

Joint AFIR and LIFE Colloquium  
Munich, September 6-11, 2009  
(LIFE Opening, September 7)

Thank you for your kind introduction.

Distinguished speakers, honored guests, and dear colleagues,

I am privileged and honored to give this address at the opening ceremony of the LIFE Colloquium 2009, representing the International Actuarial Association - the IAA - in my capacity as President. It is also a great pleasure for me to visit this great historic city of Munich. On behalf of the IAA, I would like to express my congratulations and sincere thanks to everyone who has worked so hard to make this Joint Colloquium possible.

Currently, the IAA has seven sections under its aegis. They are, in order of creation, ASTIN, IACA – the International Association of Consulting Actuaries, AFIR, IAAHS – the IAA Health Section, PBSS – the Pensions, Benefits and Social Security Section, AWF – Actuaries Without Frontiers, and IAALS – the IAA Life Section.

All of their activities are quite instrumental in order for the IAA to meet the challenges which it now faces in this dynamically changing environment. We as actuaries need to be heard by the world outside the actuarial community, including regulators, industry executives, academics and the general public. In order for our voices to be heard, we must speak with scientific credibility backed up with quality research. In this sense, the activities of the sections of the IAA are not only scientifically important, but they are also strategically important for the IAA.

A colloquium jointly held by AFIR and IAALS has already proven to be very successful as was evidenced in Stockholm in 2007. Following up on that event, three sections, IACA, IAAHS and PBSS, held their joint colloquium in Boston in 2008, which also

proved to be a great success. They are planning another joint colloquium in a few years time. I see a growing trend of such collaboration between the different sections; it is proof that the areas of actuaries' activities have expanded and it has become more important for actuaries who work in different sectors to interact and exchange ideas.

It is particularly true in the case of AFIR and IAALS, because many of the current challenges which life insurance companies face are related to various kinds of financial risks. I strongly believe that the life insurance industry all over the world will greatly benefit from the collaboration and interaction between these two sections, especially in this post global financial crisis era.

Needless to say, how to deal with the consequences of the global financial crisis is one of the great 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 testament 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 Colloquium, when I looked over the program, I was impressed with the wide variety of topics covered. They include mortality, longevity, variable annuities, solvency II, internal models, and pensions to name just a few. I am particularly grateful to the invited speakers for taking the time to participate in this Colloquium 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.

Last but not least, I would like to express my heartfelt thanks to our German colleagues for your warmest welcome and hospitality to all of us. It is your efforts that have made this Colloquium even much more worthwhile to attend.

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