



WE ARE BETWEEN MEETINGS, BUT THE WORK CONTINUE!

Insurance Accounting

REQUEST FOR PROPOSAL

The Committee on Insurance Accounting recently released a Request for Proposals to prepare an Educational Monograph on the Topic of Stochastic Processes and Modeling in Financial Reporting and Capital Assessment. [Details are available online.](#) The deadline for submitting a proposal is August 15, 2007.

IASP 9 AND 10 RELEASED

The IAA has released two new International Actuarial Standards of Practice (IASPs):

[IASP 9](#): Accounting for Reinsurance Contracts

[IASP 10](#): Embedded Derivatives and Derivatives

They can be found in the new Standards section of the IAA website, www.actuaries.org. These standards relate to actuarial services involving the application of the International Financial Reporting Standards (IFRSs) of the International Accounting Standards Board (IASB) as they apply to insurance companies. These IASPs were approved by Council vote in January 2007, and incorporate changes to reflect the adoption by the IASB of IFRS 7, *Disclosure*. These IASPs are class 4 IASPs (practice guidelines).

The new [Standards](#) section of the IAA website can be reached through a distinct button found on its main menu page that has been created to facilitate access to IASPs and related information.

PHASE 2 DISCUSSION PAPER

On May 3, 2007, the International Accounting Standards Board (IASB) launched its long-awaited public consultation on accounting for insurance contracts by publishing its *Discussion Paper - Preliminary Views on Insurance Contracts*.

IAA Newsletter

June 2007

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OFFICERS

Hillevi Mannonen, President
Yves Guérard, Secretary General
David G. Hartman, President-Elect
Jean-Louis Massé, Immediate Past President



The Discussion Paper consists of two parts: one part discussing the preliminary views of the Board and the second part providing more detailed discussions and examples.

The publication of the Discussion Paper is the latest stage of a consultation process that began in 2004 when the IASB set up an Insurance Working Group of senior representatives of the insurance industry and other interested parties. The public consultation will last for a period of six months (comment deadline November 16, 2007) and will aid the IASB in developing an exposure draft of a financial reporting standard expected to be published towards the end of 2008. Allowing for a further period of public consultation, the IASB expects the new standard to be adopted in 2010.

The discussion paper proposes that an insurer should measure its insurance liabilities using the following three building blocks:

- Explicit, unbiased, market-consistent, probability-weighted and current estimates of the contractual cash flows.
- Current market discount rates that adjust the estimated future cash flows for the time value of money.
- An explicit and unbiased estimate of the margin that market participants require for bearing risk (a risk margin) and for providing other services, if any (a service margin).

In the IASB's current view, a measurement using the three building blocks will provide several benefits to users of an insurer's financial statements:

- Relevant information about the amount, timing and uncertainty of future cash flows arising from existing insurance contracts.
 - Explicit and more robust estimates of cash flows and margins.
 - A consistent approach to changes in estimates.
 - An appropriate and consistent approach for all types of insurance (and reinsurance) contracts.
- This will:

- provide a coherent framework to deal with more complex contracts (such as multi-year, multi-line or stop loss contracts) and to resolve emerging issues, without resorting to unprincipled distinctions and arbitrary new rules.
- limit the need for arbitrary rules on such matters as embedded derivatives, financial reinsurance, and amendments to existing contracts.
- Consistency with other International Financial Reporting Standards (IFRSs) that require current estimates of future cash flows in measuring non-financial liabilities and financial liabilities.
- Clearer reporting of economic mismatches between insurance liabilities and related assets, and a reduction in accounting mismatches.
- Consistency with observable current market prices, to the extent they are available. Such prices provide an understandable and credible benchmark for users, even though market prices are not available to support all inputs used in measuring insurance liabilities.

The Insurance Accounting Committee is already preparing to respond to this important paper by defining a list of issues that may need to be commented on and kicked-off its deliberations in a meeting held in London June 14-15.

It is obvious that this Discussion Paper is very important for the insurance industry and actuaries provide services within or to the industry. As a result, the Insurance Accounting Committee encourages the IAA member organizations and individual actuaries to become involved, either by contributing to the comments that the committee will make or by developing comments on their own, in coordination with the Committee.

More information can be obtained on the IAA website and from the committee chairperson (Sam Gutterman at sam.gutterman@us.pwc.com) and co-chairpersons (David Congram at david.congram3@sympatico.ca and Francis Ruygt

at francis.ruijgt@ing.com) and from the IAA Secretariat (Katy Martin at katy.martin@actuaries.org).

Risk Seminars – The Financial Risks Committee Can Help

Over the last four years, the Financial Risks Committee has worked with about ten national associations in running seminars on risk which have been open to both actuaries and other interested persons.

Without exception, these have been a great success, both in educating actuaries and in drawing attention of the wider financial world to what actuaries can do in this field.

In many cases, the national associations have run further seminars on the risk topic.

The Committee would be very happy to help other associations in running such seminars by providing ideas, speakers etc.

If you would like to pursue this, please contact:

David Kingston, Chairperson
(davidk@acuvest.ie)

Tony Coleman, Vice-Chairperson
(tony.coleman@iaq.com.au)

Task Force on Strategic Planning (Reporting to Executive Committee)

On May 9, the Task Force on Strategic Planning issued a questionnaire to be completed by Council Delegates. The results of the responses to this questionnaire are available on the IAA Web site under Committee, Executive Committee, Strategic Planning, Documents, or through the following direct link:

www.actuaries.org/CTTEES_TFSP/Documents/Council_Delegates_Responses.pdf. The first sheet of the responses represents the list of associations and Sections that responded and the number of voting rights each one represents. Note that for the

Sections it was not possible to differentiate which Sections responded, therefore they are grouped under the common heading "Sections". Each Section holds one voting right.

A similar questionnaire was sent to members of the Executive and Nominations Committees and these results are also available in the same location of the site or at the following direct link: www.actuaries.org/CTTEES_TFSP/Documents/EC_NC_Responses.pdf.

The TFSP is now considering these responses and will meet by telephone conference in early July to discuss the way forward and to formulate its recommendation to the EC in preparation for the Council meeting in Dublin on October 28.

THE FIESTA IS OVER – NEXT WE MEET IN DUBLIN!

The Special Issue of the Newsletter in April reported on the IAA Council and Committee meetings held in Mexico City from April 15-18, 2007.



IAA President Hillevi Mannonen presenting a gift of the IAA globe in hand-blown glass to CONAC President José Luis Suarez.

As is tradition, the IAA delegates and their accompanying persons were treated to a wonderful dinner hosted by the Mexican associations at the



Palacio de Minería in Centro Historico.

And what would a dinner in Mexico be without a Mariachi band! Olé!



The next meetings of the IAA Council and committees will take place in Dublin, Ireland, October 25-28. The meetings will be followed by the Presidents' Forum on October 29. The [program](#) and details for making [bedroom reservations](#) are available online. The registration form will be available in early July. We hope to see you in Dublin! Note that the meetings information is now available through the home page in the Upcoming Events box.

pension benefits. This was the second Colloquium of the Pensions, Benefits and Social Security (PBSS) Section of the International Actuarial Association (IAA), which was launched in 2004 to offer continuing professional development opportunities to actuaries interested in pensions and social security at the international level. Although the details of pension and social security provisions are usually quite country specific, valuable lessons can be learned from experiences in other countries.

NEWS FROM YOUR SECTIONS



2nd International Health Colloquium

Change—The only constant
The IAA Health Section held a very successful 4th international colloquium in

Cape Town, South Africa from May 14-16. The colloquium drew 224 health actuaries and health insurance executives from more than 25 countries. There were many high quality papers and presentations that will be of interest to health actuaries. The [scientific program with access to papers and presentations](#) can be found online.. The success of this colloquium once again demonstrates that an international perspective provides a fresh and valuable look at products, processes, and policy issues that are faced by health actuaries from around the world.

For information about the IAA Health Section and to join this international group of health actuaries, simply visit us at www.IAA-IAAHS.org or through IAAHS Chairman, Howard Bolnick at hbolnick@sbcglobal.net.



2nd International PBSS Colloquium

The challenge of longevity
Actuaries from all over the world met in Helsinki on 21-23 May to address the

implications of greater longevity for the provision of

The [26 papers and 28 PowerPoint presentations presented at the conference](#), can be downloaded from the [PBSS Website](#).

Apart from a stimulating professional programme, the PBSS Colloquium provided excellent opportunities for networking with pension actuaries from many other countries and several enjoyable social events in the evenings, including a dinner at a restaurant on an island and a reception at the end of the joint ISSA day, hosted by the Ministry of Social Affairs and Health at the Säätytalo, or House of Estates, a beautiful and historic building in the centre of Helsinki.



1st International IAA Life Colloquium

A successful 1st Colloquium for the Life Section has just concluded in Stockholm, Sweden from June 10-13,

2007. The program and presentations are available online at:

www.actuaries.org/LIFE/Events/Stockholm/papers.cfm



16th International AFIR Colloquium

The 16th Colloquium for AFIR was also successfully held in Stockholm, Sweden from June 13-15, 2007. The

program and presentations are available online at:

www.actuaries.org/AFIR/Colloquia/Stockholm/papers.cfm

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) which, depending on conversion rates, translates into approximately \$38 US or €30. You should have recently received from your home association a call for dues to the IAA Sections for 2007. Please review this information carefully and renew your dues immediately to avoid missing out on important developments within your section and to continue to receive information on a timely basis. If you are not already a member, it is not too late to join. Contact your home association.

IAA OUTREACH ACTIVITIES

Third International Meeting of Leaders of the Actuarial Profession in English-speaking Africa – June 7-9, 2007 – Nairobi, Kenya

BUILDING UP THE ACTUARIAL PROFESSION IN AFRICA

The Third International Meeting of Leaders of the Actuarial Profession in English-speaking Africa took place from June 7-9, 2007 in Nairobi, Kenya, at the invitation of the Actuarial Society of Kenya (TASK).

The meeting was attended by about 35 representatives from 11 countries in the region (including 5 people from South Africa) as well as by one person from the United Kingdom, one from Germany and a delegate from the African Development Bank in Tunisia. The IAA Fund gave bursaries to bring 11 of the participants from 8 countries outside Kenya.



PowerPoint presentations from the meeting have been posted on the IAA website under [IAA Fund Meetings](#). Reports were received of developments in the profession and the role of actuaries and the actuarial association in the different countries.

There was a very positive atmosphere at the meeting. New actuarial associations are in the process of being established in Sudan and Tanzania, with interest also in Uganda and Mauritius. Progress has been good in Kenya since the launch of TASK in 2005.

There was much discussion about actuarial education, with a lot of enthusiasm being shown for the potential of the IAA's proposed International Actuarial Education Programme to play an important part in the development of the actuarial profession in Africa. Following discussions with representatives from the African Development Bank (ADB), a proposal will be presented to the ADB for possible funding of aspects of the IAEP in Africa.

There was determination to make more progress in the coming years than had generally been the case in the past, spurred on by the forthcoming International Congress of Actuaries in 2010 in Cape Town, South Africa. A Task Force was established to develop this concept further and to determine whether it would be practical to establish an African version of the European Actuarial Consultative Group, confining the discussion for the moment to English-speaking countries.

11th Regional Pension and Social Insurance Conference

The 11th Regional Pension & Social Insurance Conference, widely covered by television stations and newspapers in the area, was held in The Hashemite Kingdom of Jordan, on May 30 and 31. It was organized by The Muhanna Foundation in association with the Social Security Corporation of Jordan and attracted 152 representatives from 21 countries.



The conference that was opened by H.E. Dr. Marouf Bakhit, Prime Minister of the hosting country, covered the theme of "The Pillars"; which discussed subjects concerning the five different pillars of Social Protection, ranging from welfare to healthcare.

The reference to actuarial expertise was very prominent throughout the conference. In the opening ceremony, Mr. Ibrahim Muhanna, Chairman of The Board of Trustees of The Muhanna Foundation, referred to the importance of making the best use of actuarial input which to date has not yet been drawn upon to promote the financial sustainability of Social Insurance Systems.

The IAA was represented by its Secretary General, Yves Guérard, who spoke at the opening ceremony. In a subsequent presentation, he reviewed actuarial aspects of Civil Service Pension Schemes around

the world while comparing the current successful and unsuccessful programs.



Mrs. Corazon De La Paz, the ISSA president, also addressed the audience at the opening ceremony during which she pointed at the significance of the conference's theme since it captures the importance of having comprehensive and integrated social protection schemes for the working population and their dependants.

The three remaining opening sessions were addressed by Dr. Omar Razzaz, Director General of the Social Security Corporation of Jordan, Mr. Abdel Khalik Raouf Khalil the Secretary General of GAIF and last, but not least, by H.E. Dr. Marouf Bakhit previously mentioned.

Moreover, many speakers referred to the importance of the challenges that Pension Funds are facing in the Middle East and Arab World and aimed at giving a solution regarding future developments in response to a changing demographic and economic environment.

OTHER EVENTS

20th International Summer School 2007 of the Swiss Association of Actuaries

Market-valuation Methods in Life and Pension Insurance

Dates: Monday, August 20 to Friday, August 24, 2007



Location: University of Lausanne, Lausanne, Switzerland

Scientific Directors: Thomas Moller and Mogens Steffensen

The course is based on the new book entitled *Market-valuation Methods in Life and Pension Insurance* by Thomas Moller and Mogens Steffensen.

For more information and online pre-registration, see the web site: www.saa-iss.ch.

European Actuarial Academy

Seminar: "Stochastic Concepts in Life and Pensions, the design of internal models & their application in the context of Solvency II"

Location: Budapest, Hungary

Date: September 27-29, 2007

Early-Bird-Registration Fee: € 495 until July 27 at the latest. After this date, the fee will be € 550.

Registration and seminar details are available at the following website www.actuarial-academy.com. Please refer your questions to the Academy.

Further modules which are planned to start in August and October:

- module 3: Business Administration
- module 4: Mathematics of Finance I
- module 5: Financial Markets
- module 9: General Insurance II
- module 10: General Insurance III
- module 12: Life Insurance I

Once again, top-class lecturers who are well-known experts in their field have been recruited. All speakers are very much involved in the EAA's goal to promote actuarial knowledge in Europe.

Please see details for prices and dates at www.actuarial-academy.com (Education for Actuaries).

The first 5 participants of each module will receive an additional 25%-discount which will be deducted from the regular price.

Register now and save twice with the early-bird-price and the special discount!

14th East Asian Actuarial Conference – October 9-12, 2007 – Tokyo, Japan

Have you registered for the 14th East Asian Actuarial Conference to be held October 9-12, 2007, in Tokyo, Japan?

If not and you are planning to attend the conference, please don't delay because early bird registration ends soon. If you register by the end of June, you will receive a discount on your registration fee. The conference website is www.eaac14th.com, where you can register online.

Also, if you wish to contribute to the conference by submitting a paper, you are very much welcome, but please make your entry as soon as possible by sending the abstract to eaac14th@actuaries.jp.

The conference program has not been finalized yet, but the EAAC Executive Committee is working very hard to develop an attractive program which will interest not only actuaries in the Asian region, but also those from other parts of the world.

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.

IN THE NEWS

Howard Bolnick, Chairman of the IAAHS, was recently presented with a certificate as honorary member of the Actuarial Society of South Africa (ASSA). Congratulations Howard!



NEWS FROM MEMBER ASSOCIATIONS



Institute of Actuaries of Australia

Biennial Convention 2007 – REGISTER NOW!

Sunday 23 September – Wednesday 26 September 2007 – Christchurch, New Zealand

Registration is now open for the 2007 Biennial Convention to be held in Christchurch, New Zealand from 23 – 26 September 2007. The Convention theme is “**Adventures in Risk**”.

This year's Convention features a strong program of international speakers from the United States, United Kingdom, Europe and Asia presenting on a wide range of topics including

- New Global Forces Driving Change in Financial Markets
- Risk Management
- Global Issues Affecting the Profession

A key aim of the Convention is to empower actuaries to further develop their skills to benefit their employers and the community.

Jane Diplock AO, Chairman, Executive Committee, International Organisation of Securities Commissions (IOSCO) will deliver a keynote address on developments in global securities regulation in a special plenary session on Tuesday afternoon.

Further **plenary speakers** include Rob Coombe (BT), Robert Goodman (Deutsche Asset

Management), Tony Coleman (IAG), Gary Venter (Guy Carpenter), David Ingram (Standard & Poors), Steve Taylor-Gooby (Tillinghast), Andrew Smith (Deloitte), Angus Milgate (Aon Re Asia) and Donald Duval (Aon Limited). More information about the topics and issues they will present and discuss can be found on the Convention webpage.

Over 50 **concurrent presentations** have been accepted by the Convention Organising Committee which cover a range of technical, professional and public affairs issues across all practice areas including General Insurance, Health Insurance, Risk Management, Life & Wealth Management, Investment, Superannuation and Wider Fields.

This is the 'must attend' event for the actuarial community. As a large number of delegates are expected, early registration is strongly recommended.

See the **Convention Webpage** for more detailed information and how to register.

New Only Private Health Insurance CPD Education Course

The Institute has launched a new online private health insurance CPD education course. The course is unique and is aimed at providing training to actuaries and their technical staff on the financial operations of the private health insurance industry. The course includes the latest changes made to private health insurance by the Federal Government. To access the course, go to www.actuaries.asn.au/education and click on the icon.



Deutsche Aktuarvereinigung (DAV), Germany

Dr. Ulrich Orbanz elected President of the DAV, Dr. Michael Renz new Vice-President

At its annual general meeting in Berlin, Dr. Ulrich Orbanz (61) was elected new President of the Board of the DAV with a presidential term of two years ending in April 2009. Dr. Orbanz is a renowned specialist within the reinsurance sector.



Since 2006, he has worked as a senior consultant for Towers Perrin Tillinghast and he has been a private lecturer at the University of Cologne for over 20 years. He succeeds Norbert Heinen (B&W Deloitte) who will continue on the Board as Past President and as DAV representative in the IAA and the Groupe Consultatif.

Dr. Michael Renz (54) was elected new Vice-President of the DAV. Since 1993 he has been a member of the Board of the Zurich Deutscher Herold Lebensversicherung AG.

Successful launch of new DAV website

As a result of the 2005/06 membership survey, the DAV has re-launched its website www.aktuar.de. The website has been enhanced with new features and improves the user-friendliness with a clear separation between the public and members only sections. The DAV is convinced that the new site will create added value for its members, especially as it will be accompanied with a newsletter service to inform members on a regular basis about current developments relevant to the association.

Role of the actuary in non-life

Strengthening the role of the Responsible Actuary in life, health or pensions is a permanent topic on the agenda of the DAV. As there is no equivalent position 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. 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 Institute of Auditors (IDW), the Federal Financial Supervisory Authority (BaFin) and the German Insurance Association (GDV) in this matter. In addition, the DAV is in close contact with the German Federal Ministry of Finance in order to codify the enhanced role of the actuary in the German Insurance Supervision Act (VAG).

The Actuarial Profession
making financial sense of the future

Equitable Life Archive

With thanks again to all contributors who made possible the profession's acquisition of the Equitable archive. Information about the archive is now available on the Actuarial Profession website:

www.actuaries.org.uk/link/library/elas/index.html

You may be interested to see a report on the launch reception for the archive where the Institute was pleased to welcome and thank many of you:

www.actuaries.org.uk/link/library/elas/launch.html

The catalogue of the display is available to see at:

www.actuaries.org.uk/files/pdf/library/elas/launch_catalogue_20070403.pdf



Casualty Actuarial Society, United States

2009 Call for Ratemaking Discussion Papers -

Papers on all ratemaking topics are welcome, but papers are preferred which focus on the considerations listed in the CAS Statement of Principles regarding property and casualty insurance ratemaking. In addition, papers on the following topics are of interest: Expert Underwriting Systems, Catastrophe Ratemaking, Scoring Models, Enterprise Risk Management, and Specialty Products. Proposals for papers are due by June 29, 2007. Authors may be invited to present their papers at the 2009 Ratemaking Seminar. A prize fund of \$2,500 is available for the best papers submitted in response to the call. More information can be found on the CAS Web site: www.casact.org/cms/index.cfm?fa=viewArticle&articleID=299

CAS Launches New Research Journal: Variance – Advancing the Science of Risk

The Casualty Actuary Society (CAS) has published the inaugural issue of its new research journal Variance, Advancing the Science of Risk. The new



journal will disseminate work of interest to casualty actuaries and general insurance and other risk professionals worldwide. Its peer-reviewed articles will be focused on original practical and theoretical research in non-life actuarial science and related areas in the science of risk.

Papers are now being accepted for consideration that fit into one or more of the following categories:

- Research—contains original ideas and new material.
- Educational—instructs actuaries and others involved in analyzing, modeling, and managing risk.
- Practical Application—applies new theories to solve practical problems, exhibits actuarial practices, or compiles current techniques.

The CAS is actively soliciting papers from authors who may not have traditionally published in CAS publications. This should bring a wider range of ideas into the journal and, hopefully, more non-CAS members will become regular readers and contributors.

The first issue of *Variance* can be found online at www.VarianceJournal.org.

CAS to Hold Seminar on Reinsurance in London - Pricing U.S. Reinsurance in a Softening Market

The CAS is offering a one-day limited attendance seminar for actuaries and other insurance professionals on July 16, 2007 in London. The seminar, which will be held at the London Underwriting Seminar, will include sessions on the following topics:

- Exposure and experience rating – differences in the US and UK approaches
- D&O
- Medical malpractice
- Workers compensation
- Property
- Marine/aviation

Presenters will cover the current state of the market in these lines of business, as well as various reinsurance pricing approaches and pitfalls common to each line.

Visit

www.casact.org/education/index.cfm?fa=reinsurance to register and learn more.

MISCELLANEOUS

Actuarial Books Available

The IAA recently received several donations of 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](mailto:Celeste.Leclerc@actuaries.org) at the IAA Secretariat if you are interested in consulting the full list.

Secretariat Announcements

Office Closures: The IAA Secretariat will be closed on the following days throughout the summer, in compliance with national holidays: June 29, July 2, August 6, and September 3.

New Website: The IAA has further modified its website to facilitate its use by both members and the public. The changes include the regrouping of all Events, including details of IAA Council and Committee meetings, on the home page under Upcoming Events, and easier access to reference material of interest to actuaries. Membership information is now located in the “About the IAA” Section. Further changes will be introduced in the next month, such as an integrated search box.