individuals who completed the basic course
<b>Professionalism Course</b>	Educates “Professionalism for an Actuary”. This course is required to become Fellows
<b>Study Groups</b>	There are various study groups within the IAJ that are each conducting energetic activities

## **(2)-1 Educational Activities**

<b>Joint Industry-Academic Project</b>	Dispatches lecturers to Tokyo University, Kyoto University, Osaka University and Kobe University, and coordinates joint study in collaboration with universities, research institutes and academic organization
<b>Qualifying Examinations</b>	Administers annual qualifying examinations in December in Tokyo and Osaka
<b>CPD</b>	Encourages Fellows complete 50 hours or more per year of continuing education. Current CPD scheme is not compulsory, and the covered material and spent time are self-reported. The names of the Fellows who have accomplished the 50 hours or more are being listed in the IAJ Journal.

## (2)-2 Revision of CPD Scheme

	<b>Current Scheme (before 2014)</b>	<b>Revised Scheme (after 2015)</b>
<b>Targeted Members</b>	<ul style="list-style-type: none"> <li>Fellows participate voluntarily.</li> </ul>	<ul style="list-style-type: none"> <li>All the fellows must participate. (Article 3, Outline of CPD Scheme, “Fellows shall endeavor to achieve CPD requirements prescribed in Article 5.”)</li> </ul>
<b>Required CPD Credits</b>	<ul style="list-style-type: none"> <li>More than 50 CPD credits within a period of one year from April to March (goal to achieve)</li> </ul>	<ul style="list-style-type: none"> <li>More than 30 CPD credits within a period of one year from April to March</li> <li>More than 15 of the above must be from the “Formal CPD Credits”. (CPD requirements)</li> </ul>
<b>Eligible Activities</b>	<ul style="list-style-type: none"> <li>Group training, self-learning, writing, lecturing, committee activities (1 credit per hour of activity)</li> </ul>	<ul style="list-style-type: none"> <li>The same as on the left. The credits that can be proven shall be granted as the “Formal CPD Credits”.</li> </ul>
<b>How to Declare</b>	<ul style="list-style-type: none"> <li>Self-report once a year</li> <li>Distribution of a form for declaration in late January</li> </ul>	<ul style="list-style-type: none"> <li>The same as on the left.</li> <li>Distribution of a form (excel file) at the beginning of the fiscal year.</li> </ul>
<b>Monitoring</b>	None	<ul style="list-style-type: none"> <li>Sampling for analysis for the future development of the system</li> </ul>
<b>Announcement of the Results</b>	<ul style="list-style-type: none"> <li>The names of those who have achieved a goal are disclosed among members in Actuary Journal.</li> </ul>	<ul style="list-style-type: none"> <li>The names of those who have satisfied CPD requirements will be clearly identified in the membership list on Members-only website</li> </ul>

### **(3) Professional Standards**

- **Standards**
    - ✓ **The Standards of Practice for Appointed Actuaries (life and non-life)**
    - ✓ **The Actuarial Standard of Practice for Post-employment Benefit Accounting**
  
  - **Practice guidance (life)**
    - ✓ **Valuation reserve**
    - ✓ **Reserve for outstanding claim**
    - ✓ **Accrued premium**
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### **3. Actuarial Update**

- **FSA's announcement of conducting field tests (June 2014)**
    - All insurance companies are requested to
      - ( i ) calculate the value of insurance liabilities based on economic value
      - ( ii ) measure risks such as interest rate risks, considering assets and liabilities comprehensively
      - ( iii ) submit a report on any findings practically encountered
    - The calculation methods are generally consistent with those being examined by organizations such as the IAIS and other jurisdictions, including the EU.
    - As to the confidence level for the calculation of risks, 99.5% is applied under this test, considering the economic value-based solvency regime in the EU, etc.
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## 4. Future Prospects

Recently the globalization of solvency assessment and accounting standards is making progress, and further sophisticated risk management methods are being required. Under these circumstances, the demand of actuaries continues to increase because of their familiarity with a strong range of quantitative techniques.

To measure up to the expectations, the IAJ is pouring its energies to maintain and enhance the professional level of its members through below activities;

- ✓ Research on actuarial practices of the new standards regarding solvency and accounting assessment
- ✓ Positive participation and involvement in international activities with global bodies such as the IAA and the EAAC
- ✓ Research on ERM
- ✓ Improvement of member education system such as the revision of CPD scheme

## IAJ's English Website

Please see <http://www.actuaries.jp/english> .

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