

10th China Actuarial Annual Conference
Thursday, September 17, 2009

Thank you for your kind introduction. Also, thank you for inviting me to attend this important 10th China Actuarial Annual Conference. It is my great pleasure to visit this marvelously pleasant city of Kunming for the first time in my life. I am personally very grateful to you all for your warmest welcome and hospitality for making my stay as comfortable as possible.

President, distinguished speakers, honored guests, and dear colleagues,

I feel privileged and honored to give this welcome address at the opening ceremony of the Conference, representing the International Actuarial Association - the IAA - in my capacity as its current President. I also bring you greetings and best wishes from all the other Officers of the IAA.

As the China Actuarial Annual Conference marks its 10th anniversary this year, I would like to express my congratulations and sincere thanks to everyone who has worked so hard to establish and develop the actuarial profession in China. The progress to date has been quite remarkable and I see a great future ahead for the China Association of Actuaries. On behalf of the actuarial profession worldwide, I sincerely hope the CAA will soon become a full member of the IAA. We will provide all the necessary support to assist the CAA in the process of completing the membership requirements.

Since I assumed presidency of the IAA in January, I have been particularly looking forward to an opportunity like this. Being the first IAA President of Asian origin, to give a welcome address at an event in China, one of the most important countries in Asia, evokes a special feeling in me. At this moment, as I am actually welcoming you all to this great actuarial event in Asia, I have never felt more proud of being the IAA President.

Indeed, the year 2009 has turned out to be a year which deserves special recognition in terms of relationships between the IAA and the Asian region. Other than the IAA President being from Asia, the Institute of Actuaries of India will host the IAA Council and Committee Meetings in Hyderabad, India in November. Also, the 4th Pensions, Benefits, Social Security Section, or PBSS, Colloquium will be held in Tokyo, Japan next month. Back in May, we were delighted to welcome the Asian Development Bank - the ADB - as our Observer Member. There is great potential for the IAA to cooperate with the ADB in future.

Now, for those who may not be familiar with the IAA, let me spend a few minutes to give a brief outline of the IAA and its activities. The IAA, founded in 1895, is a not-for-profit, non-political and non-governmental organization with its Secretariat in Ottawa, Canada. In 1998, the IAA reorganized its structure to become an association of professional actuarial associations worldwide. Last year, the IAA celebrated the 10th anniversary of its restructure. The Decennial Report, produced to commemorate this achievement, can be found on the IAA website.

There are currently 62 Full Member associations plus 23 Associate Member associations. There are also 4 institutional members of the IAA: the International Association of Insurance Supervisors (IAIS), the International Social Security Association (ISSA), the International Accounting Standards Board (IASB), and the International Organization of Pension Supervisors (IOPS).

Virtually all fully qualified actuaries around the world belong to the IAA so that the IAA full member associations comprise about 45,000 qualified actuaries from 102 countries, to whom should be added a significant number of actuaries from Associate Member associations. The IAA serves its members through seven sections covering various areas of practice and 15 committees, plus many subcommittees and task forces.

The Sections are, in order of creation, Actuarial Studies in Non-Life or ASTIN, IACA – the International Association of Consulting Actuaries, Actuarial Approach for Financial

Risks or AFIR, IAAHS – the IAA Health Section, PBSS – the Pensions, Benefits and Social Security Section, AWF – Actuaries Without Frontiers, and IAALS – the IAA Life Section.

These Sections regularly hold colloquia in various parts of the world. Such colloquia provide an excellent opportunity, like this Conference, to meet actuaries from around the world and exchange ideas with them about topics within or beyond the scope of your area of specialization. As I said earlier, Tokyo, Japan will be the host city of the 4th PBSS Colloquium next month. Professor Xiaojun Wang of Renmin University of China will be one of the keynote speakers at the Colloquium.

Other than colloquia, the IAA holds an International Congress of Actuaries – the ICA – every four years where actuaries from all over the world and from every area of actuarial practice join together and share knowledge. Please plan to attend the next 29th ICA in Cape Town, South Africa, in March of 2010, only 6 months away. Cape Town may not be very close to East Asia, but I assure you every ICA is an event worth attending which will provide everyone attending with an unforgettable experience.

Now, let me turn to the highlight of the recent activities of the IAA.

How to deal with the consequences of the global financial crisis is one of the greatest challenges the actuarial profession must address. This past February, the IAA published a paper entitled “Dealing with Predictable Irrationality – Actuarial Ideas to Strengthen Global Financial Risk Management” in order to demonstrate to the world the actuarial profession’s response to the crisis. As one of the highlights of this paper, the IAA has proposed four measures to be taken in order to prevent a future financial crisis. They are:

- Introduction of more counter-cyclical regulatory arrangements
- Creation of a Country Chief Risk Supervisor role

- Wider use of comprehensive risk management concepts in banks and non-regulated sectors
- Improved use of ERM & risk governance

The paper was presented to the IAIS and the Joint Forum with the aim of promoting the actuarial profession. Also, the paper received excellent media coverage, making the presence of the IAA and the actuarial profession felt more by the world outside the actuarial community. The most significant news is that the four recommendations that the IAA made in the paper are reflected in the proposals adopted by the G20 in April. This is a testimony to the role and influence of the actuarial profession.

Our February paper was more focused on the banking sector, but a follow-up paper entitled “The Global Financial Crisis – What Next?” issued in July focuses on the consequences for the pension and the insurance sectors.

Getting back to the Conference, when I looked over the program, I was impressed with the wide variety of topics covered. They include MCEV, variable annuity, ERM, solvency II, internal models, medical insurance and financial reinsurance to name just a few. I am grateful to the invited speakers for taking the time to participate in this Conference and to share their expertise with us. Again, congratulations are due to the organizers for putting together such an interesting and stimulating program. I strongly encourage every participant to make the best use of this opportunity and, not only passively listen to the presentations and lectures, but also actively engage in discussions.

Let me conclude my address with my repeated wish that the IAA would soon welcome the CAA as its member. My presidential term ends at the end of December, but I will remain one of the IAA Officers as Immediate Past President next year. It would be my dream come true if the CAA could attain full membership of the IAA before the end of next year and I could give you congratulatory remarks as one of the IAA Officers.

Everyone within the IAA is very much looking forward to collaborating with actuaries in China to achieve our global vision and mission.

Thank you very much for inviting me and for your attention. I wish every participant a memorable experience over the next two days.