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March 2014 Newsletter

PRESIDENT'S REPORT



I wish to thank all of you for the confidence you have shown in electing me as your IAA President for 2014, a position I am honoured to hold.

As we prepare for the year ahead, I would like to thank my predecessor, Kurt Wolfsdorf, for his wise and effective leadership during 2013.

A great deal has been achieved during the past 12 months, but inevitably there is much that still needs to be done.

During my year as President, my focus will be two-fold.

First, we will be moving ahead with the recommendations of the Governance Review Task Force. We are already putting action into place in many quarters, but expect to see the beginnings of a full response to the survey during this year.

My second focus will be to continue to intensify our relationships with relevant supranational organizations. These organizations are looking to us for answers and guidance on matters of mutual importance. We are in a wonderful position to push forward the role of actuaries in virtually all financial matters involving risk.

I would like to point out one very good news story contained later in the newsletter. That is the recognition of the Russian Guild of Actuaries as the body that the Russian Duma will look to for providing the qualification and practicing standards for Russian actuaries. This was at least partly due to support for the Guild from the IAA under the presidency of Kurt Wolfsdorf. This is truly a huge success story and we are confident that there are more to come.

I look forward to your enthusiastic support over the next year. There is much work to be done and I will need your help to achieve our goals.

And for that, I thank you in advance.

Finally, let's try to have some fun in our work efforts.

Robert L. Brown
President

OUTREACH ACTIVITIES

New Russian law incorporates global principles for a strong actuarial profession

The Russian Federation's State Duma recently passed a general law for actuarial services in the Russian financial market.

This legislation, which can serve as a model for other countries, is based on the IAA's established principles of professionalism for the actuarial profession, which include:

- defining "actuary" as a member of a professional organization (self-regulated organization, or SRO);
- establishing requirements for a code of conduct, a system of qualification and a discipline process for SROs;
- setting equal minimum qualification requirements for the admission of actuaries in SROs;
- requiring a mandatory continuing professional development system in SROs; and
- referencing global actuarial standards (since 2009 the IAA has been developing such standards in response to a G20 initiative and requests from international regulators).



(From left to right) Jacques Lafrance, Boris Kashin, Nicole Séguin, and A. David Pelletier

The actuarial profession is unique in that it is the first profession known to have organized itself on a truly global basis, with a common code of conduct, internationally agreed qualification standards, an international voice and the ability to develop international standards of practice in a framework form.

A delegation from the IAA and the Canadian Institute of Actuaries (CIA), a Full Member Association of the IAA, met with the Deputy of the State Duma of the Russian Federation, Boris Kashin, in Ottawa in February. Mr. Kashin was influential in the recent adoption of the general law for actuarial services in the Russian financial market.

The delegation included Nicole Séguin, IAA Executive Director, A. David Pelletier, Chair of the IAA Actuarial Standards Committee and former Chair of the Actuarial Standards Board (Canada), and current CIA President Jacques Lafrance.

Actuarial Association of Europe

At the beginning of the year, the Groupe Consultatif Actuariel Européen, or European Actuarial Consultative Group, changed its name to the [Actuarial Association of Europe](#) (AAE).

The AAE has considerable experience in advising the main European institutions on actuarial matters. Its Chairperson, Malcolm Campbell, said: "Our new name connects more positively to what we are and where our roots are. The AAE represents 20,000 highly skilled European actuaries and is an objective, professional, leading adviser, contributor and spokesperson to European institutions, independent of industry interests."

UPCOMING EVENTS in 2014/2015

First International Congress on Actuarial Science and Quantitative Finance



The Universidad Nacional de Colombia, in Bogotá, is organizing the [First International Congress on Actuarial Science and Quantitative Finance](#) from June 17–20, 2014.

The congress will cover a variety of topics in actuarial science and quantitative finance, such as statistical techniques in finance and actuarial science, portfolio management, derivative valuation, risk theory and life and pension insurance mathematics, non-life insurance mathematics, and economics of insurance, among others.

Oral presentations can be delivered in English or Spanish. However, all abstracts, slides and posters must be written in English. More information can be found on the university's [website](#).

Actuarial Research Conference at University of California, Santa Barbara (UCSB)

The UCSB is proud to host the 49th Actuarial Research Conference (ARC) 2014, from July 13–16, 2014, a major meeting of research actuaries, covering the most exciting recent developments in actuarial science. The conference is an opportunity for academics and practitioners to meet and discuss actuarial problems and their solutions. It is also a forum for discussing general issues regarding actuarial education. Co-sponsors for this event from North America include the Casualty Actuarial Society, Canadian Institute of Actuaries, various sections from the Society of Actuaries, and other actuarial organizations in North America. The Institute and Faculty of Actuaries in the United Kingdom is also co-sponsoring the conference.



The ARC 2014 will be held on the sunny seaside campus of the UCSB. The program will feature keynote addresses by Prof. Dr. Paul Embrechts, ETH Zurich (Swiss Federal Institute of Technology); Mark Freedman, President of the Society of Actuaries; and Wayne Fisher, President of the Casualty Actuarial Society.

Presentations are welcome on all topics of interest to actuaries. Please visit the conference [website](#) for the latest information regarding accommodation, registration fees, and speaker and poster presentation proposal deadlines.

10th Brazilian Congress of Actuaries

In June 2013, a group of Brazilian actuaries attended the First International Course of Actuaries organized by the Instituto Brasileiro de Atuária. The event, organized in partnership with the Instituto dos Actuários Portugueses, was held in Lisbon, Portugal, and hosted by its President, José Manuel Mendinhos. The objective was to present the group of participants with the opportunity to learn about the reality of the official and private



pensions in Europe and about labour Law and International Accounting Standards (IAS/IFRS). During the event, the group had an excellent opportunity to expand their knowledge on the topics discussed and to share experiences.

After the activities in Portugal the group headed to Barcelona, Spain, to participate in the IV Iberian Congress of Actuaries, where they met other Brazilian actuaries learning about actuarial techniques from the several technical papers presented. 2013 President Kurt Wolfsdorf presented on the work of the IAA at this event.

The ties between Iberian and Brazilian actuaries were further strengthened by announcing that the next Iberian Congress of Actuaries will be held in Rio de Janeiro in conjunction with the [10th Brazilian Congress of Actuaries](#) in August 13–15, 2014.



PBSS and IAALS Colloquium

Our [December issue](#) contained information about the colloquium to be hosted by the Den Norske Aktuarforening in Oslo from June 7–10, 2015. This event is a joint collaboration of two IAA Sections, Pensions, Benefits and Social Security (PBSS) and Life (IAALS).

You are invited to submit papers on various topics. The criteria for the selection of papers are: relevance to the objectives of the IAALS and PBSS, quality of the presentation, novelty if the paper is theoretical, and impact on actuarial practice— demonstrated or potential—if the paper is applied. Submission of abstracts is scheduled for four months before the conference.

Call for Papers

The two Sections are granting two prizes of CAD 1,000 each, one to the author(s) of the best IAALS paper and one to the author(s) of the best PBSS paper. The winners, who will be announced and awarded their prizes during the colloquium, will be selected by the Scientific Committee, the members of which (all professors) are listed below:

- Ragnar Norberg, Chair, Univ. Lyon 1/London School of Economics (France/UK);
- Erik Bølviken, Univ. Oslo (Norway);
- Andrew Cairns, Heriot-Watt Univ., Edinburgh (UK);
- Montserrat Guillen, Univ. Barcelona (Spain);
- Mary Hardy, Univ. Waterloo (Canada);
- Svein-Arne Persson, Norwegian School of Economics, Bergen (Norway);
- Christian Robert, Univ. Lyon 1 (France); and
- one member appointed by the PBSS Committee.

Please visit the [website](#) for more information.

ASTIN and AFIR/ERM Colloquium

The 2015 ASTIN and AFIR/ERM Colloquium of the IAA will be held in Sydney, Australia, from August 23–27, 2015. This colloquium is a joint collaboration of two IAA Sections, the Actuarial Approach for Financial Risks/Enterprise Risk Management (AFIR/ERM) and Actuarial Studies in Non-Life Insurance (ASTIN).

The theme of the conference, Innovation & Invention, recognises the historic and ongoing contribution of AFIR/ERM and ASTIN to actuarial thought and practice. For those from overseas, this is also a great chance to visit Sydney and explore the many wonders of Australia.



The Call for Papers is now open. Suggested [topics](#) and more information on the event can be found on the [website](#).



PUBLIC STATEMENTS

Since our December newsletter, three public statements have been issued using the Fast Track Procedure (FTP):

- FTP2014-1: [Comments on the IAIS consultation on Basic Capital Requirements \(BCR\) – February 2014](#);
- FTP2013-10: [Comments on FSB consultative document on Guidance on Supervisory Interaction with Financial Institutions on Risk Culture – January 2014](#); and
- FTP2013-9: [Comments on the Discussion Paper exploring possible changes to the IASB's Conceptual Framework for Financial Reporting – January 2014](#).

UPDATE ON STANDARDS

Actuarial Standards Committee (ASC)

Dave Pelletier, Chair

The ASC has appointed two additional task forces (TFs), as it prepares for the development of additional model International Standards of Actuarial Practice (ISAPs). In February, the Council approved the updated Strategic Action Plan for ISAPs, which included moving ERM onto the *Approved List* for the development of an ISAP and also putting on the list for consideration the development of an ISAP in support of the International Association of Insurance Supervisors' (IAIS) proposed Insurance Capital Standard and possibly some aspects of its Basic (formerly "Backstop") Capital Requirement. The ASC's TF on ERM will be chaired by David Ingram, with ASC member Al Beer serving as liaison between the TF and the ASC itself. The TF on a possible ISAP in support of the IAIS initiative is to be chaired by ASC member Andrew Chamberlain.

The comment periods on the Exposure Draft of an ISAP in relation to IAS 19, and on the draft Statement of Intent on an ISAP in relation to the proposed IFRS X on insurance contracts, have already ended. These comments will be discussed in Washington.

The ASC also approved, with the agreement of the Executive Committee, the correction of two minor typographical errors in ISAP 1.

NEWS FROM MEMBER ASSOCIATIONS

Caribbean Actuarial Association (CAA)

Under the leadership of Ravi Rambarran, the CAA has been successful in providing the Government of Jamaica with actuarial support for public sector pension reform and debt re-structuring talks with the International Monetary Fund.

Click [here](#) for more publicity for actuaries now that the white paper on public sector pension reform has been released.

The CAA was recently invited to give feedback to the Bank of Jamaica about raising limits on overseas investments for pension funds.

Deutsche Aktuarvereinigung (DAV), Germany

Annual Meeting 2014 in Bonn

The Annual Meeting between the DAV and its scientifically oriented partner organisation DGVM will take place from April 28–30 at the World Conference Centre Bonn. It will start with the meetings of the German Pension, Health and AFIR/ERM Sections, followed by the General Assembly of the DAV, presenting a plenary discussion on the merits of private and public old age provisions. It will also include meetings of Life and ASTIN and the DGVM's 13th Scientific Day, which links



applied research with the actuarial practice in the insurance and finance industry. Renowned English-speaking guest lecturers will contribute to this scientific conference, which expects to attract over 1,000 participants.

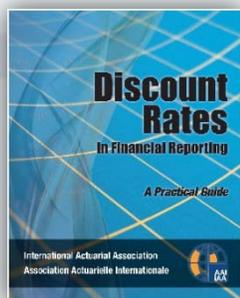
Solvency II

Last November, after the European Parliament, Council and Commission agreed on the Omnibus II directive, Solvency II will come into force on January 1, 2016. The DAV, which recently set up a co-ordination group on Solvency II, will continue to support the implementation of the new risk-based regulatory framework for the European insurance industry. The group will screen and comment on the draft delegated acts as well as on the implementation of technical standards and guidelines that the Commission and EIOPA will publish in the next months.

Interest rates in life insurance

In January the DAV issued its yearly recommendation on the maximum interest rate in life insurance: Against the backdrop of un-modified low interest rates in the Euro area, the DAV is proposing for 2015 to reduce the maximum interest rate for life insurance policies with guaranteed interest from 1.75 per cent to 1.25 per cent. A binding decision based on this recommendation will be made by the German Ministry of Finance and the German Supervisory Authority BaFin within the next weeks.

EAA—European Actuarial Academy GmbH



New seminar based on the IAA book *Discount Rates in Financial Reporting: A Practical Guide* on April 29–30 in 2014, Prague, Czech Republic

In co-operation with the IAA, the EAA—European Actuarial Academy (an initiative of the actuarial associations from Austria, Germany, Switzerland and the Netherlands) will offer a seminar on April 29–30, 2014, in Prague, Czech Republic, based on the recently released book *Discount Rates in Financial Reporting: A Practical Guide*. The event continues the co-operation between the IAA and EAA on the IAA monographs.

This seminar will cover a wide range of topics presented in the book and intends to provide actuaries practicing in the insurance or pension fields with a comprehensive overview related to the understanding, development, and use of discount rates in the context of financial reporting. The seminar is suited for actuaries, actuarial students and other professionals involved and interested in actuarial modelling in life. All participants will receive a copy of the book, a reference guide for practitioners interested in understanding this important topic. More details and the registration form are available [online](#).

European Actuarial Academy launches CERA Program

In September 2013, the European Actuarial Academy (EAA) held the first two seminars offering the Chartered Enterprise Risk Analyst/Actuary (CERA) credential to actuaries in enterprise risk management. The EAA Program consists of six different modules and is based on the German education route to becoming a CERA. The CERA Global Association recognized the EAA route for German actuaries in April 2013; several other actuarial associations (e.g., Swiss and Slovenian) are planning to offer their members this opportunity through the accreditation of the EAA as their official education provider.

The next run of the EAA Program begins this month, with further seminars taking place throughout the year. For further information click [here](#) or write to contact@actuarial-academy.com.

Institute and Faculty of Actuaries

The Institute and Faculty of Actuaries (IFoA) has recently moved offices from its home in Staple Inn, London. While the IFoA will continue to maintain Staple Inn Hall, staff moved a short distance to a modern office space in Central London, next door to its previous location. In addition, the IFoA has also relocated its operations in Oxford.

The IFoA's new offices in London and Oxford can be found at:

- 7th floor, Holborn Gate, 326-330 High Holborn, London, WC1V 7PP; and
- 1st floor, Park Central, 40/41 Park End Street, Oxford OX1 1JD.

ADVENTURE COMPLETE FOR BRAVE ACTUARY



Jean-Guy Sauriol

After 74 days and three hours alone on the Atlantic Ocean in a rowboat, I was hoping the Barbadian immigration officer would stamp on my passport "Arrived by Sea". These words were stamped in Hannes Lindeman's passport after his two crossings of the Atlantic in the 1950s. Almost 60 years later, fascination for the ocean is most likely the only thing our adventures have in common. From the actuary in me, a few numbers:

1 man, 1 boat
4 years of preparation
15 feet waves
270 dehydrated meals
3,500 calories per day

2 whales
6 oars
20 pounds lighter upon arrival
990 energy bars
1,000,000 oar strokes

3 capsizes
13 bottles of cola and cans of chips
25 knots wind
2,600 nautical miles
Countless memories

Of course, this is not about the actuary in me. This is about challenging the adventurer and the athlete in me. On November 24, 2013, I pushed my boat *Maple* out of her berth in Puerto Rico on the island of Gran Canaria to the cheers of my friend Jean-Louis, my technical advisor Tony, his girlfriend, and a handful of onlookers. I touched land on February 6, 2014, after having spent Christmas, the New Year, and my 60th birthday alone at sea.



As soon as I stumbled onto the dock of the Port St Charles marina in Barbados, I hugged my wife and son as the oldest and fastest Canadian to row an ocean solo. Now on land, I feel that the hardest part of this journey is the fact that it is over. I linked my adventure with the Actuarial Foundation of Canada and the Breakfast Club of Canada. It is not too late to donate: more information can be found [here](#).

SECRETARIAT NEWS

New Staff



We are pleased to welcome Karla Zúñiga-Cortés to the Secretariat as Assistant, Communications and Development. Karla comes to the IAA with experience of the academic, non-for profit and public sectors. Under the direction of Christian Levac, she will be providing support to the Accreditation and Education Committees, Actuarial Educators' Subcommittee, the working groups. Karla assumed her responsibilities on February 26, 2014, and can be reached at karla.zuniga@actuaries.org. Tel: 613-236-0886 (extension 109).

Congratulations and welcome Karla!

AAI
IAA