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## A MESSAGE FROM THE PRESIDENT

As we prepare for the year ahead, I would like to thank my predecessor, Cecil Bykerk, for his wise and effective leadership during 2011.

A great deal has been achieved during the past 12 months, but inevitably there is much that still needs to be done.



Our strategic objectives, which were validated through a survey of our members during 2011, remain the framework within which we will approach the new year. The input of members during the validation process was invaluable, and I thank all those who contributed. Any changes required to the strategic objectives will be presented to Council for consideration.

As was the case during 2011, governance of the International Actuarial Association (IAA), the future process and structures with regard to standard-setting, and the development of supranational relationships, will remain the focus of our attention.

I hope that the IAA will continue to receive your full support as together we work to meet the challenges 2012 will bring.

*Desmond Smith, President*

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## NEW MEMBERS

We are delighted to announce the admission of the Aktuarsko društvo u Bosni i Hercegovini (AD BiH) from Bosnia and Herzegovina as our sixty-fourth Full Member association. The AD BiH was founded in 2002, joined the IAA as an Associate Member in the same year, and now has a membership comprising 23 fully qualified actuaries. The association hosted its first seminar as a Full Member of the IAA on February 1–2, 2012, on the topic of professionalism.

We are also pleased to announce the admission of the Actuarial Society of Armenia—founded in 2010 and consisting of 30 actuaries and prospective actuaries—as an Associate Member. As a result, we retain our level of 26 Associate Members.

## REVISED DUE PROCESS TO PROMOTE GLOBAL CONVERGENCE OF ACTUARIAL STANDARDS

The IAA has taken an important step towards promoting the global convergence of actuarial standards, by unambiguously adopting a revised Due Process for International Standards of Actuarial Practice (ISAPs).

The new Due Process will support the more effective production of ISAPs as model standards for use around the world, and reflects the recent restructuring of the IAA.



The changes were recommended by the Executive Committee's Due Process Task Force, following detailed consultations during 2011.

The IAA Council agreed in October 2010, in Vienna, that the IAA should take a firm position on actuarial standards and that it should proceed to set up an efficient internal structure and due process to complement and support the development and adoption of high-quality model standards.

A separate task force of the Executive Committee is now investigating the need for more fundamental structural and/or process changes for the development of standards.

## EDUCATIONAL MONOGRAPH: ADJUSTMENT FOR RISK FOR FINANCIAL REPORTING PURPOSES

The IAA has successfully completed a Request for Proposal to author an international educational monograph on the Adjustment for Risk for Financial Reporting Purposes, scheduled for completion in April 2013.

The monograph will address the application of risk and uncertainty to the measurement of the liability of insurance contracts in the context of general purpose accounting as adopted by the International Accounting Standards Board (IASB). Although actuarial literature and regulation around the world are full of examples of methods used to quantify risk and uncertainty, only a handful of financial reporting requirements in a limited number of small jurisdictions currently require an explicit adjustment for risk of the type contemplated in the upcoming revision to IFRS 4. These applications call for more refined and explicit techniques than some actuaries have historically applied.

This monograph forms an important part of the IAA's research and educational objectives, to facilitate and

provide useful educational material that is accessible to actuaries everywhere.

The project, which has been awarded to Deloitte Consulting LLP, an international actuarial and consulting firm, has been made possible through the generous support of the following actuarial organizations:

- Institute of Actuaries of Australia (Australia)
- Canadian Institute of Actuaries (Canada)
- Institute of Actuaries of Japan (Japan)
- Institute and Faculty of Actuaries (United Kingdom)
- The Actuarial Foundation's James C.H. Anderson Fund (United States)
- Casualty Actuarial Society (United States)
- Financial Reporting Section of the Society of Actuaries (United States)
- The ASTIN Section of the IAA
- The AFIR/ERM Section of the IAA.

In addition to their financial support, these organizations have appointed representatives who will provide technical guidance and ongoing monitoring of the monograph as members of the ad hoc Project Oversight Group (APOG) created to oversee it. Other members include the leadership of the IAA Committees on Insurance Accounting and Insurance Regulation.



## OUTREACH ACTIVITIES

### 5th World Bank Contractual Savings Conference

The [5th World Bank Contractual Savings Conference](#) in Washington, D.C., on January 9–11,



2012, was attended by the following IAA representatives: Ken Buffin, Chairperson of the Supranational Relations Subcommittee; Esko Kivisaari, Co-Vice Chairperson of the Pensions and Employee Benefits Committee; and Henk van Broekhoven, Chairperson of the Solvency Subcommittee of the IAA's Insurance Regulation Committee.

Henk spoke on Unwinding Longevity Risks in Emerging Economies and Esko chaired the session on Regulating Variable Annuities in Competitive Markets.

## Insurance Regulation Committee (IRC)

The Chair, Toshihiro Kawano, and members of the IRC have represented the IAA at the following events:

- IAIS ComFrame dialogue held on September 27, 2011, in Seoul.
- IAIS Solvency and Actuarial Issues Subcommittee meeting on November 28–29 in Basel, where Dave Sandberg, Chair of ComFrame TF, gave a presentation entitled “Quo Vadis ComFrame?”
- IAIS Macro-prudential Policy and Surveillance Working Group on November 30 in Basel, where Dave Sandberg presented on value-generating stress testing, which was based on the presentation at the IMF/IAA stress testing workshop.
- A roundtable discussion of the Insurance and Private Pensions Committee of the OECD on December 1 in Paris. The discussion was on systemic relevance of the insurance sector for financial stability and the economy.

## Microinsurance Drafting Group Meeting in Basel

The sub-group of the Joint Working Group (JWG), the Microinsurance Drafting Group, met in Basel January 11–13, 2012 to discuss matters relating to the Draft Guidance Paper on Regulation and Supervision Supporting Inclusive Insurance Markets.

Craig Thorburn, Chair of the Microinsurance Drafting

Group, [reported](#) to the group. The next meeting of the JWG is scheduled to take place in May.

## COMMITTEE AND SECTION NEWS

### Interim Actuarial Standards Subcommittee (IASSC)

*Dave Pelletier, Chairperson*

Since the Zagreb meeting, the IASSC and several of its task forces have continued to be busy, with several conference call meetings having taken place.

An Exposure Draft of ISAP 1 – General Actuarial Practice was out for exposure until 1 December. The IASSC was very pleased to receive over 25 sets of comments, some of them pretty extensive. Most are positive about the initiative, but there are lots of suggestions for improvement. The General Task Force, chaired by Godfrey Perrott, is currently working with the comments received and revising the draft standard. As part of its work, the task force will be producing a document outlining the comments received and how they have been dealt with. The draft standard itself, along with the comments received, can all be found on the IAA website under the [Publications](#) tab.

Work actively continues on the exposure draft of a standard on local security valuation, led by the task force chairperson, Rob Brown, in accordance with the Statement of Intent approved by Council in Zagreb.

In accordance with the original terms of reference of the IASSC, the Enterprise Risk Management (ERM) Task Force, chaired by Dave Ingram, is in the process of finalizing a draft statement of intent for an ISAP on ERM. We expect to be entering the formal consultation phase for this draft SOI within the next few weeks, after approval by the IASSC.

The task force on a common IFRS standard, chaired by Irene Paterson, has participated in several productive



conference call meetings, focusing initially on the scope of this standard.

The IASSC itself had eight meetings and conference calls during 2011, the most recent one being in December. The agendas and minutes of these meetings have been posted on our website.

## AWB Section

*Shiraz Jetha, Chairperson*

Actuaries Without Borders held its AGM as part of the IAA Council and Committee meetings in Zagreb, pictured, in November 2011. The main agenda item was a review of the section's strategy and direction which had been established following the IAA Spring Meeting in 2009.

Section members as well as interested IAA attendees were present at the session and provided excellent input regarding the section's activities. Some fine-tuning is expected and any changes will be announced when committee deliberations are completed.



The AWB Section remains very busy developing volunteer projects, some of which have been previously mentioned. We expect to be announcing several of these over the year to the section's membership and will be requesting volunteer assistance. Your support for these projects will be greatly appreciated and the ensuing good work will, no doubt, spur even more requests.

As volunteers are selected from the section's

membership, and our expectations are that our needs for volunteer candidates will increase, please consider joining our section if you are not already a member. Not only will you be helping develop the profession globally, but also your involvement in the section's activities will be a source of personal growth.

We are really excited by the prospect of having section members involved in Europe, Asia and Africa.



## UPCOMING EVENTS

### ICA-IAAHS-PBSS Colloquium in Hong Kong

A Colloquium of the International Actuarial Association will be held in Hong Kong from May 6–9, 2012. This event is being organized and hosted by the Actuarial Society of Hong Kong (ASHK) and will be held at the Sheraton Hong Kong Hotel & Towers, Tsimshatsui, Kowloon. This Colloquium represents a joint collaboration of three IAA Sections, namely the International Association of Consulting Actuaries (ICA), Pension Benefits and Social Security Section (PBSS) and Health Section (IAAHS). Participation by IACA includes the Asia Pacific Association of Consulting Actuaries (APACA).

The theme of the colloquium is *The Actuarial Profession and Social and Economic Development*. The program will include plenary sessions with formal addresses by invited keynote speakers, topical presentations by subject-matter experts, and parallel sessions at which submitted papers will be presented. The program will feature sessions in the areas of pensions and social security, healthcare, insurance, consulting practice, and other cross-disciplinary topics, such as ERM, professionalism, social and economic development issues, and the public interest.

We are happy to confirm that the following individuals



will make keynote presentations:

- Dr. Anthony Neoh, former chair of the Hong Kong Securities and Futures Commission and chief adviser of the China Securities Regulatory Commission;
- Paul Murray, managing director of Swiss Re Life and Health (Hong Kong);
- Annie Choi, Commissioner of Insurance in Hong Kong;
- Simon Walpole, Partner & Practice Leader, Deloitte Consulting;
- Mitchell Wiener, a senior social protection specialist in the World Bank's Indonesia office; and
- Cynthia Hui, Executive Director (Supervision), Mandatory Provident Fund Schemes Authority of Hong Kong.

The programme features 42 sessions and over 85 different speakers from over 20 countries covering all areas of actuarial practice, including life, health and non-life insurance, ERM, pensions and social security. Participants are encouraged to visit the scientific programme on the colloquium website.

Attendees will find this event a useful contribution to their personal development and CPD needs.

Our early-bird registration period ends on February 29, so please do not delay in registering for this important actuarial event.

The program and online registration are available through the colloquium website at [www.actuaries.org/HongKong2012/](http://www.actuaries.org/HongKong2012/).

Discounted registration fees are available for members of the ASHK, IACA, IAAHS and PBSS Sections—any actuary can join by checking the box on the dues renewal for your own association or, if you missed that opportunity, by contacting the [IAA Secretariat](#) directly.

For more information about the 2012 colloquium, please visit our [website](#).

## Council and Committee Meetings

The next meetings of the IAA Council and Committees will take place in Los Angeles (United States) from May 22–26, 2012. Ian Ball, Chief Executive Officer of IFAC (International Federation of Accountants), will be the guest speaker at Council. His address will focus on the need for mutual cooperation between actuaries and auditors in achieving high standards of financial reporting, as well as the desirability of regulatory convergence in the financial sector.

Full details of the meetings, including the program and registration and bedroom reservation forms, are [available online](#).

## ASTIN-AFIR/ERM-IAALS Colloquium

Mexico will be hosting the joint ASTIN, AFIR/ERM and Life Colloquia in Mexico City from October 1–4, 2012. The venue of the event will be the Maria Isabel Sheraton Hotel, located on Reforma Avenue. This is one of the most important avenues in Mexico City, with easy access to the major museums, tourist attractions and the downtown area.

In addition to the colloquia, Mexican actuaries will be celebrating the fiftieth and thirtieth anniversaries, respectively, of the Asociación Mexicana de Actuarios (Mexican Association of Actuaries) and the Asociación Mexicana de Actuarios Consultores (Mexican Association of Consulting Actuaries).

In addition, the 10-year anniversary of hosting the International Congress of Actuaries in Cancún will also be commemorated.

The colloquia will be promoting the publication of papers that contribute to the enhancement of the actuarial profession, as well as presenting papers that will promote actuarial knowledge. You are invited to





join in these events taking place in Mexico in October 2012. The events and topics cover a wide array of themes:

- ASTIN Colloquium: General Insurance or Property & Casualty;
- AFIR Colloquium: Financial Risk; and
- IAALS Colloquium: Related Life Insurance.

The following keynote speakers have international experience and will share their ideas:

- Michel Liès, President of Global Relations of Swiss Re;
- Brad Smith, President of the Society of Actuaries and Chairman of Milliman; and
- Paul Embrechts, Professor of the Department of Mathematics, ETH Zurich.

The most important part of these events is the presentation of papers by colloquia participants on the topics mentioned above. We invite you to actively participate by sending papers that can be presented during these events. Please read the [guidelines](#).

Presidents of the established scientific committees are:

- Dr. Enrique de Alba, President of the ASTIN Scientific Committee;
- Dr. Angeles Yañez, President of the AFIR Scientific Committee; and
- M. Stat. Oliva Sanchez, President of the IAALS (Life) Scientific Committee.

The best papers will be selected for presentation by their authors during the colloquia. Confidence has been placed in your enthusiastic participation hopefully resulting in a large number of submitted papers.

These events are a great opportunity for exchanging ideas and opinions that can be of great aid to the betterment of our professional background as well as fostering continuous education.

Your presence will be welcomed in Mexico City

during the celebration of these ASTIN, AFIR/ERM and IAALS colloquia in October 2012. For more information, please visit the website at [www.actuaries.org/Mexico2012/](http://www.actuaries.org/Mexico2012/).

## ICA 2014 Call for Papers and Presentations

Join your actuarial colleagues and peers from around the world for the International Congress of Actuaries (ICA) 2014, to be held from March 30 until April 4 in Washington, D.C.!



The ICA 2014 Scientific Committee is assembling an agenda of topical sessions on key issues facing today's and tomorrow's actuaries. You are encouraged to participate in shaping the program by submitting relevant, leading-edge ideas, research, and insights that will help actuaries address the key issues facing their employers, clients, and the public.

The committee has issued the first Call for Papers and Presentations for the 2014 Congress, which is now available through the ICA 2014 website at [www.ICA2014.org/callforpapers](http://www.ICA2014.org/callforpapers).

Actuaries and non-actuaries interested in presenting a paper or making a presentation are invited to submit an abstract of their proposed paper/presentation to the Scientific Committee by the deadline of **September 30, 2012**.

The theme of the Congress is *Learn, Interact, Grow*, and consistent with this theme, the committee's goal is to provide an environment where attendees can learn new ideas by sharing concepts and approaches with other professionals from around the globe, while growing the body of actuarial knowledge and improving the tools used in an actuary's daily practice.

Whether you are a prospective author or presenter, or anticipate being a member of the audience, we invite you to join us in Washington, D.C., for ICA 2014 to



renew old friendships, and make some new ones, while you continue to learn and expand your relevant knowledge to become more effective in our rapidly changing world.

Visit the ICA 2014 website at [www.ICA2014.org](http://www.ICA2014.org) for more details on the Congress. Please contact [David Core](#) of the ICA 2014 Secretariat with any questions about the Call for Papers and Presentations.

## ANNOUNCEMENTS

We are pleased to inform you of the recent appointments of individuals involved in the work of the IAA.

### Joint Forum

Terri Vaughan (United States), former Co-Vice Chairperson of the IAA's Insurance Regulation Committee, has been appointed Chair of the Joint Forum for a two-year term effective January 1, 2012. The Joint Forum's parent organizations include the Basel Committee on Banking Supervision, the International Organization of Securities Commissions, and the International Association of Insurance Supervisors.



### IAIS and Microinsurance Network Joint Working Group

Mustapha Lebbar (Morocco), co-Vice-Chair of the IAA's Africa Subcommittee of the Advice and Assistance Committee, has been appointed as the Chair of the IAIS-Microinsurance Network Joint Working Group by the IAIS Selection Committee.



Congratulations to both Terri and Mustapha!

## NEWS FROM MEMBER ASSOCIATIONS

### Deutsche Aktuarvereinigung (DAV), Germany

#### *Calculating Unisex Premiums*

From December 21 this year, following a landmark ruling by the European Court of Justice (ECJ) on March 1, 2011, it will no longer be permissible to treat men and women differently in calculating premiums and benefits for new insurance contracts in Europe.

The implications of this ruling represent a great challenge for the actuarial profession.

Within the DAV several working groups are committing themselves to the question of how to implement the necessary changes in a timely but also practical manner.

#### *Topic of the Year*

Starting in 2012, the DAV and DGVFM have launched the initiative Topic of the Year, committing themselves to a special focus in their various activities in the field of research and transfer to practice as well as in the field of promoting young actuaries.

Taking into account the current economic situation, both associations have chosen the future of interest guarantees in life insurance as the 2012 topic.

#### *Teaching materials for senior classes in mathematics*

In cooperation with MINT Assurance, a joint initiative of the DAV and the German insurance industry to motivate students at an early stage for the subjects of mathematics, information technology and natural sciences, the DGVFM will publish teaching materials demonstrating that mathematical concepts and models taught in senior classes are relevant in practice.

The idea behind this project is to show that a sound knowledge of mathematical techniques is important for a later professional career.

The publishing house Klett, renowned for its school



books series, supports the project by offering professional didactic advice and supervising the whole publication process.

The first booklet, which illustrates the modeling of a large claim in non-life insurance, will appear early in February.

## EAA Education for Actuaries

*Repetition of the seminar based on the book Stochastic Modeling – Theory and Reality from an Actuarial Perspective on April 23–25, 2012, in Madrid, Spain*

In cooperation with the International Actuarial Association (IAA), the EAA – European Actuarial Academy GmbH offered a seminar on May 26–27, 2011, in Prague, Czech Republic, based on the book *Stochastic Modeling — Theory and Reality from an Actuarial Perspective* (© 2010 International Actuarial Association).

The response was enthusiastic: 49 participants from 12 countries attended the event.

Andrew H. Dalton (Milliman), primary author of the book and key speaker for the seminar, was pleased with its success: “By actively participating in the discussion, attendees added their own contribution to the seminar, allowing for an open exchange of different perspectives on the important topic of stochastic modeling.

“Such an exchange is especially valuable in the field of stochastic modeling, where practices are just recently beginning to emerge and there is considerable variability by geography and practice area.”

The EAA is planning to repeat this seminar on April 23–25, 2012, in Madrid.

The seminar will be extended to 2.5 days to offer more workshops and include parallel sessions for life and non-life insurance.

Additional information and a registration form will soon be available at [www.actuarial-academy.com](http://www.actuarial-academy.com).

## Society of Actuaries

*New Call for Papers: International Living to 100 Symposium*

The [first Call for Papers](#) (CFP) has been released for the 2014 international Living to 100 Symposium. This CFP introduces the topic areas of interest for the upcoming research conference so that individuals can begin thinking about papers they would like to submit for presentation consideration.

More details on the topic areas and submission guidelines will be published in the final call for papers expected in spring of 2012.

## OTHER NEWS

### Climate Change

The United Nations Climate Change Conference took place in Durban, South Africa, from November 28 to December 11, 2011, and ended in agreement to reduce greenhouse gas emissions.

As part of this agreement—also called the “Durban platform”—the governments at the two-week conference committed themselves to write a comprehensive global agreement to cut emissions, covering developed and developing countries, to come into force in 2020.

Developing countries will soon begin to gain access to billions of pounds in finance from the rich world to help them move to a green economy and cope with the effects of climate change.

For further details, see the UK [Guardian](#) newspaper. For a question-and-answer report, see [here](#). For a detailed look at the possible impact of the agreement, see [The Economist](#) magazine.