



# NEWSLETTER

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## FEBRUARY 2016 NEWSLETTER

### A MESSAGE FROM THE PRESIDENT



It is a great honour to have been asked to serve as IAA President, and my heartfelt thanks go to everyone for their support. Fred Rowley has left some big shoes, and I will be doing all I can to fill them.

As we take the profession forward through 2016, we see a number of global institutions playing an increasingly important role in the regulation of our business at a local level. At the same time, actuaries are finding new areas in which to apply their competencies. All of this brings with it an abundance of opportunities for the profession in terms of

influencing the direction of change and widening the scope of actuarial work.

Actuaries have always been held in high regard, but the trust placed in us can be fragile. So if we are to capitalize on the opportunities available, we must focus on cementing our brand. Branding is not really about logos or flashy marketing presentations; it is more about how we as a profession—and as individual actuaries—are seen by key stakeholders. It is important that our branding message should focus on the quality of our work and the consistency and impartiality of our advice.

However, doing a good job is not enough in itself: communication is going to be a key component of getting our brand image across. We must be responsive to our stakeholders' needs, and be seen to give clear, well-grounded commentary on important issues. The IAA must also engage more with its members, with a focus on value added not only to member associations but also individual actuaries.

Looking back at 2015, I would particularly like to thank Fred Rowley for his tireless and thoughtful contribution to taking the IAA further forward. I would also like to thank everyone at the IAA: the Secretariat and, more importantly, the volunteers. Without the hard work of everyone involved, the IAA would have no influence.

Looking forward to 2016, there is plenty to do. It is going to be an intensive year, but a fun one too!

My presidential address video can be accessed [here](#).

## REPRESENTATION ACTIVITIES

IAA volunteers represented the organization at the International Association of Insurance Supervisors (IAIS) Stakeholder Sessions in Basel, and at a private meeting with the IAIS in London. Other IAA members discussed health issues with the Organisation for Economic Co-operation and Development, attended the Commemoration of the 70th Anniversary of the United Nations Economic and Social Council in New York, and gave a presentation on the IAA at the Ecole Supérieure d'Actuariat Actuarial Business Breakfast in Nigeria, and the Seminar on Actuarial Developments in Benin.

The IAA is also featured in the [latest issue](#) of the IAJ Actuary Journal from the [Institute of Actuaries of Japan \(IAJ\)](#). It includes feedback from Fred Rowley on an IAJ meeting in Tokyo at which he was a [keynote speaker in his role as IAA President](#).

## MEET THE ASOCIACIÓN COLOMBIANA DE ACTUARIOS (ACA)

The [ACA](#) recently turned 45 years old with more than 120 members. They are in a changing environment: education, regulation and industry are moving forward. The first master's degree in actuarial science in Colombia began in 2014 at the Universidad Nacional de Colombia, and other universities are starting to implement undergraduate and graduate actuarial degrees. Regulations have defined the role of the responsible actuary in the insurance industry, recommending that these actuaries should be members of an IAA Full Member Association. Colombian insurance companies have never had so many actuaries on their payrolls.

The ACA's principal short-term objective is to formalize the actuarial profession given the constraints of the Colombian Constitution (in order to regulate any profession, a law must be enacted by the country's Congress).



*Pictured (left to right) at the International Actuarial Symposium: ACA President Andrés Vesga, ACA Vice-president Francisco Baquero, Carlos Arocha of the Society of Actuaries (SOA) International Section, Edward Robbins of the SOA, pensions expert Josh Bank, ACA Secretary Armando Zarruk, Finac director Luis Gabriel Caro and ACA Treasurer Camilo González.*



In November, the ACA organized the fifth [International Actuarial Symposium](#), held in Bogotá, Colombia. This event has taken place every two years, but this was the first time it had been hosted by the ACA. Around 140 people attended the symposium, which focused mostly on solvency regulation issues, International Financial Reporting Standards (IFRS) accounting and analytics.

It was made possible thanks to the support of ACA patrons and sponsors such as universities, insurance companies and consulting firms. Special thanks were given to the IAA Section Actuaries Without Borders for helping to organize a seminar on pricing general insurance, which proved so successful that a second one had to be promptly organized.

Expert [speakers](#) from leading companies, regulators, universities and other organizations presented varied sessions, and a lively panel about big data and analytics was moderated by Juan Pablo Córdoba, chairman of the World Federation of Exchanges and CEO of the Colombian Stock Exchange. Differences and common ground between data scientists and actuaries were discussed, along with whether current buzzwords were really new. The conclusions were that the principles of insurance and actuarial science are mandatory for any sensible analysis and that new technologies, methodologies and theories complement the actuaries' toolbox but do not replace it.

## UPCOMING EVENTS IN 2016

### **IFoA Asia Conference 2016**

The UK Institute and Faculty of Actuaries (IFoA) has opened registration for its Asia Conference, which is taking place from March 3–4 at the Hilton Kuala Lumpur, Malaysia. Featuring 25 workshops and six plenary sessions, plus plenty of networking opportunities, it will also offer up to 10.5 hours of continuing professional development. For more information, please see [click here](#).

Big data, regulating Takaful, risk management and body hacking are among the topics on the agenda, and the plenary speakers will include leaders of the profession in Asia as well as regulators and academics. More than 250 delegates are expected, and places can be [booked now](#).

### **Enrolled Actuaries Meeting**

The American Academy of Actuaries (AAA) and the Conference of Consulting Actuaries (CCA) will present the [2016 Enrolled Actuaries Meeting](#) from April 10–13, featuring the Professional Standards Seminar on April 10.

This meeting is being supplemented by the third annual [CCA Health Reform Meeting](#) from April 13–14.

New for 2016 is the April 13 [seminar](#) Actuarial Funding Policies & Practices for Public Pension Plans: What's Behind the White Paper? This goes beyond reviewing the basic findings and recommendations of the White Paper, digging into the science behind the development of the level cost allocation model.

These events are taking place at the conveniently located Marriott Wardman Park Hotel in Washington, DC.

The CCA will also host the [Regulatory Catch-All Audio/Webcast](#) on March 9.

## IAA Life Section Colloquium

The IAA and Actuarial Society of Hong Kong invite you to attend the Life Section Colloquium from April 25–27 at the Conrad Hotel in Hong Kong. The conference has the theme of Insurance Evolution—Change is the Only Constant and Immediate Past President Fred Rowley will deliver the opening speech. Early-bird registration has been extended to February 29. Visit the [website](#) to register.

## IAA Life Section Colloquium 2016 25-27 April 2016 Hong Kong

**Insurance Evolution: Change is the only Constant**

The International Actuarial Association (IAA) and the Actuarial Society of Hong Kong (ASHK) invite you to attend the IAA Life Section Colloquium 2016 to be held on 25-27 April 2016 in Hong Kong at the Conrad Hotel.



## Council and Committees to Meet in Russia



The first Council and Committee meetings of the year will take place at the Corinthia Hotel in St. Petersburg, Russia, from May 25–29 at the invitation of the Russian Guild of Actuaries. A special newsletter to report on these meetings will be issued in June.

These meetings provide an opportunity for numerous groups to discuss ongoing projects and consider new developments. Bringing together actuaries and other experts from around the world, they enable the international actuarial profession and financial industry to network and collaborate. Developments can be followed on the IAA [website](#).

## AFIR/ERM Colloquium

The AFIR/ERM Section Colloquium will be held in conjunction with the IFoA Pensions, Risk and Investment Conference from May 31 to June 2 in Edinburgh, Scotland.

Section members are encouraged to attend and participate. Sessions will include plenaries, workshops and presentations on AFIR/ERM topics in parallel sessions. This will be a great opportunity for Section members to build international links and interact with delegates at the IFoA conference. Non-Section members are welcome. For further details, visit the [conference website](#).

## 2016 ASTIN Colloquium



The 2016 ASTIN Colloquium will be held in Lisbon, Portugal, from May 31 to June 3. One of the keynote speakers will be Gabriel Bernardino, Chairman of the European Insurance and Occupational Pensions Authority, who will be giving a presentation on the most recent developments of the (re)insurance environment in Europe. The list of expert speakers also features Professor Paul Embrechts of RiskLab at ETH Zurich; Eberhard Müller, chief risk officer of Hannover Re; and Professor Stéphane Loisel from the Institut de science financière et d'assurances.

The event is an excellent opportunity to interact with top-level regulators and managers within the non-life insurance environment. [Registration is now open.](#)

## Joint IACA, IAAHS, PBSS, and IPEBLA Colloquium



The 2016 colloquium jointly hosted by the International Pension and Employee Benefits Lawyers Association (IPEBLA) and the IACA, PBSS, and IAAHS will be held from June 26–29 in St. John's, Newfoundland.

The program will feature 60-plus presentations by more than 90 speakers. The meeting is being held in conjunction with the Canadian Institute of Actuaries (CIA) Annual Meeting, with combined plenary sessions and many opportunities for networking with CIA attendees. Our joint keynote speaker will be Michael Woodford, former CEO of the Olympus Corporation. He will take attendees through the riveting experience of whistleblowing on his own company, and lessons on governance and crisis management. The program can be found [here](#).

Click [here](#) to register; early registration closes on March 31.

## OPPORTUNITIES TO SUPPORT THE PROFESSION

### ERM Knowledge Base Editorial Board

#### *Call for Volunteers*

Through the auspices of the IAA's Enterprise and Financial Risk Committee (EFRC), a project is underway to create an enterprise risk management (ERM) knowledge base—a one-stop place to learn about ERM as it pertains to actuaries. It will contain articles, papers, presentations, etc., across a broad spectrum of risks and risk management concepts, drawing on information from a wide variety of countries. It will be accessible through the IAA website.

A dedicated committee has been working on the structure and implementation of this knowledge base and is collecting and organizing the references to be included. However, in order to have a sufficiently robust library of information, it requires the input of actuaries familiar with different risks and geographic locations.

The committee is seeking volunteers interested in advancing ERM knowledge throughout the actuarial profession. Specifically, volunteers will be asked to identify resources that can be referenced by the knowledge base, and complete a simple template so that the reference can be loaded into it.

If you are interested in expanding actuaries' ERM knowledge, please contact [Michele Goldberg](#).

## **Insurance Hall of Fame and Founder's Award**

### *Call for Nominations*

The International Insurance Society (IIS) provides a forum for leading insurance professionals to share interests and ideas on pertinent global issues. Its annual [Global Insurance Forum](#) will be held at Singapore's Shangri-La Hotel on June 12–15, culminating in the induction of Insurance Hall of Fame and John S. Bickley Founder's Award laureates.

The IIS welcomes the [nomination of candidates](#) for both awards. The search is global but the scope of nominees' contributions can be local or regional.

## **Asia-Pacific Journal of Risk and Insurance (APJRI)**

### *Call for Papers*

The [APJRI](#) welcomes [submissions of papers](#) by academics, industry leaders and policymakers addressing theoretical or applied problems in broad environments—social, market, economic, regulatory/supervisory and local/international—affecting risk management and insurance. Papers covering climate changes, emerging risks, ERM and other closely related problems surrounding the insurance mechanism are also welcome. Click [here](#) for more details.

## **PUBLICATIONS**

The paper [Actuarial Aspects of ERM for Insurance Companies](#) was published in January. It was written by the EFRC to assist actuaries or other practitioners in relation to ERM, and to help to achieve greater consistency regarding knowledge and awareness of various topics.

## **PUBLIC STATEMENTS**

Three public statements have been issued:

- [Informal response to the International Accounting Standards Board \(IASB\) exposure draft on applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts](#)
- [Response to the International Public Sector Accounting Standards Board \(IPSASB\) consultation paper on recognition and measurement of social benefits](#)
- [Response to the IASB's Request for Views: 2015 Agenda Consultation](#)

## NEWS FROM COMMITTEES

### Actuarial Standards Committee (ASC)

#### Alf Gohdes, Chair

Progress has continued on model international actuarial standards of practice (ISAPs) since our last report. Exposure drafts of two standards were published in October:

- ISAP 1A – Governance of Models; and
- ISAP 5 – Insurer Enterprise Risk Models.

The exposure period for both of these ends on March 31.

Since the two ISAPs are closely related (ISAP 5 depends on ISAP 1A), the ASC hosted a webinar on January 27 to help IAA member associations and other interested parties better understand the drafts' key aspects. There were around 70 participants, and a recording is available on the IAA [website](#).

Exposure drafts on three standards are at various stages of progress. In the expected order of issuance, they are:

- ISAP 6 – Insurance Enterprise Risk Management Programs and IAIS Insurance Core Principles
- ISAP 7 – “Current estimates” and other matters in relation to the IAIS Basic Capital Requirement for Internationally Active Insurer Groups insurers
- ISAP 4 – IFRS X, Accounting for Insurance Contracts

The relevant task forces have all made substantial progress since the meetings in Zürich.

The ASC has also been working closely with the Executive Committee on the mitigation of possible risks to the IAA from issuing ISAPs. To this end, amendments have been proposed to the due process for ISAPs, and revised wording is being considered by Council.

The ASC has also been working with the Professionalism Committee on a possible joint glossary covering both international actuarial notes and ISAPs.

## Social Security Committee (SSC)

*Barbara D'Ambrogio-Ola, Chair*

The SSC prepared the previously-mentioned response to the IPSASB [consultation paper](#) on Recognition and Measurement of Social Benefits. It was developed by a working group consisting of Assia Billig, Rob Brown, Barbara D'Ambrogio-Ola, Chris Daykin, Anne Drouin, Sam Gutterman, Charles Hett, Ibrahim Muhanna, Derek Osborne, Tibor Párniczky, Junichi Sakamoto and Costas Stavrakis. They:

- Suggested covering health-related programs in a separate standard or expanding this standard to address different forms of such programs;
- Strongly recommended that there should be a requirement for full disclosure of long-term sustainability information on an open group basis in the notes to the accounts; and
- Suggested that the standard should provide for the involvement of appropriate experts in making required claim liability and open group funding assessments, and underlined that qualified actuaries are the relevant experts for making such assessments of future cash flows and their present values.

## NEWS FROM SECTIONS

### IAAHS

*April Choi, Chair*

On January 27, the IAAHS held a [joint webcast](#) with the AAA—A Discussion on International Risk Adjustment—presented by John Bertko and Dr. John Hsu. John Bertko shared what he had learned from the annual European Risk Adjustment Network meeting, and provided an overview of the risk adjustment systems in place in several European countries and Israel. John Hsu talked about the United States risk adjustment program that was put in place for the under-65 population in 2014, and the research project he was working on regarding the application of the Affordable Care Act risk adjustment program in the California Individual marketplace. Close to 500 sites and more than 800 individuals joined the webcast. More online events will take place in 2016, to be held jointly with IAA member associations or IAA committees.

Adrian Baskir and Cheng Hock Chi, IAAHS representatives of the St. John's Newfoundland Joint Colloquium Program Committee, have put together a program of healthcare topics for the colloquium in June.

The IAAHS Committee elected Adrian as the IAAHS Vice-chair at its January meeting. It also welcomed Andrew Dalton as its Long-Term Care (LTC) Topic Team leader and thanked Al Schmitz, team leader for many years, for his devoted service.

## IN MEMORIAM



It is with extreme sadness that we learned of the passing of one of our volunteers, Jim Doherty (Canada). Jim was a long-standing member of the Education and Practice Subcommittee of the Insurance Accounting Committee, as well as an active participant in several other IAA Committees. His thoughtful contributions will be missed.

[View obituary.](#)

## NEWS FROM MEMBER ASSOCIATIONS

### **Deutsche Aktuarvereinigung (DAV), Germany**

*Annual Meeting 2016*

The [Annual Meeting](#) of DAV and its scientifically orientated partner organization DGVFM will take place from April 27–29 in Bremen, Germany, and the organizers are expecting more than 1,000 attendees. This year's conference will focus on big data, and the second day will be opened with a public event where experts will present the applications and consequences of big data in various insurance fields.

The meeting will conclude with the 15th Scientific Day of DGVFM, which aims to link applied research with actuarial practice in the insurance and finance industries.

DAV welcomes 271 new members

In January DAV admitted 271 new members; it now has more than 4,700 fully qualified actuaries. A further 2,200 candidates for membership are undergoing training to become an actuary.

The board is inviting all new members to a welcome reception during the Annual Meeting in Bremen. In addition to their certificate, new members also receive a brochure with detailed information about the DAV and DGVFM as well as relevant international developments.

### **EAA – European Actuarial Academy (EAA)**

*Webinar: Big Data Analytics for Insurance – An Introduction*

The subjects of big data and business analytics are gaining importance along the entire insurance value chain, especially in sales, underwriting, pricing and claims processing. This webinar on March 7 is an introduction to big data analytics for insurance. Concrete examples, mainly from health and motor insurance, will be provided and the event will answer the following questions:

- What is big data?
- What are analytics?
- Why is this important for insurance?

Registration costs € 100 plus 19% VAT, and more details are available [here](#).

Big data and analytics will be covered in more detail in the EAA seminar in June. To receive more details as they are published, register for the EAA Newsletter at its [website](#).

CPD seminars on up-to-date topics

The following are among the EAA seminars taking place in 2016:

- [Asset Management in a Challenging Market Environment](#), March 17–18, Berlin, Germany;
- [Advanced Non-Life Pricing: Practical Implementation of Modern Techniques in R](#), April 11–12, Prague, Czech Republic; and
- [Understanding IFRS 4, Phase II](#), May 19–20, Budapest, Hungary.

## *Next run of the CERA seminar series*

In September 2013, the EAA started a series of seminars for actuaries in ERM. It consists of six different modules based on the German education route to become a CERA (Chartered/Certified Enterprise Risk Analyst/Actuary) and is approved by the CERA Global Association for actuaries from Denmark, Germany and Switzerland.

The EAA programme's next run starts this month, and the first two seminars in Zagreb are already fully booked. Make sure to save your place for the following modules and [book online](#):

- Processes in ERM, April 18–19, Cologne, Germany
- ERM – Economic Capital, April 20–21, Cologne
- Classification and Modelling of Risks, September 19–21, Zagreb, Croatia
- Risk Management Tools and Techniques, September 22–23, Zagreb

### **Society of Actuaries (SOA)**

#### *New SOA Staff Fellow in Beijing*



The SOA has hired a new staff Fellow, Jessie Li, FSA, who will be its lead China representative.

Jessie has a BSc in Actuarial Science and a master's in Finance from the University of Hong Kong, and more than 11 years' actuarial consulting experience in Hong Kong and Beijing. She has worked with Towers Watson in Beijing, where she is an integral part of many client projects, including key liaison to the China Insurance Regulatory Commission and the China Association of Actuaries.

An important part of her new SOA role is to plan and produce continuing professional education and networking events in China, and to serve as a resource and support for local candidates taking the SOA's actuarial exams. She will work with the SOA membership and staff, including the society's China Committee and Hong Kong staff member Wai Ling Yung. She can be reached at [jli@soa.org](mailto:jli@soa.org).

### **FUN FACTS**

Here are six examples of literature featuring actuarial science:

- A villain named Actuary starred in the comic Batman in 1995, using formulae to help commit crimes.
- Terry Pratchett's *The Colour of Magic*, *The Light Fantastic* and *Interesting Times* feature an actuary named Twoflower.
- Lieutenant Pelikán in *The Good Soldier Švejk* by Jaroslav Hašek is described as "a mathematician in an insurance firm".
- In *Preferred Risk*, Frederik Pohl and Lester del Rey imagine a dystopian future dominated by the insurance industry.

**If you would like to share any actuarial fun facts, puzzles, or anecdotes, or if you know of actuarial characters in films, books, or TV shows (in any language), please send them to [newslettersubmissions@actuaries.org](mailto:newslettersubmissions@actuaries.org).**