



The International Actuarial Association

“Modern Problems of the Actuary
Activities”

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TOPICS

- History
- Structure
- Membership and requirements
- Objectives and Subsidiarity
- Recent collaboration with international institutions
- Future challenges



HISTORY

- 1895 Founded as “Comité Permanent des Congrès d’Actuaires”, an international association of actuaries
- 1968 Renamed IAA
- 1998 Became an association of associations
- www.actuaries.org



STRUCTURE

- Council and more than 20 committees
 - Two face-to-face meetings a year
 - Over 200 volunteers
 - Work via Internet between meetings
- President, Secretary-General, Secretariat in Ottawa
- Sections
 - One meeting a year
- International Congress of Actuaries
 - Once every 4 years: Paris 28 May – 2 June 2006
- Forum of Presidents



MEMBERS

- 55 Full Member associations
- 21 Associate Member associations
- 3 Institutional Members
 - International Association of Insurance Supervisors
 - International Social Security Association
 - International Accounting Standards Board
- 1 Observer Member
 - World Bank



FULL MEMBERSHIP

Requirements:

- Code of Professional Conduct
- Discipline process
- Education syllabus
- Formal process to adopt Standards of Practice, if there are national standards



CODE OF CONDUCT

- Example: that of Groupe Consultatif Actuariel Européen
 - Perform services with integrity, skill and care. Not act against public interest.
 - Act in a manner to uphold the reputation of the profession. Avoid publicity that is undue, unfair or misleading.
 - Act with courtesy. Treat client information with confidentiality.
 - Perform services only if competent and experienced.
 - Apply appropriate standards of practice.
 - Avoid conflict of interest unless full disclosure.
 - Disclose sources of income to client.
 - Be subject to disciplinary procedures.



DISCIPLINE PROCESS

- A complaint process accessible to
 - anyone affected by a member's work, and
 - the member's professional peers
- Due process of defense for members and their rights are fully respected
- Appeal process
 - Objective
 - Independent of the body that has ruled at the prior level
- Various sanctions appropriate to the level of the offences
- www.actuaries.org for design issues to consider



EDUCATION SYLLABUS

- Financial mathematics
- Probability and statistics
- Economics
- Accounting
- Modeling
- Statistical methods
- Actuarial mathematics
- Investment and asset management
- Principles of actuarial management
- Professionalism



STANDARDS OF PRACTICE

If and when created, standards must be adopted per process

- Exposure draft for comments:
 - to member actuaries, and,
 - if relevant, to third parties
- Consideration of comments
- Adoption by appropriate authority
- Publication and distribution



IAA OBJECTIVES

- Develop the role and enhance the reputation and recognition of the profession and actuaries throughout the world;
- Promote high standards of professionalism to ensure that the public interest is served;
- Advance the body of knowledge of actuarial science;
- Further the professional development of actuaries;
- Promote mutual esteem and respect amongst actuaries;
- Provide a forum for discussion among associations; and
- Represent Member Associations in discussions with international bodies.



SUBSIDIARITY

- IAA activities restricted to strategies and programs that
 - require international co-ordination or direction, or
 - can be handled more efficiently across national and regional boundaries.
- IAA will not become involved with actions at the level of the Member Associations or regional groups of actuarial associations, except at the express invitation of such an association or group.
- The IAA will take any measures necessary to avoid duplication or overlap with the activities of Member Associations or regional groups of actuarial associations.



EXPONENTIAL DEMAND FOR IAA INPUT

- Development of practice guidelines
 - In International Financial Reporting work for insurers;
 - in Social Security work
 - www.actuaries.org
- At request of International Association of Insurance Supervisors, a book:
``A Global Framework for Insurer Solvency Assessment``



EXPONENTIAL DEMAND FOR IAA INPUT continued

- Collaboration with
 - Organization for Economic Cooperation and Development (OECD)
 - International Federation of Accountants
 - World Trade Organization on cross border professional services
 - World Bank on implementation of education program
- Seminars on risk management



FUTURE CHALLENGES

1. Education
2. More Standards of Practice
3. Grow the number of Full Member Associations
4. More Services to Existing Publics
5. Grow IAA Ability to Serve its Member Associations



1. Education

On two fronts:

- Syllabus Content
 - A continuing update of education syllabus
- Delivery of Examinations by IAA



1. Education

Why?

To give a shot of steroids in the development of the smaller (or new) Full Member Associations

- Typical Education systems require more volunteers than the number of actuaries at many associations
- Well established Education systems exist.
 - Some are international and very good
 - But sometimes too expensive, even with reduced fees.



1. Education

Why?

So that associations can focus on nation-specific practice material on:

- Education
- Standards of practice
- Continuing professional development,
- Discipline ...



1. Education

Why?

To show our publics around the globe:

- Common core international actuarial education
 - actuaries recognized globally
- National supplements determined locally that meet specific needs locally



2. More Standards of Practice Why?

- **International standards:**
 - To join regulators, accountants and other publics in serving the international community
- **National standards:**
 - To encourage local associations to develop their own Standards
 - Nearly 50% of associations have no Standards



2. More Standards of Practice Why?

- To protect local publics
- To protect local actuaries
- To protect image of our profession



3. Grow the number of Full Member Associations

Why?

- Fewer than 50 countries are currently served by IAA member associations
- Room to grow the services of our profession to the world population:
 - Russia
 - Eastern Europe
 - Asia
 - South America
 - Africa



3. Grow the number of Full Member Associations

Why?

- To help local economies to grow
- By developing programs that promote financial security to the public
 - Social security
 - Retirement insurance
 - Health insurance
 -



3. Grow the number of Full Member Associations

Why?

- Such financial programs need:
 - Soundness
 - Expertise and competence
 - Professionalism and ethics
- Such financial programs need actuaries
 - Code of conduct Standards of practice
 - Top notch education Discipline
 - Up-to-date education (Continuous Professional Development)



4. More Services to Existing Publics Why?

- Not only in typical insurance world and pensions world
- Also in wider fields where our skill set can be applied
 - Enterprise Risk Management



4. More Services to Existing Publics Why?

Our publics need to be served by competent professionals:

- Subject to a Code of Conduct
- Supported by top level and up-to-date education
- Guided by strong standards of practice
- Subject to an objective discipline system



5. Grow IAA Ability to Serve

Our current limitations:

- Number of volunteers
- Amount of activities
- Financial resources
- Secretariat resources



5. Grow IAA Ability to Serve

Solutions are being explored

- Better governance structure
- More efficient means of communications
- More staff including actuarial support
- Elimination of duplication at local level that could free up manpower resources
- More participation from more volunteers



How can we help Russia join the IAA?



Thank you for your attention.