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Interim Report from the President



Since assuming my presidential duties on January 1, much of my time and energy has been devoted to ensuring the successful implementation of the new governance for the IAA adopted in Cape Town. The changes are

of major significance to what the IAA can achieve and I would like to keep you up to date.

The most significant change has been the election of a smaller, more empowered Executive Committee (EC) which began work on March 7, the day after its election, while still in Cape Town. Since then, the EC has had two-hour meetings by telephone conference on a monthly basis. The EC has also been exchanging numerous emails on varying topics to expedite the issues discussed at these meetings. All meetings have been followed by a written report to Council that are [available online](#). I hope that these have been useful and have enabled all member Associations to feel involved whether or not one of their members is on the EC.

The following is a summary of some of the work accomplished to date since January:

1. Review of the proposed budget for 2011 and recommendation of no dues increase for 2011. The 2011 budget will be on the 60-day agenda for Council approval in Vienna.
2. Increase in Secretariat resources, to handle a more rapid pace of activity.
3. Restructure of the Supranational Relations Committee into a [Subcommittee](#) of the EC, enabling it to be more pro-active.
4. Disbanding of the Member Services Committee to streamline the structure since its functions are being handled by other committees.
5. Formation of a [Microinsurance Working](#) Group reporting to the EC.
6. Formation of a [Population Issues Working Group](#) reporting to the Social Security Committee.
7. Creation of a [Communications Subcommittee](#) reporting to the EC to address issues related to both IAA publications and public relations efforts, as agreed by Council.



8. Creation of a [Task Force on Convergence of Actuarial Standards](#), reporting to the Professionalism Committee.

Apart from these issues, I have also devoted much energy to outreach to supranational relations organizations. In my report to Cape Town Council, I mentioned my visit to the [IAIS](#) in Basel in February, supporting Tony Coleman in a [presentation](#) on systemic risk, with Esko Kivisaari and Toshihiro Kawano attending meetings of the [IOPS](#) and [IAIS](#) also taking place there.

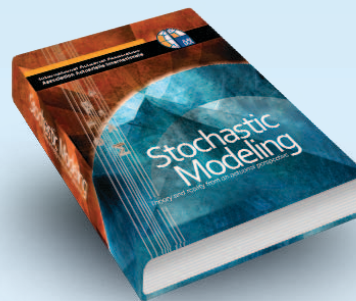
Since then, key activities have been:

- a. Meetings in early June in Paris with [OECD](#), on which a note appears later in this Newsletter
- b. Facilitating meetings for the Chair of the Supranational Subcommittee, Ken Buffin, with [IMF](#) and World Bank, which have been arranged for June and July
- c. Planned discussion forum in mid-September in Geneva with [ILO](#), [ISSA](#), Aga Kahn Foundation and [WHO](#), which will be hosted by Ken Buffin, Howard Bolnick, Roland van den Brink, Philippe Maeder, Alvaro Gutierrez and myself
- d. Planned meetings in Geneva in mid-September with Geneva Association, [CRO Forum](#) and [WTO](#)

Paul Thornton, President

Stochastic Modeling – Release of New Publication

We issued a news release on June 30 to promote our latest publication, ***Stochastic Modeling – Theory and Reality from an Actuarial Perspective***. The book is selling fast! Order your copy today.



Comprehensive Actuarial Risk Evaluation

The Enterprise and Financial Risk Committee has published a paper on [Comprehensive Actuarial Risk Evaluation](#) (CARE). The primary goal of CARE is to provide a starting point for a comprehensive evaluation of risk to be performed by actuaries and to develop the best actuarial practices within the risk evaluation sub-section of [ERM](#).

The secondary goal is to equip the actuarial profession with a valuable toolkit that increasingly demands more exposure at the highest levels of the financial institutions and that can contribute to the elevation of the reputation of and the demand for the actuarial profession. The CARE report will provide a standard for a thorough review and will provide a systematic description of the comprehensive evaluation that actuaries can use in risk reports. It will allow an actuary to clearly cite what part of the comprehensive evaluation was or was not performed in a particular situation. This paper will provide a description of this risk evaluation and use numerous examples of how this may then be applied to specific risks that actuaries are commonly called to evaluate.



Request for Proposal – Determination of Discount Rates

The Insurance Accounting Committee has issued a Request for Proposals to Prepare an Educational Monograph on the topic of Issues Associated with the Determination of Discount Rates for Financial Reporting Purposes. [Details](#) are available online. The deadline for submitting a proposal is July 15, 2010.

Climate Change

Fred Rowley provided a paper for the EC on the role of the IAA in climate change that was discussed at the April EC meeting. The EC agreed that it would seek to find out which member Associations are active in this area before deciding what action might be appropriate by the IAA, and agreed that a Seminar on Climate Change should be proposed in conjunction with the Council and Committee meetings in Sydney, Australia in Spring 2011.

Council delegates are asked to contact [Nicole Séguin](#) with details of their own associations activities.

Microinsurance Working Group

The EC first discussed conversion of the Microinsurance Task Force into a Working Group reporting to the EC at its meeting in Cape Town and finalized the [terms of reference](#) at its meeting in April. Howard Bolnick was selected to chair the Working Group whose main role is to serve as the IAA body that coordinates the microinsurance efforts of the various IAA Committees and Sections and provides a focal point for IAA efforts to help facilitate the development of microinsurance and actuarial involvement in this rapidly growing, and socially meaningful area. If you are not already involved and have an interest, please contact [Howard Bolnick](#).

IAA Presence at ISSA Technical Seminar for Social Security Actuaries and Statisticians – Montevideo, Uruguay, 27-28 April 2010

Alvaro Castro-Gutierrez and Chris Daykin attended the ISSA Technical Seminar in Montevideo as representatives of the IAA and of the PBSS respectively. The seminar was attended by 110 participants from nearly 30 countries. The topics discussed included: Financing of social security in developing countries and countries in transition; Sustainable instruments to move towards universal coverage and, The role of projection models in assessing the optimal financing of social security. Chris Daykin chaired the sessions on the last topic, which was the most popular, with eight presenters and 4 hours allocated.

Chris Daykin gave a short presentation to the Steering Committee on aspects of the IAA relevant to the ISSA (and the Technical Commission on Statistical, Actuarial and Financial Studies in particular).

There were also discussions about the possibility of collaboration between the IAA and the ISSA to organise social security actuary training in Latin America (with the more distant idea that, if successful, something similar might be developed for Africa). The IAA has previously developed a syllabus for educating social security actuaries and is keen to support the development of the profession in Latin America, including several countries where there are social security actuaries but no actuarial association and no significant actuarial activity in the private insurance market, such as Uruguay and Paraguay. A proposal for such a training programme is being developed to identify some of the issues which would need to be discussed and resolved in order to make it workable. Eventually this will be taken to the Advice & Assistance Committee, the Latin America Subcommittee and the Social Security Committee of the IAA.



6th Asian Conference on Pensions & Retirement Planning

Secretary General Yves Guérard presented on February 1 at the 6th Asian Conference on the topic of “Pension Reforms in Current Economic Climate – International Trends”. His [presentation](#) was well received and made it to the front page of the Straits Times.

[Asia in ageing crisis](#) | [see paper](#)
[Ageing Asia problem ‘urgent’](#)

Visit by Paul Thornton to the OECD, Paris June 2-3, 2010

The President attended meetings of the **IOPS Technical Committee** and the **OECD Insurance and Private Pensions Committee** (IPPC) along with Thierry Poincelin who regularly attends on behalf of the IAA Insurance Regulation Committee.

In the meeting he provided a presentation on the Global Financial Crisis as part of a section when Systemic Risk was presented. The Geneva Association also presented. President Thornton was asked to send a copy of his [presentation](#) to the American and French delegates. He also gave a more general update on recent IAA developments.

During the course of the visit Paul was led by André Laboul, the Head of Insurance and Pensions, to meet two of the four **Deputy Secretary Generals**, Richard Boucher and Aart de Geus, together with the Head of the Financial Affairs Department Carolyn Ervin. This meeting was prompted by a connection from Roland van den Brink with Aart de Geus.

Aart de Geus’ areas of responsibility include social policy and he suggested a contact for the IAA on Health issues.

Richard Boucher is responsible for Financial Affairs amongst other areas, and was very interested to

learn about the range of activities of the actuarial profession outside of mortality and longevity!

Carolyn Ervin is a member of the G20 Financial Stability Board and was very interested to hear about our activities in the **ERM** field and on the Global Financial Crisis, including the meetings in Basel in February.

We were also represented at the meeting of the **Working Party on Private Pensions** by Gary Hibbard as we were asked to comment on the **IASB** presentation on IAS 19.

It was also agreed during the visit that a joint working party on Longevity and Annuitisation would be desirable.

There are a number of pension areas where we should ideally increase our engagement, notably **DC** pensions. There is much discussion about incorporating guarantees into **DC** plans, and actuaries will be needed to determine appropriate levels of reserves. This is the theme for the **IOPS** Global Forum in November, which Esko Kivisaari expects to attend.

Financial Education

The **OECD** has a major focus on financial education for consumers of financial products, and we have been asked whether the IAA would wish to be involved. Some member associations have interest groups working on this topic. Please contact [Paul Thornton](#) if your association has an interest in becoming involved with the **OECD** activities on behalf of the IAA.

International Actuarial Standards of Practice

Bob Howard of the Canadian Institute of Actuaries moderated a debate at the Presidents’ Forum in Cape Town on the topic of international actuarial standards of practice. Read his [write up](#) on the debate.



ICA 2014 Website Launched

The ICA 2014 Organizing Committee is pleased to announce the launch of the web site for the 30th International Congress of Actuaries, scheduled for 30 March to 4 April 2014 in Washington, D.C. Visit www.ICA2014.org for the latest news and information, including a video about the 2014 Congress.

Sections

The Actuarial Society of Hong Kong (ASHK) has agreed to host a Joint Colloquium of the **IAAHS**, **IACA** and **PBSS** Sections, to be held in Hong Kong in May 2012. **ASHK** has formed a task force for the purpose of planning local arrangements for the joint colloquium.

Interview with Hans Buhlmann

On the occasion of Hans Bühlmann's 80th birthday in January 2010, the Risklab department of the ETH in Zurich recorded an interview with him. The [interview](#) is now open to the public. Hans Bühlmann is one of the first actuaries to receive the award of Medallist of the IAA in April 2001.

News from Member Associations

Global Conference of Actuaries

Mumbai

Several hundred actuaries from the Indian subcontinent or with an interest, attended the 12th **GCA** in February, and discussed current topics across the whole spectrum of actuarial activity.

Deutsche Aktuarvereinigung e. V. (DAV)

Annual Meeting 2010 in Bremen

Over 1,000 members and guests came together for the Annual Meeting of the DAV and the DGVFM – its scientifically oriented partner organisation – that took place in Bremen from April 28-30. The event started

on Wednesday with the meetings of the German PENSION, HEALTH and AFIR Sections. The General Assembly of the DAV opened the following day with a series of lectures on the importance of short and long-term forecasts for social security systems; the LIFE and ASTIN Sections met in the afternoon. The Annual Meeting ended on Friday with the 9th Scientific Day of the DGVFM which aims at linking scientific applied research with the actuarial practice in the insurance and financial industry.

New committees for DGVFM

In March the board of the DGVFM founded four new committees to broaden the association's activities. Going forward, the committees will assume projects such as the internship program, the annual organisation of the GAUSS award for young researchers and the organisation of the Scientific Day. They will also develop new activities to promote the insurance and financial mathematics science in Germany and beyond, to secure the transfer of scientific results into praxis and, to encourage young students to take a greater interest in actuarial science.

Salary Survey

The third salary survey among German actuaries was carried out in May 2010.

EAA Series – new title “Non-Life Insurance Pricing with Generalized Linear Models”

The 4th title of the **EAA** Series, “Non-Life Insurance Pricing with Generalized Linear Models” by Esbjörn Ohlsson and Björn Johansson, is now available!

EAA series, supported by the European Actuarial Academy (EAA), present actuarial topics in a broad and interdisciplinary sense, aimed at students, academics and practitioners in the fields of insurance and finance.

Setting the price of a non-life insurance policy involves the statistical analysis of insurance data, taking into consideration various properties of the insured object



and the policyholder. Introduced by British actuaries, generalized linear models (GLMs) have become a standard approach used for pricing in many countries. The book focuses on methods based on GLMs that have been useful in actuarial practice. Basic theory of GLMs in an insurance setting is presented, with useful extensions that are not commonly used. The book can be used in actuarial education designed to meet the European Core Syllabus and is written for actuarial students as well as practicing actuaries. The book contains case studies using real data of some complexity that are available on the Web.

Details of published and upcoming titles are available at www.actuarial-academy.com.

Het Actuarieel Genootschap – The Netherlands

The Dutch association is pleased to announce the release of its Report on the Principles for the Term Structure of Interest Rates: “[The right curve does not exist.](#)” The Dutch version of this report was presented to relevant parties and to the press in October 2009.

Singapore Actuarial Society

Joint Regional Seminar 2010: Asset, Liability and Capital Management: Where Are Your Risks?

Registration is now open for the [Joint Regional Seminar 2010](#) in Singapore on August 5-6, 2010.

Jointly organized by the Faculty & Institute of Actuaries, the Institute of Actuaries of Australia and the Society of Actuaries, with the support of local actuarial bodies, this Joint Regional Seminar is designed to assist actuaries and other professionals in meeting CPD requirements.

With the global economy showing some signs of slow recovery, staying on top of the financial industry is vital to the growth and success of your business. The theme of this year’s Joint Regional Seminar is “**Asset, Liability and Capital Management: Where are your Risks?**”. It will address risk management

with an emphasis on enterprise risk management, investment practices and strategic risk management in the insurance industry. The seminar is a must for risk professionals.

Register by 15 July 2010 to take advantage of the EARLY BIRD DISCOUNT! Registrations close on July 28, 2010.

Please use the following link to access the [Brochure and Registration Form](#).

Slovak Society of Actuaries (SSA) – Slovakia

At the SSA annual general meeting in Bratislava, Maria Kamenarova was elected President of the Board for a two year term ending in March 2012. Mrs. Kamenarova has worked as Chief Risk Officer for ING Czech and Slovak republic. She succeeds Jelica Klucovska who will continue on the Board as vice-president.

Turkish Actuarial Association – Turkey

At its General Assembly on March 10, 2010, the Turkish Actuarial Association adopted new Statutes and Code of Professional Conduct, which includes a formal discipline process that conforms to EU criteria.

The Society’s new Board Members are:

Belkis Ersen	Chairperson
Ayşe Sezik Türkölmez	Vice-Chairman
Taylan Matkap	Secretary General
Orhun Emre Çelik	Budget Officer
Alper Ünlünen	Responsible for Publicity Activities

The Society organized an EAA seminar “Reserving in Life and Non-Life Insurance” June 3-5, 2010 in Istanbul, Turkey.



Casualty Actuarial Society - United States

New Issue of *Variance: Advancing the Science of Risk*

The sixth issue of *Variance* is now available. Articles in this issue describe a tail index estimator suitable for partitioned loss data, present a Bayesian stochastic loss reserve model, and provide a framework in which the authors unify the multivariate chain-ladder model and the multivariate additive loss reserving model into one model, among other articles. Papers can be accessed at www.VarianceJournal.org.

Casualty Loss Reserve Seminar to be held in Florida

The 2010 Casualty Loss Reserve Seminar (CLRS) will be held at Disney's Contemporary Resort in Lake Buena Vista, Florida on September 20-21. The Seminar provides an opportunity to present and discuss significant loss reserving issues and their related financial reporting implications. The CAS, the American Academy of Actuaries, and the Conference of Consulting Actuaries are sponsors of this event. Find more information at www.casact.org/clrs.

CAS Offers Online Course: Introduction to Enterprise Risk Management

The CAS online course is intended to introduce actuaries to the field of **ERM** and to show how actuarial skills and techniques are applied in **ERM**. The course consists of twelve lectures, exercises, and an exam, and is led by Professor Stephen P. D'Arcy, FCAS and Professor Richard W. Gorfett, FCAS, ARM, FRM, both of the University of Illinois at Urbana-Champaign. The course is taught asynchronously via the CAS Web Site and presumes no prior knowledge of **ERM**. Enrollment is limited to a maximum of 40 participants. Find more details on the course and other CAS educational offerings at <http://www.casact.org/calendar/>.

For more information on these announcements and other CAS news, please visit the CAS Web Site at www.casact.org.

Groupe Consultatif

The Groupe Consultatif published on June 4 its report on a framework for improving pension security *Security in Occupational Pensions*.

[Press Release](#) | [Summary](#) | [Full paper](#)

Call for proposals – 6th International Microinsurance Conference

9-11 November 2010 - Hotel Intercontinental, Manila, Philippines

www.microinsuranceconference.org/2010

[Download proposal form](#)

General information

From November 9-11, 2010, the 6th International Microinsurance Conference will take place in Manila, Philippines. This event is hosted by the Munich Re Foundation and the Microinsurance Network supported by GTZ/BMZ, the Department of Finance of the Philippines and Georgia State University's Center for the Economic Analysis of Risk.



Secretariat News

The IAA is pleased to introduce you to its newest staff members.

[Zoë Lomoro](#) joined the IAA in February on a contract basis as Web Specialist.



She accepted permanent full-time employment in April. Zoë's main responsibilities are to assist Christian Levac with the websites, in particular those of Sections and to help with the design and layout of all publications.

[Anne Lamarche](#) joined us on June 17 in the newly created position of Coordinator, Events and Finance, following 9 years of service in the Finance Department of the Canadian Institute of Actuaries. She is familiar with the work of the IAA and its Sections having provided accounting support to the IAA until the



hiring of the IAA full-time Director of Finance in January 2008. In her new role, Anne assumes all tasks related to the various IAA events as well as functions related to the dues, accounts receivable and payable, and other accounting duties.

Please join us in welcoming Zoë and Anne!

The Secretariat has benefited from voluntary administrative support since the beginning of the year.

Amali Seneviratne, an actuary and former President of the Actuarial Association of Sri Lanka, joined us in January and continues to work two half days per week on a voluntary basis.

Maria Hernandez, an actuary from Mexico, provided support three days per week from April to June. During her time with us, she has completed a review of the Spanish version of our website.

The IAA is grateful for the support provided by Amali and Maria!

On July 6, Melissa Riley will join the IAA on a two-month contract to assist the Executive Director and Project Manager, Membership and Development, in carrying out the various activities related to the implementation of Strategic Objective 1, and other administrative tasks. This help is needed as we search to staff the position on a permanent basis. Melissa is a University of Ottawa graduate in International Studies and brings an additional language capability to the Secretariat: Italian!