



## AWARD OF CONTRACT

### To Prepare an Educational Monograph on the Topic of Stochastic Processes and Modeling in Financial Reporting and Capital Assessment

The IAA is pleased to announce the successful completion of the Request for Proposal process with the appointment of the firm of Milliman, Inc to author the education monograph. Work on the monograph and case studies has started, with completion of the project scheduled for December 2008.

The IAA is gratified that several actuarial organizations have pledged their support for this worthy project and heartily acknowledges the generosity of the following sponsors:

- The Actuarial Foundation (United States)
- Canadian Institute of Actuaries
- Casualty Actuarial Society (United States)
- Financial Reporting Section of the Society of Actuaries
- Het Actuariel Genootschap (Dutch Actuarial Association)
- Institute of Actuaries of Australia

[Additional details of this project are available online.](#)

## RECENT SUBMISSIONS

- [February 20: IAASB Exposure Draft of Proposed ISA 620 Using the Work of an Auditor's Expert](#)
- [January 21: IASB Exposure Draft of Proposed Improvements to International Financial Reporting Standards](#)

## HAVE YOUR SAY

**Exposure Draft:** Potential IAA Standards: [Business Combinations](#) and [Disclosure of Information about Insurance Risk](#)

**Deadline April 28, 2008**

**Exposure Draft:** [Measurement of Liabilities for Insurance Contracts: Current Estimates and Risk Margins](#)

**Deadline May 23, 2008**

## IAA Newsletter

April 2008

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### OFFICERS - 2008

David G. Hartman, President  
Yves Guérard, Secretary General  
Katsumi Hikasa, President-Elect  
Hillevi Mannonen, Immediate Past President



## ENTERPRISE AND FINANCIAL RISK

Enterprise risk management is the phrase of the day! We have asked our Enterprise and Financial Risk Committee (EFRC) to update us on activities in this area.

The main event so far this year has been the successful running of the international "Webinar" on Enterprise Risk Management held on January 16. David Ingram, a member of the EFRC, was instrumental in developing and launching this event with organisational support provided by the Society of Actuaries (SOA) in the United States. A number of ERFC members were speakers on the event program.

The Webinar, with its international participation and orientation, was an outstanding success with 530 registrations from 47 countries. From the completed surveys received, it is estimated that there was an average of three listeners per registration for a total of about 1,600 listeners.

The SOA, the Joint Risk Management Section, the Actuarial Profession (United Kingdom) and the Institute of Actuaries of Australia were all underwriters of the event. The Casualty Actuarial Society and the Institute of Actuaries of Japan were also involved as non-financial organizational sponsors.

Milliman (Consultancy) and Standard & Poor's (rating Agency) were the commercial sponsors and their sponsorship funds provided for a significant portion of the fixed expenses of the event and allowed the event to be priced at a very nominal charge per participant. (US\$50)

This event is a great example of what international cooperation can achieve. Volunteers have already registered their willingness to repeat the Webinar, so be on alert for the next event.

## COMMON GLOSSARY PROJECT

With the growth in international bodies and their increased interaction on technical issues, a number of glossaries of insurance terminology have been developed by international or supra-national bodies. These glossaries all have a similar objective, namely to assist the drafting and understanding of technical insurance papers, especially for use in supra-national or international fora, consultations and practice. For international consistency and efficiency reasons, there is much to be gained from efforts to combine these glossaries into a single common glossary.

Initial proposals to establish a common glossary of insurance terminology, in partnership between the International Association of Insurance Supervisors (IAIS), International Actuarial Association (IAA), Comité européens des assurances (CEA – European Insurance and Reinsurance Federation) and the Groupe Consultatif, were raised in early 2006. In the ensuing period, discussions have advanced and preliminary ideas have firmed into more concrete, practical proposals. It is with much excitement that we can now announce the formal commencement of this important collaborative project – the Common Glossary Project - with the signing of a Partnership Agreement between the IAIS, IAA, CEA and the Groupe Consultatif in February 2008.

### *The Objective of the Common Glossary Project*

All parties to the joint project recognise the mutual benefit that can be obtained from the establishment of a common glossary of insurance terminology in facilitating a global insurance industry and supervisory framework. This project is seen as an important initiative to:

- assist in the practical implementation of industry standards, based on a common understanding of the terminology used;

- foster greater consistency and convergence of supervisory approach through the development of a common language for insurance supervision; and
- contribute to an overall improved standard of industry and supervisory practice in the long term.

### *The Editorial Group*

To facilitate a coordinated management of the project, a decision-making body has been established which is representative of the Parties to the agreement and their respective memberships - the Editorial Group. The membership of this group includes:

Alberto Corinti (Europe, CEA)  
Tom Karp (Australia, IAA)  
Rolf Stölting (Europe, Groupe Consultatif)  
Nobuyasu Sugimoto (Japan, IAIS)  
Terri Vaughan (USA, IAA)  
Stuart Wason (Canada, IAIS)

In addition to the six representational members, the Editorial Group will also include one independent, external member – this member has not been determined at this stage.

The IAIS will provide secretariat support services to the Editorial Group, with Karen Doran initially undertaking this role.

### *The Process*

The challenges of combining and harmonising the respective glossaries of insurance terminology to establish a common glossary are fully acknowledged at outset. But also recognised and acknowledged is the importance of establishing appropriate mechanisms to:

- maintain effective communication with and between the Parties;
- facilitate transparency of process and appropriate consultation during the development of the common glossary;

- preserve the independence of each Party and not unduly inhibiting their ongoing standard-setting activities during the development phase. The Editorial Group will meet shortly to consider its processes, work plans and work schedule. At this stage of the project it is anticipated that first outputs from the Common Glossary project could be expected during 2009.

## **IAA COUNCIL AND COMMITTEE MEETINGS – JUNE 11-14, 2008 – QUÉBEC CITY**



The IAA, first established in 1895 as an association of actuaries, will celebrate ten years of restructure as an association of actuarial associations this coming June in Québec City, Canada. Come celebrate our achievements!

Registrations for these upcoming Council and committee meetings are nearing the 200 mark! The [full meeting and social program is available online](#) as are other useful details for travel to Québec City. Note that the main venue, Hotel Loews Le Concorde, is now sold out. Our website includes information on alternate hotels in the area.

One of the oldest cities in North America, Québec is celebrating its 400th anniversary this year and June will be a busy time. If you plan on attending and have not yet registered or made your plans, please do so as soon as possible.

## OUTREACH

### 10th Global Conference of Actuaries – Mumbai, India (February 7-8, 2008)

The 10th Global Actuarial Conference held in Mumbai, India, February 7-8, was well attended having reached its maximum of 550 participants.



As in previous years, the IAA was a non-financial co-sponsor for this event.

Our President, Dave Hartman, officially represented the IAA and gave the [opening speech](#), [closing speech](#) and a [presentation on Developments in International Financial Reporting for Insurance Companies](#). He also provided a [Foreword](#) for the published transactions. All conference documentation is available online.

This event has truly become international with the presence of the presidents from the associations in Australia (Greg Martin), India (G. N. Agarwal), Pakistan (Omer Morshed), Portugal (Maria de Nazaré Barroso), Singapore (Andrew Linfoot), UK Faculty (Stewart Ritchie), UK Institute (Nick Dumbreck).

### Seminario Internacional – El Actuario frente al Nuevo Modelo de Supervisión de Solvencia – Chile

President David Hartman was not able to travel to Chile in March to attend the International Seminar – *The actuary facing a new model of solvency supervision*, but he was able to participate by video conference and give a [presentation](#) on the challenges for actuaries faced with world changes in supervision.

The seminar was at the invitation of Sergio Pizzagalli, President of the Instituto de Actuarios Matematicos de Chile, an Associate Member; and

Mikel Uriarte Plazaola, President of the Asociación de Aseguradores (Insurance association) de Chile, with the assistance of Luis Huerta, Chairperson of the IAA Latin America Subcommittee. The IAA was a co-sponsor for this event.

### Launch of the Chinese Actuarial Association (CAA) – Beijing, China (May 9, 2008)

The official launch of the Chinese Actuarial Association is planned for May 9, 2008 in Beijing, China. We will be represented by our Secretary General, Yves Guérard, at this event.

## NEWS FROM YOUR SECTIONS

### IAAHS, IACA, PBSS

An International Joint Colloquium and Seminar of three of our sections, namely, the Consulting Section (IACA), the Pensions, Benefits and Social Security Section (PBSS) and the Health Section (IAAHS) will take place in Boston, USA on May 4-7, 2008. The program will include formal addresses by eminent keynote speakers, topical seminar-type sessions with invited presenters, and a variety of parallel sessions at which submitted papers will be presented.

The Colloquium will cover all practice areas, including pensions, social security, investment, health, life and casualty insurance, enterprise risk management and general topics such as professionalism, the public interest, and consulting practice. Our President, David Hartman, will be one of the keynote speakers. The theme of the Colloquium is Global Challenges and Opportunities facing the Actuarial Profession. There will also be a social program that will include a welcoming reception and a gala dinner event. You are cordially invited to attend the Boston 2008 Joint Colloquium.

Registration information is available at:

[https://www.actuaries.org/Boston2008/Registration\\_EN.cfm](https://www.actuaries.org/Boston2008/Registration_EN.cfm)

Details of the Colloquium program are available at:

[http://www.actuaries.org/Boston2008/Program\\_EN.cfm](http://www.actuaries.org/Boston2008/Program_EN.cfm)



## Colloquium Website:

[www.actuaries.org/Boston2008/](http://www.actuaries.org/Boston2008/)

## LIFE

The Society of Actuaries (SOA) is hosting the 2<sup>nd</sup> Life Section Colloquium in conjunction with its Life Spring Meeting which will be held in Québec City, Canada. The Life Section will be co-sponsoring sessions with the SOA on Monday and Tuesday. On Wednesday the Casualty Actuarial Society and the Canadian Institute of Actuaries will be additional sponsors. Meeting attendees will be able to participate in all sessions offered as part of the SOA meeting.

Program Summary, Registration, Hotel Information and much more available at:

[www.actuaries.org/LIFE2008/](http://www.actuaries.org/LIFE2008/)

The Organising Committee look forward to welcoming you to Québec City. Come join us and help celebrate the city's 400<sup>th</sup> anniversary!

Luc Farmer, Chairman of the Organising Committee  
Stuart Wason, Vice-Chairman of the Life Section Committee

## ASTIN

The United Kingdom Actuarial Profession has great pleasure in inviting you to attend the 38th ASTIN Colloquium at the historic and magnificent Victorian Town Hall in Manchester, England from 13 to 16 July 2008.

## The Programme:

[http://www.actuaries.org/ASTIN/Colloquia/Manchester/Programme\\_EN.cfm](http://www.actuaries.org/ASTIN/Colloquia/Manchester/Programme_EN.cfm)

## Continuing Professional Development:

Members of the Actuarial Profession can claim up to 15 hours of verifiable technical CPD.

## Plenary Speakers:

*Climate Change and its Impacts*

This presentation will begin with a brief overview of the scientific basis for climate change and then go

on to consider what aspects of the predictions of regional and local changes in climate we can be confident in, and where there is still much more research to be done. The focus will be on those impacts of climate change that are likely to be of particular interest to actuaries.

*Professor Julia Slingso, Professor University of Reading*

## *Accounting for Extreme-Value Dependence in Multivariate Data*

Insurance claim data often exhibit fat-tail behavior. This phenomenon is well documented and can be analyzed by standard statistical tools. In contrast, extreme-value dependence in multivariate claim data or between financial assets is seldom recognized. This talk will describe how to test, measure and account for extreme dependence from a copula modeling perspective.

*Professor Christian Genest, Laval University, Canada*

## *Economic Capital, Enterprise Risk Management and Insurance Ratings*

The presentation will review the objectives, standards and process that S&P's is using to assess insurer economic capital models within the ratings evaluation. In addition, the sufficiency (or lack thereof) of economic capital within an ERM program as the sole metric of risk in the view of S&P's.

*David Ingram, Standard & Poor's New York*

## Breakout Sessions:

The breakout sessions will offer plenty of opportunities for discussions on the practical applications of the papers presented while still accommodating the theoretical debate for which ASTIN is well-known.

## Some of the papers to be presented include:

- Experience Rating, Bonus-Malus and the Poisson Mixture Model



- Scenario Analysis for a Multiperiodic Diffusion Model of Risk
- On the Non-Life Solvency II Model
- A Dynamic Model of a Non-Life Insurance Portfolio
- Expected Shortfall of Claim Amounts: Some Practical Aspects
- Clustering in Ratemaking: with Application in Territories Clustering
- Measurement and Transfer of Catastrophic Risks
- Claim Severity Distributions Modelling
- Modelling the Claims Development Result
- A Reinsurance Pricing Tool for XL Reinsurance
- Give Credit where Credit is Due: Operational Risk Goes Bayesian
- Most Elegant Premium Formulas for the Most General Drop Down Excess of Loss Cover
- A Loss Reserving Method for Incomplete Claim Data

## Social Programme:

- Welcome Reception and Buffet Dinner
- Civic Reception and Dinner in the Sculpture Hall at the Grade I listed Manchester Town Hall
- Tour of Tatton Park and the historic city of Chester
- Gala Dinner at the Imperial War Museum North

## Accommodation:

A number of city centre hotels at varying price levels are available. For more details, please visit: [http://www.actuaries.org/ASTIN/Colloquia/Manchester/Accommodation\\_EN.cfm](http://www.actuaries.org/ASTIN/Colloquia/Manchester/Accommodation_EN.cfm)

## Registration Form:

For more details, please visit: [http://www.actuaries.org/ASTIN/Colloquia/Manchester/Registration\\_EN.cfm](http://www.actuaries.org/ASTIN/Colloquia/Manchester/Registration_EN.cfm)

## AFIR

The Italian Institute of Actuaries has great pleasure in inviting you to attend the 18th AFIR Colloquium in Rome from September 30 to October 3, 2008.

As usual, the AFIR Colloquium represents a unique chance to gather all actuaries involved in financial issues. In addition, it offers the opportunity to share actuarial skill and quantitative techniques with stakeholders.

The scientific program will include, besides invited lectures, three round tables on the relevant topics of the Colloquium.

## Call for papers

We invite the authors to submit papers relevant to any financial topics, innovative approaches or day-to-day problems. Full details of the colloquium subjects and the call for papers may be found online at [www.afir2008.it](http://www.afir2008.it).

Information on the Colloquium website ([www.afir2008.it](http://www.afir2008.it)) includes:

- Call for Papers
- Bursaries
- Registration
- Programme
- Accompanying Persons Programme
- Location
- Accomodation

The Organising and Scientific Committee look forward to welcoming you to Rome in October 2008.

Massimo De Felice, Chairman of the AFIR 2008  
Carla Angela, Chairperson of the Organising Committee  
Riccardo Ottaviani, Chairperson of the Scientific Committee

## JOIN or RENEW YOUR MEMBERSHIP IN THE IAA SECTIONS

Annual membership fees for all sections are low at \$40 CAD each (except for AWF whose dues are \$20 CAD). If you are not already a member, it is not too late to join. Contact your home association.



## CONGRESSES

The next Congress is only two years away! It will take place in Cape Town, South Africa March 7-12, 2010. Visit their website often [www.ica2010.com](http://www.ica2010.com) to follow developments and pre-register.

The Congress following this one will be held in Washington, D.C. from March 30 to April 4, 2014.

Congresses are normally held every four years. Any association interested in organizing a future Congress of the IAA can signal its interest to the Member Services Committee by contacting [Chairperson Ibrahim Muhanna](#), who will consider all proposals received. The next open date is 2018.

## OTHER EVENTS

### ALM

The Asset Liability Management Course, co-sponsored by the Society of Actuaries (SOA) and Nexus Risk Management, will be held in Hong Kong, May 19-23, and Toronto, June 9-13. The course includes a bonus five-week, e-learning course for early registrants and a master class and seminar series. This course is part of the SOA effort to extend "training" beyond initial examinations into continuing education activities. Full details and registration are available at [ALM.soa.org](http://ALM.soa.org).

### European Actuarial Academy Seminars and Education Modules

#### Solvency II: Regulations and Calculations

The seminar "Solvency II: Regulations and Calculations", will take place on June 12-13, 2008 in Prague, Czech Republic.

In the European Union, the supervision of the insurance industry is expected to move to the new Solvency II framework. The directive is expected to be finalized late in 2008. The Solvency II framework will represent a significant change for actuaries. Both valuation and solvency requirements will be updated radically compared to the Solvency I environment.

In order to prepare finance professionals in the insurance industry for this important regulatory change, the European Actuarial Academy has taken the initiative of setting up a course dedicated to this subject. The course is based on the wordings of the Directive and the calculations as prescribed in QIS 4.

The registration fee is € 550. Registration and seminar details, including a provisional program, are available at [www.actuarial-academy.com](http://www.actuarial-academy.com).

#### Actuarial Modelling

The seminar "Actuarial Modelling", will take place June 26-28, 2008 in Ljubljana, Slovenia.

The early bird registration fee of € 595 will expire on April 26, 2008. After that date, the fee will be € 650. Register now and save € 55!

Registration and seminar details are available at [www.actuarial-academy.com](http://www.actuarial-academy.com).

#### *EAA E-Learning Classes: Free Trial Participation*

After the successful completion of another three modules of the Education for Actuaries of the European Actuarial Academy GmbH in January, the e-learning classes on "Life Insurance II" and "General Insurance I" started in February 2008, while "Pensions" is planned to begin in April. In order to provide you with a deeper insight into the e-learning technique and handling, EAA offers a free trial participation in one session of the regular classes. If you are interested, please send an e-mail to [contact@actuarial-academy.com](mailto:contact@actuarial-academy.com). As a limited number of places are available, the registrations will be honored on a first-come first-served basis.

Detailed information on EAA's education modules and CPD-seminars is available at [www.actuarial-academy.com](http://www.actuarial-academy.com).

### Long Range Planning

The [International Actuarial Events Calendar](#) is the perfect tool for your long-range planning. Visit it



often through the link on the IAA's home page. Member associations are encouraged to post their events in the calendar to make the tool as useful as possible. If you have misplaced your association's login and password, send an email to [secretariat@actuaries.org](mailto:secretariat@actuaries.org).

## NEWS FROM MEMBER ASSOCIATIONS

### Institute of Actuaries of Australia

*4<sup>th</sup> Financial Services Forum – 19 - 20 May 2008, Melbourne*

The Institute of Actuaries of Australia (IAAust) will convene the 4th Financial Services Forum in Melbourne in May 2008 primarily focused on innovations in Investments, Banking and Finance, Wealth Management, Superannuation, Retirement Incomes and Life Insurance. The Forum brings together actuaries, industry leaders and other professionals in financial services to network and debate issues affecting both the Australian and international financial services environment. To visit the Forum website or check the key dates and suggested topics simply click on the following link: <http://www.actuaries.asn.au/events/FSF08Intro?eventID=1450>.

### Deutsche Aktuarvereinigung (DAV), Germany

*DAV Vision and Mission Statement*

As a result of the 2005/06 membership survey, the DAV has launched a discussion to develop a vision and mission statement for the association with the intent of adopting the final version at the General Meeting in April 2008 in Dresden.

*Annual Meeting 2008 in Dresden*

The Annual Meeting of the DAV and its scientifically oriented partner organisation DGVFM will take place from April, 28–30, in Dresden. The conference will start on Monday with the seventh Scientific Day of DGVFM. It aims at linking applied research with the actuarial practice in the insurance and finance industry. The meetings of the German Sections – LIFE, AFIR, ASTIN, HEALTH and

PENSION – will take place on Tuesday. The General Meeting will open on Wednesday with lectures by two prominent guest speakers, Mr. Andreas Storm, parliamentary secretary in the Federal Ministry of Education and Science, and Prof. Dr. Günther M. Ziegler, president of the German Association of Mathematicians. Both will present the 'German Year of Mathematics 2008' and show the importance of mathematical expertise for society and business.

*Role of the actuary in non-life*

The DAV has worked out a detailed concept on how the role of the actuary in non-life, especially in the field of technical provisions, could be strengthened as there is no equivalent position to the Responsible Actuary in Life, Health or Pensions. In view of future Solvency II requirements, the DAV is also considering improvements and changes in solvency reporting. Currently, the DAV is consulting the German Insurance Association (GDV) in this matter.

### Casualty Actuarial Society (CAS), United States

*CAS, CIA, and SOA Joint Meeting Day*

This June, the Casualty Actuarial Society's Spring Meeting, the Society of Actuaries' Life Spring Meeting, and the Canadian Institute of Actuaries' Annual meeting will all take place in the same city: Québec. All three societies will take advantage of this opportunity to meet jointly. The unique CAS, CIA, and SOA Joint Meeting Day, which will take place on June 18 in Québec City, Québec, will feature 20 concurrent sessions and two general sessions.

The joint concurrent sessions will focus on medical trends, ethics, international interest, entrepreneurship, and predictive modeling. As part of the concurrent sessions, Michael Sherris will present his 2007 ARIA Prize Paper, *Solvency, Capital Allocation and Fair Rate of Return in Insurance*. Additionally, a CEO Luncheon Panel will include Presidents from all three societies: Christopher S. Carlson, CAS; James H. Murta, CIA; and Bruce Schobel, SOA.





The Joint Meeting Day will take place at the Québec City Convention Centre. The Québec City Convention Centre is in the heart of the city, across from the Parliament Building and just steps from the fortifications. It is linked by underground walkways to a complex that includes two major hotels, indoor parking, and a shopping centre. Québec City will be celebrating its 400<sup>th</sup> anniversary at that time.

*Boston to Host the 2008 CAS Reinsurance Seminar*  
The 20<sup>th</sup> annual CARE Reinsurance Seminar will take place on May 19-20, 2008, in Boston, Massachusetts at the Royal Sonesta Boston Hotel. Past reinsurance seminar sessions have covered topics including catastrophe modeling, environmental liability, unique applications of exposure rating, and parameter risk. The CAS Committee on Reinsurance Research will also host the Research Corner, a forum where participants can present projects they are working on, or have recently completed, that pose new problems and demonstrate innovative practical approaches.

*CAS Launches New Working Paper Section*  
To improve the accessibility of research and improve avenues for feedback to researchers, the CAS has launched a new Working Paper Section on [www.casact.org](http://www.casact.org). This section will allow authors to more quickly disseminate new ideas than would be possible with a printed publication. Both CAS members and non-members are encouraged to post their papers. With feedback on the paper, authors can modify their work and prepare the paper for submission to a publication.

*2008 Winter E-Forum Available*  
The 2008 Winter E-Forum, which features the report of the CAS Data Management Educational Materials Working Party titled "Actuarial I.Q. (Information Quality)," along with three additional papers, is now available on the CAS Website, [www.casact.org](http://www.casact.org). This issue is the second electronic-only forum for the CAS. The first one was the 2007 Summer E-Forum.

## MISCELLANEOUS

### Papers on the Role of Committee Chairpersons, Vice-Chairperson and Members and on the Role of Council Delegates now available

The Nominations Committee has developed papers to assist individuals filling volunteer positions within the IAA to help them better understand what their role is. These papers are available online:

- [Role of Committee Chairpersons, Vice-Chairpersons and Members](#)
- [Role of Council Delegates](#)

### Actuarial Books Available

The IAA still has available several actuarial books ranging from seminar, congress and colloquia transactions to the proceedings of various actuarial associations such as the UK Institute, the Society of Actuaries and the Canadian Institute of Actuaries, to books on topics of actuarial mathematics and science. The IAA is ready to donate these books to actuarially developing associations for whom these would be an asset, subject to the association assuming the cost of shipping. Please contact [Céleste Leclerc](#) at the IAA Secretariat if you are interested in consulting the full list.

### Obituaries

We have learned of the recent passing of Yigal Vilozny. He was the representative of the Israel Association of Actuaries on our Social Security Committee. Our condolences to his family and colleagues.