



This Special Newsletter will give you a quick report on the discussions and action items arising from the recent IAA Council and Committee meetings held in Tallinn, Estonia from May 27-30, 2009. More details are available through the minutes of the various committee meetings that are posted to the Web site as they become available. The next regular issue of the Newsletter will be published in the coming month.

COUNCIL

Voting Rights represented at the Council meeting (including ballots and proxies): 104 out of 133 (78.2%)

Ballots: Association Suisse des Actuaires, Persatuan Aktuaria Malaysia, Hrvatsko Aktuarsko Društvo, Slovenian Association of Actuaries, Egyptian Society of Actuaries, Actuarial Society of Hong Kong

Proxies: New Zealand Society of Actuaries

A number of special guests had accepted our invitation to join us in Tallinn and we were honoured by the presence of:

Rob Curtis – Chairman, Solvency & Actuarial Issues Subcommittee, IAIS
Rick Shaw – Bermuda Monetary Authority
Craig Thorburn – World Bank
Mary Yang – Technical Assistance Officer, ILO



From left to right: Luis Huerta, Edward J Levay, Craig Thorburn, Mary Yang and Howard Bolnick at the Microinsurance Seminar

IAA Special Newsletter

June 2009

- **COUNCIL**
- **NEW MEMBER**
- **APPOINTMENTS**
- **COMMITTEE DELEGATES**
- **THE WORK OF COMMITTEES AND SECTIONS**
- **STRATEGIC PLANNING – GOVERNANCE**
- **FINANCES AND ADMINISTRATION**
- **DUES FOR 2010**
- **NEXT MEETINGS**

OFFICERS — 2009

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

Council received the [report of the President](#) on current activities.

NEW MEMBER

Council formally confirmed the admission of the Asian Development Bank (ADB) as an Observer Member of the IAA. Congratulations and Welcome! The IAA looks forward to further developing its relationship with this important international institution in areas of mutual interest and cooperation.

APPOINTMENTS

Council approved the appointment of Mike Hale (Canada) as Co-Vice-Chairperson of the Member Services Committee and Basil Reekie (South Africa) as a member of the IAA Fund Subcommittee of the Committee on Advice and Assistance. The [full deployment chart](#) with dates of appointment and end of term is available for consultation online.



COMMITTEE DELEGATES

The motion to amend Article 3.1.2 of the Internal Regulations with respect to the description of Committee Delegates was removed from the agenda; a brief discussion paper is being prepared and the question will be resubmitted to Council at its meeting in Hyderabad on November 15, 2009.

THE WORK OF COMMITTEES AND SECTIONS

In advance of the Council meeting, all Committees and Sections were invited to submit a written report on their activities since the meetings in Limassol, Cyprus in November 2008. Below are the highlights of their discussions in Tallinn, along with a link to their full written report which provides additional details.

Accreditation

Chris Lewis, *Chairperson*

The ad hoc Self-Assessment Working Group (SAWG) of the Accreditation Committee is making good progress in reviewing the completed self assessment questionnaires received from Full Member associations to determine if their documentation meets IAA membership requirements. The SAWG met to review the status of the work (including reporting the results back to each association) and to progress issues. It then reported back to the Accreditation Committee. Other matters covered by the Committee included a review of the membership criteria for Associate and Benefactor members, a discussion on potential new Full Member Associations and a review of completed Annual Confirmation Forms.

[Pre-meeting Report](#)

Advice and Assistance

Robert Conger, *Chairperson*

The Committee and its subcommittees continue to reach out to support the development of professional actuarial associations around the world, and the engagement of those associations with the IAA. The meeting in Tallinn was particularly noteworthy in this regard in that it was hosted by

the Eesti Aktuaaride Liit (Estonia), which is celebrating its 10th anniversary; just a decade ago the Eesti Aktuaaride Liit was aided in its development and entry into the IAA by the A&A Committee and the IAA Fund. What a wonderful example of what a small and new actuarial association can accomplish!

A&A and the Secretariat continue to reach out periodically to new and potential actuarial associations, to invite new associations to join the IAA as Associate Members, and to support Associate Members in progressing to Full Member status. In addition, we are evolving with the translation into Spanish of several sets of resources, such as an IAA Information Kit and a description of the process for forming an actuarial association.

Our new Africa Subcommittee is working with the Institut des Actuaire de Côte d'Ivoire to organize a West African regional meeting of actuaries and interested parties to be held on June 22-24, 2009. We expect this will be a good opportunity for participants to consider the important roles of actuaries, to network, and to discuss potential ways to promote and organize the profession in the region. We also will be working with the organizers of the ICA 2010 (Cape Town) to organize an informative session on the experiences of several new associations, and to foster networking with new and potential associations from various geographical regions.

Our Latin America Subcommittee is fostering discussions with the Instituto de Actuarios Matemáticos de Chile in further developing its education and other processes so as to qualify for Full Member status.

In Asia, similar discussions are underway with the Institute of Actuaries of Korea and with the China Actuarial Association regarding the requirements for full membership.

[Pre-meeting Report](#)



Audit and Finance

Curtis Huntington, *Chairperson*

[Pre-meeting Report](#)

Education

Mary Frances Miller, *Chairperson*

[Pre-meeting Report](#)

Enterprise and Financial Risks

Tony Coleman, *Chairperson*

[Pre-meeting Report](#)

Executive

Katsumi Hikasa, *Chairperson*

[Pre-meeting Report](#)

Microinsurance Task Force

Luis Huerta, *Chairperson*

The Microinsurance Task Force organized a very interesting seminar in Tallinn. The [agenda and presentations](#) are available online.

Insurance Accounting

Sam Gutterman, *Chairperson*

Discussions held in Tallinn covered a wide range of topics, much of which focused on Phase 2 of the Insurance Contracts project and the Discussion Paper on Revenue Recognition of the International Accounting Standards Board (IASB). Issues discussed included potential overarching accounting objectives for the Insurance Contracts phase II project. Results of a Zoomerang poll of the Committee during the prior two weeks focused the attention of the Committee on the key issues associated with what is now a joint IASB/Financial Accounting Standards Board (FASB) project on accounting for insurance contracts, which has been delayed somewhat, with an Exposure Draft

expected in the first half of 2010. It was evident that the Committee had a split view on many of the outstanding issues. Several ad hoc subgroups were formed (further volunteers are being sought) to study some of the key issues.

Discussion Papers and Exposure Drafts continue to be published by the IASB on significant accounting issues that the Committee intends to respond to, including current ones on fair value measurement, de-recognition of financial instruments, income taxes and leases. In addition, the current comprehensive project on revising the recognition and measurement of assets and liabilities for financial instruments is likely to consume a lot of the Committee's resources over the next twelve months.

The IAIS project developing an Issues Paper on the roles of and relationships between the actuary, the external auditor and supervisor was discussed. The Committee had recently commented on it; the IAIS expects to adopt it in modified form in the next few months.

Actuarial Standards Subcommittee

Most of its meeting in Tallinn focused on the subcommittee's development of a book on stochastic modeling. The author group presented the approach taken and the structure of the book, expected to be about 500 pages. The ad hoc Project Oversight Group, headed by David Congram, has been monitoring its development over the last six months. It is scheduled to be completed in the second half of 2009. An initial discussion of the marketing of the book was also held.

Subcommittee representatives have been working with the Professionalism Committee to develop a template and sample set of wordings to be used in new International Actuarial Standard of Practices (as a result of the new Due Process approved by Council at its Cyprus meeting). The intent is to change the content of the current International Actuarial Standard of Practice 2 (Revised) to the new structure as a new IASP. That requires



submission to the Council of intent to develop an IASP, which will be presented to the November Council meeting in India if it is decided to move in that direction. Separately, the subcommittee confirmed its previous intention not to revise the subcommittee's other current IASPs, except to make it clear that they should be considered International Actuarial Notes (IANs), possibly with a change noted in the IAA Standards website and the cover page of the IANs. In the meantime, the subcommittee will begin discussing desired IASPs/IANs associated with the IASB's Insurance Contracts phase 2 at its India meeting.

Ad hoc Risk Margin Working Group (the RMWG)

At the joint meeting of the Insurance Accounting, Insurance Regulation, Enterprise and Financial Risk Committees and the Solvency Subcommittee, this working group was officially disbanded, with thanks. Its report had been published in April, and is available for [download](#) from the IAA members' website; a paper version is available for [purchase online](#) and from the IAA Secretariat. The Accounting Committee will be taking several of the issues discussed in this paper forward, in some cases together with other IAA groups.

Joint Meeting with the Pension & Employee Benefits Committee

The two committees met and discussed items of mutual interest, including the status of changing International Actuarial Standard of Practice 2 (Revised) to a new IASP. That requires an agreement as to an intent to make this change, which will be presented to the November Council meeting, if it is decided to move in that direction. The committees will be working with the Professionalism Committee to develop the structure for the potential new IASP over the next six months.

A recent meeting between representatives from the IAA Pension & Employee Benefits Committee and the IASB was discussed. Both a short-term fix and a long-term project to current IAS 19 were discussed. In particular, the issue of discounting was discussed, a significant issue to be developed

by the IAA. It was agreed to form a joint ad hoc working group on delineating the differences from the perspective of financial reporting between pension plans and insurance contracts, possibly with a separate group focusing just on the discounting issue (the latter possibly joined with other IAA groups that are interested in that topic).

Joint Meeting with the Insurance Regulation Committee, Insurance Solvency Subcommittee, and the Enterprise and Financial Risk Committee

The four committees met and discussed items of mutual interest. The Accounting Committee discussed its efforts to produce a book on stochastic modeling later this year, indicating that it was its intention to form a working group to deal with discounting and that it would invite participation from other committees. Other topics discussed included stress testing, the financial crisis, and internal models.

[Pre-meeting Report](#)

Insurance Regulation

Rolf Stölting, *Chairperson*

An overview of new developments within the IAIS was given and the importance of the co-operation between the IAA and IAIS was once again seen as an important factor for this development. The recently completed IAA publication on Best Estimates and Risk Margins is a good example, as is the work of the IAA on a publication on internal models. The role of the actuary was again a hot topic, especially from the European view with the new Solvency II framework directive.

[Pre-meeting Report](#)

International Education Program (IEPC)

Alf Guldberg, *Chairperson*

[Pre-meeting Report](#)



Member Services

Ibrahim Muhanna, *Chairperson*

[Pre-meeting Report](#)

Nominations

Dave Hartman, *Chairperson*

The Nominations Committee announced its intent to recommend the appointment of Cecil Bykerk (United States) as the IAA's President-Elect for the year 2010. Cecil has been involved in the work of the IAA since the time of its restructure, having served as Chairperson of the Education Committee from 1998 to 2004. Cecil continues to serve as co-vice-chairperson of the Accreditation Committee, Delegate to Council, and as a member of the Education and International Education Program Committees, and of the Task Force on Strategic Planning. He is also a member of the Health and Life Sections. Cecil is currently President of the Society of Actuaries in the United States.

A formal motion will be on the agenda of the November 12, 2009 Council meeting in Hyderabad, India.

Council approved clarifications to the [Protocol of the Nominations Committee](#) and to the [Role of IAA Delegates to Sections and Outside Organizations](#).

[Pre-meeting Report](#)

Pensions and Employee Benefits

Esko Kivisaari, *Chairperson*

[Pre-meeting Report](#)

Professionalism

Michael Pomery, *Chairperson*

The Committee noted the recent publication on the IAA website of its [paper concerning "Whistle-blowing"](#), which is intended to assist those associations whose actuaries have legal duties to

report matters of concern to the regulator, but without legal protection for the actuary who reports.

The committee devoted a large part of its meeting to a discussion of the structure and language to be used for "model" standards under the new Due Process for International Actuarial Standards of Practice (IASPs). There were many helpful comments based on the experience of setting standards in different countries and a broad consensus on the key issues. The Committee plans to work together with the Accounting Standards sub-committee and the Pensions and Employee Benefits Committee to develop current IASP2 (Actuarial Practice) into the first "model" standard. The Committee will also look at the revised IASP1 (Guidelines of Actuarial Practice for Social Security Programs) with a view to designing the structure and language for future IANs (International Actuarial Notes) under the new Due Process.

The meeting also discussed the development of a common understanding of professionalism, which is a task handed down from the IAA Strategic Plan. Some academic papers and several examples of what professionalism means in different associations had been collected and a lively debate took place. The aim is to produce a paper which sets out the many areas where there is a common understanding but which also contrasts those aspects where there are differences due to culture or historical development.

Finally, the committee agreed the contents of its contribution to the ICA 2010 programme in the Professionalism/Education stream, subject to confirmation by the organising committee. The proposed topics will cover:

- Common understanding of professionalism
- Whistle-blowing and discipline issues
- Teaching professionalism (jointly with the Education Committee)
- Peer Review (jointly with IACA)
- A guest speaker on professional ethics



The committee will be seeking input from its members on questions related to the governance of cross-border actuarial work and encourages all of its members to respond in order to have robust input for further work on this topic."

[Pre-meeting Report](#)

Social Security

Rob Brown, *Chairperson*

The Committee plans to continue its initiative to improve and strengthen relationships with the World Bank. During the Tallinn meetings, a meeting with Craig Thorburn of the World Bank helped focus our intended approach.

The Guidelines for Social Security Actuaries (IAN 1) were approved by the Social Security Committee in Limassol and are now with the Committee on Professionalism to be drafted according to the new IAA template.

The Committee will work with the Secretariat to improve the material on our website. All members of the Committee will be involved.

Moving forward, the Committee plans to do research in three important areas: Stochastic Modeling, Migration and Workers Compensation.

The Social Security Committee will take responsibility for about four topics at the ICA 2010. Action has already started in that regard.

[Pre-meeting Report](#)

Supranational Relations

Ken Buffin, *Chairperson*

The Supranational Relations Committee (SRC) held two meetings in Tallinn. The first was an open forum and discussion for the purpose of announcing the Committee's strategic initiatives and action plans to representatives of other IAA committees and to encourage close cooperation in the implementation of these plans. The strategic

initiatives and action plans were developed by the SRC in the early part of 2009 in response to the mandates of the IAA Strategic Plan. They involve other IAA committees on technical issues and in critical relationship management roles with target supranational organizations. A number of invited guests attended the open forum including a representative of the World Bank and members of the IAA Executive Committee and Secretariat.

The regular SRC meeting provided an opportunity to discuss the prioritization of target supranational organizations and to identify key issues of relevance to high-priority targets. Objectives were discussed and agreed with respect to specific supranational regulatory organizations, regional development banks and other organizations where either a strong relationship already exists or where initial relationship-building is required. The SRC noted the news of the acceptance by the Asian Development Bank of an invitation to become an Observer Member of the IAA and recorded its acknowledgement of the work of Trevor Thompson and John Maroney in achieving this goal. The SRC agreed to seek opportunities to leverage IAA relationships with supranational organizations at future events including IAA Section Colloquia and ICA 2010 in Cape Town.

[Pre-meeting Report](#)

AFIR Section

Jean Berthon, *Chairperson*

[Pre-meeting Report](#)

ASTIN Section

Harry Panjer, *Chairperson*

[Pre-meeting Report](#)



Actuaries Without Frontiers (AWF) Section

Edward J. Levay, *Chairperson*

The AWF discussed its role in ICA 2010 in Cape Town, which could take the form of a field trip to a microinsurance recipient organization or a session showcasing its activities.

The Section is currently assisting in the resourcing of three "teaching" projects in Nairobi, Kenya (Enterprise Risk Management/Economic Capital concepts in partnership with ASTIN), a three week program at University in Baku, Azerbaijan covering several "technical" topics and a one week "School" (second of its kind) in Almaty, Kazakhstan covering several practical actuarial topics.

Allan Brender and Dave Ingram have been selected for the teaching session in Nairobi (sponsored by The Actuarial Society of Kenya) from October 26 through November 6 for local university students and actuaries. Special ERM sessions will also be held for industry executives and regulatory agencies. The selection process is currently underway for the projects in Central Asia.

AWF is also considering a request for teaching assistance in Benin from Actuarial Sciences of Africa. Additional details will be forthcoming.

At its annual meeting in October, the Society of Actuaries (United States) is planning to have a panel presentation on Microinsurance, to be moderated by AWF Committee Member Shiraz Jetha. This afternoon session (on October 27) is intended to introduce North American actuaries to the area of Microinsurance and the contributions that actuaries can make in this new area.

The AWF Committee supported a recommendation to change its name to Actuaries Without Borders, recognizing that "Frontiers" had been a poor translation. The intent is to have this approved at the next meeting in Hyderabad, India.

[Pre-meeting Report](#)

IAAHS Section

Emile Stipp, *Chairperson*

[Pre-meeting Report](#)

IACA Section

Hideyuki Yoshida, *Chairperson*

[Pre-meeting Report](#)

Life Section

Kurt Wolfsdorf, *Chairperson*

The Section's first Webinar on Market-consistent embedded Value will take place on June 16.

The third Life Section Colloquium will be held in Munich September 6-9, 2009, in a joint arrangement with the 2009 AFIR Colloquium. Details regarding fees and the registration process can be found online on the Colloquium website www.actuaries.org/Munich2009. A full and interesting program has been developed (see www.actuaries.org/Munich2009/), and members of the Section are encouraged to attend. A prize for best article (on a life subject) in the ASTIN Bulletin will be announced during the colloquium in Munich.

A Life and Health Seminar will take place on September 17 and 18 in China.

The Life Section is planning a number of sessions for the International Congress of Actuaries in South Africa. Moreover, planning is going ahead for a Colloquium in Barcelona 2011, and another in Mexico 2012.

PBSS Section

Chris Daykin, *Chairperson*

The PBSS Committee met in Tallinn and made final preparations for the Colloquium to be held in Tokyo on 4-6 October 2009. The Committee also discussed the programme of pensions and social security topics for ICA2010 in Cape Town. The



financial statements were reviewed and it was agreed to recommend to the members at the next General Meeting to increase the dues from 40CAD to 50CAD. The Committee noted that a monthly list of useful references on pensions and social security topics had been issued each month from March 2009 onwards, and thanked Geoff Rashbrooke for his work pulling this together. Other ideas were discussed to improve the value proposition of the section for members, including further work on the virtual library and initial consideration of how the section might organise a webcast.

[Pre-meeting Report](#)

STRATEGIC PLANNING – GOVERNANCE

Chairperson Paul Thornton made a [presentation](#) on the work done to date by the TFSP, topics to be discussed and next steps. An electronic voting ballot of Council will follow in the coming weeks on those items for which there was support. Items that required more work will be resubmitted for further discussion.

FINANCES AND ADMINISTRATION

The Council approved the audited financial statements for 2008, subject to the completion of the note regarding ASTIN and was advised that the 2007 audited statements were now final, but that they included a qualification due to the inclusion of the ASTIN audited statements. It was noted that for 2008, the qualification had been removed.

DUES FOR 2010

Council approved the setting of the dues payable by Full Member associations for the year 2010 to CAD \$15 based on the number of fully qualified actuaries, representing an increase of \$0.50 from 2009. That corresponds to an additional provision of about \$30,000 in anticipation of future needs which are incorporated in the [attached draft budget](#) for 2010. The final budget will be submitted to Council for approval on November 12, 2009 in India

and will reflect specific requests that are expected to be submitted with respect to the implementation of the strategic plan.

Note: association dues are a lump sum depending on the size of the association as measured by the number of its fully qualified actuaries.

NEXT MEETINGS

The next meetings of the IAA Council and Committees and of the Presidents' Forum will take place at the Marriott Hyderabad Hotel in Hyderabad, India from November 12-15, 2009. The schedule, registration form, and travel details will be made available in the coming weeks. A special announcement will follow.