



ASSOCIATION ACTUARIELLE INTERNATIONALE INTERNATIONAL ACTUARIAL ASSOCIATION

**Address by Katsumi Hikasa, Immediate Past President
11th China Actuarial Annual Conference
Monday, September 27, 2010
Nanjing, China**

Thank you for your kind introduction.

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

It is my great pleasure to attend the 11th China Actuarial Annual Conference. This is my first visit to this historic city of Nanjing, and I am personally very grateful to all of you for your warmest welcome.

I feel privileged and honored to give this congratulatory address at the opening ceremony of the Conference, representing the International Actuarial Association - the IAA - in my capacity as its Immediate Past President. Unfortunately, current President of the IAA, Paul Thornton, is unable to come to Nanjing due to his prior commitment, but I would like to bring you greetings and best wishes from Paul and all the other Officers of the IAA.

I also had the opportunity of attending last year's Conference in Kunming, and I clearly remember that it was a stimulating conference and I was impressed to see many members, especially younger members, actively participate in discussions of wide-ranging topics of actuarial interest. I am certain that this year's conference will be as great a success as last year's.

In my remarks at the opening ceremony of the Conference last year in Kunming, I noted the remarkable development of the actuarial profession in China over the past years and wished that the China Association of Actuaries - the CAA - would soon become a full member of the IAA. I am delighted to point out that the CAA has made a significant progress on meeting the IAA full membership requirements and its application is currently under review. As I stated last year, I sincerely hope that the CAA will soon attain full membership of the IAA and I am confident it will be mutually beneficial to both associations. We continue to provide all the necessary support to assist the CAA in the process of completing the membership requirements.

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 so that it now represents nearly all actuaries around the world.

There are currently 62 Full Member associations plus 23 Associate Member associations, representing more than 50,000 actuaries in over 100 countries. Three more associations will be admitted as new Associate members at the Council meeting in Vienna next month.

There are also four 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). These are all influential international organizations and the IAA works particularly close with them

The IAA serves its member associations and individual actuaries through thirteen committees and seven sections covering various areas of practice, plus many subcommittees, task forces and working groups.

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, AWB – Actuaries Without Borders, 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.

Other than colloquia, the IAA holds an International Congress of Actuaries - the ICA - every four years. The last ICA was held in Cape Town, South Africa, in March this year. The total number of individuals who registered for the Cape Town Congress was 1,570, representing 103 countries. It should be interesting for you to know that, among 1,570 individuals, 23 were from China, which ranked 9th among 103 countries. The next ICA, which is the 30th, will take place in Washington D.C., United States of America in April 2014. Please plan ahead to attend the 2014 Congress, which, I assure you, will give you a truly exciting experience just as the previous Congresses did so. We also just confirmed that the 31st ICA will be held in Berlin, Germany, in 2018.

Now, let me briefly talk about the latest developments concerning the activities of the IAA.

Since its restructuring in 1998, the IAA has steadily made its presence felt more in the global financial community. But, facing the rapidly changing environment, just maintaining the status quo is not sufficient. In order to be a viable organization in the future, the IAA needs to meet the new challenges and respond to the changing environment. In this context, the IAA developed a new Strategic Plan, which was

adopted by Council two years ago, and incorporated several changes into its governance structure.

Now, let me quote the Vision and the Mission of the IAA, which are part of the Strategic Plan.

The Vision of the IAA is that the actuarial profession is recognized worldwide as a major player in the decision-making process within the financial services industry, in the area of social protection and in the management of risk, contributing to the well-being of society as a whole.

The Mission of the IAA, as the worldwide organization of actuarial associations, is:

- to represent the actuarial profession and promote its role, reputation and recognition in the international domain; and
- to promote professionalism, develop education standards and encourage research, with the active involvement of its Member Associations and Sections, in order to address changing needs.

In line with these statements, one of the key areas that the IAA is now focusing on is the risk management field. On August 25th, we published a press release and announced that the IAA has appointed a Task Force on the Role of the Actuary in Enterprise Risk Management - ERM - to suggest how best to promote the position of actuaries in the ERM field and to support and direct research in ERM. Fourteen of our member associations have recently joined force to deliver a new credential to be known worldwide as CERA the acronym for Chartered Enterprise Risk Analyst.

Our focus on risk management was most notably evidenced by the publication of a paper entitled "Dealing with Predictable Irrationality – Actuarial Ideas to Strengthen Global Financial Risk Management", following the Global Risk Crisis 2009. In this paper, we proposed the idea that the actuarial profession could contribute to the prevention of a future financial crisis.

Our efforts were not limited just to this paper. Visiting the IAA website, you will learn more about our various activities and see the cover page of some of the major publications produced by the IAA over the past few years, such as "A Global Framework for Insurer Solvency Assessment", "Measurement of Liabilities for Insurance Contracts: Current Estimates and Risk Margins", "Comprehensive Actuarial Risk Evaluation" and, most recently, "Stochastic Modeling - Theory and Reality from an Actuarial Perspective". I am pleased to offer to the CAA a copy of our publication on Stochastic Modeling released in May, 2010.

These activities I have mentioned are all supportive of the Strategic Objectives we have adopted, and I am confident that the IAA is right on track to achieve its Vision and Mission.

In closing, on behalf of the IAA, I would like to offer my congratulations and sincere thanks to all whose efforts made this Conference possible. Enjoy both the presentations and also networking with each other.

Thank you very much for inviting me and for your attention. Have a great conference!