

**Presidents' Forum
May 29, 2009
Tallinn, Estonia**

List of Participants

See attached

1. Welcome and Introduction

IAA President Katsumi Hikasa welcomed all participants. This was followed by a formal introduction by each participant.

2. Approval of Agenda and Minutes from Last Meeting

The agenda for this meeting and the minutes from the meeting held in Limassol, Cyprus were approved as presented.

Mike Hale, leading the Agenda Organizing Task Force, provided an overview of the day ahead.

3. Remarkable Actuarial Associations

Ronnie Bowie (Faculty of Actuaries) made a presentation on the UK actuarial profession, how it services its members and how it had been working towards building a remarkable actuarial association.

4. Actuarial Guidance for IFRS Implementation

Mike Hale (Canadian Institute of Actuaries) presented on providing actuarial guidance to members for the implementation of International Financial Reporting Standards.

5. Presidents' Forum role in implementation of the IAA strategic plan

Thomas Béhar (France) presented on the Presidents' Forum role in implementation of the IAA strategic plan.

Following the presentations on items 3, 4 and 5, the attendance was divided into groups of 6 to discuss these topics in a small group.

The groups then reported as follows:

Group 1

On the question concerning what each of them are doing in their own associations, they identified publishing a list of members, publishing job offers and conducting salary surveys, implementing systems to support education, development of standards in some associations and organization of CPD events (congress, seminars, meetings that are topic specific).

With respect to what they can learn from others this group identified learning how to build things, holding meetings with other professions and educators and learning how to build teams on actuarial subjects.

On the issue of what would success would look like in their respective countries, for the US it would be to have 100% membership and entering other industries with ERM being a priority. For Portugal, it would be to increase the number of actuaries through venturing into other areas such as banking and other financial services. For France, it would be to increase participation in congresses; they currently have 10% participation and would like to have 25%, and to increase their membership by 100 members per year. France would also like to play a major role in the Solvency II framework, in particular with respect to ERM. For Ukraine it would be to increase membership and to build a larger market for actuaries to work in. For Lithuania, it would be to reach agreements with supervisors and to achieve 100% membership.

Group 2

The group had mixed feelings on the development of standards versus models. The important things would be productivity and efficiency, and it would be particularly important when dealing with smaller organizations that do not have the resources. Consistency in standards was another factor in proceeding. The IAA has no legal authority to establish or enforce standards or guidelines and was compromised by a lack of expertise, resources and transparency. They identified the next step as determining the needs, i.e., what are we trying to accomplish. They believe we should look at what other organizations are doing, not just the IASB and that there should be more cooperation with local government. With respect to the question on the strategic plan, for the US their goal is to increase support to the IAA in order to grow the profession. This can be achieved through presentations on what the IAA does in general to members in the US to increase awareness amongst individuals as to how to contribute. For Portugal it was the professionalism course. For the Ukraine, it is important to build relationships with other organizations and governments. They all agreed that it was important to promote the IAA in general through publications and educating people in other areas about what the IAA does.

Group 3

The issues in Latvia are not exactly the same as in the United States. In their country, success would be to be consulted by the regulators and to see an increase in membership through education, CPD, and social activities. As for the strategic Plan, this group believes it is important to build relationships with key audiences, to provide a forum for discussion online and to promote common standards of education.

Group 4

For small associations, success would be to increase the proportion of members that are actively participating, to provide for more continuing professional development and education, and to see a stronger influence by actuaries within their organizations and of the profession to outside public bodies. For large associations, the greatest current need is research that is needs based for member actuaries and regulatory authorities. The reason to develop international actuarial standards of practice is a need for consistent application across countries. They believe it is important to make sure that the rules that are written primarily by accountants with some actuarial help be applicable on a uniform basis across all industries. Actuarial standards of practice are needed to make sure we have clarification of what Phase II means. They want to increase the consistency of financial reporting across insurance companies and across pension plans across countries. To have IASPs would help local associations implement standards in their countries. They could not think of any reasons why we shouldn't develop IASPs and emphasized the importance to make them actuarial notes rather than mandatory to make it easier to implement. Under its current structure, the IAA cannot move fast enough; it needs a fast track facility in order to

move down what is considered a double track. The first track would involve continuing to influence how Phase II develops at the same as standards of actuarial practice are being developed along with a well established timeline and a table of organization to accommodate that timeline. With respect to the IAA Strategic Plan, it is important to improve communications between the various groups, but more important is the structure of the IAA. There are overlapping functions, varying groups that deal with solvency and need a more efficient structure to accomplish all that it needs to do. They suggested inviting outside people to our colloquia to help communicate the work of the IAA to outside influential people.

Group 5

With respect to the Strategic Plan, this group believes that, structurally, there is not a lot the Presidents' Forum (PF) can do to support the strategic plan. The IAA has a structure that can implement the strategic plan. However, the PF can select hot issues and push them. Associations should strive to find people within their organizations with energy, expertise and time to commit to the topics to help move the topics forward. Although it is late in the process, it is not too late to influence the IASPs. Developing a set of IASPs could be what we need to ensure that the insurance organizations and the pension plans are properly handled within IFRS. They believe that the IAA can move fast enough with this, but associations need to commit to the project and provide the volunteers to do the work and give it top priority. This group needs to make the commitment to provide the people to make it work. The most important thing to do very soon is to set up a task force with a very tight timeframe to prepare the way with the IASB to ensure we have IASPs in the near future that would address the issues. Measures of success would include visibility for the profession so that actuaries are seen as experts within the countries that we serve. Want to be seen as providing value to our societies because of the expertise that we can bring to important issues. Members would see that we are providing them with the education they need to be the experts they must be to fulfill their mandate. We are measured as successful if we give value for the money they give to belong to our associations.

Group 6

The most important reason for IASPs is the credibility of the profession and to introduce these standards before someone else does it for us. If the profession does not respond to the challenge then another profession will step in and do it for us. Standards should not be mandatory because of country variations. In order to achieve this, the IAA needs more paid resources because volunteers are not enough. The next steps would include agreement on the role of the IAA. The PF can support the IAA strategic plan by getting involved in IAA matters and making sure we have the right kind of focus on international activities within our member organizations and to map the IAA strategic plan on local organization strategic plans.

Group 7

This group identified many of the issues already mentioned, but added that it would be important to use modern technologies for providing services to members. The profession can learn from non actuarial associations. The development of IASPs is needed, but the process within the IAA is too slow. It is believed that two meetings per year are not enough.

Ronnie Bowie then summarized the reports of the groups as follows.

Serving our members

For small associations, there is a strong drive that one measure of success could be to increase their membership substantially; not just to increase the total number of members, but to capture more of those people who are working in areas that are suitable for actuaries (increase penetration). It is important to increase the penetration of actuaries in new areas and to capture those individuals that are working in areas that are suitable for actuaries, but who have not subscribed to the actuarial profession.

There is strong support all around for raising the profile of the actuarial profession, to attract the brightest and the best, and for raising the profile so that the actuarial voice is heard in public debate and for regulators to pay close attention to what the actuarial profession, both locally and internationally, is saying. Success would be measured when the regulators would come to the actuarial profession before formulating policy rather than afterwards or not at all. There was a big push to provide more education and more information to members; this is part of the concept of providing added value to our members.

IFRS

Two views were identified with respect to developing IASPs in response to IFRS: 1) Why should we do it: it is too important not to tackle it. 2) Why we shouldn't do it: because it is too difficult or it is too late. All agreed that the why was more important than the why not and that we should indeed do something and that the way forward was to create a task force to take this forward and to build relations with the IASB.

President-Elect of the IAA, Paul Thornton, noted that this comment implied that not much was going on with the IASB when in fact there had been an enormous amount of work going on in this area through the Insurance Accounting Committee. He commented that the PF was unaware of activity and that an update from the IAA on its work in this area would be a good topic for the next agenda of the PF.

Paul pointed out that there appeared to be a disconnect between the views of the PF that strongly supported IASPs, and the views of the Council where IASPs were not that strongly supported.

IAA Strategic Plan and the role of the Presidents Forum

The role of PF should be to assist the IAA with its networking and to identify needs that haven't come up through the various committees, but that are high profile and urgent within our own associations and to help the IAA identify priorities. If tasks are identified, PF should go back to their associations to energize them in providing resources. For the IAA, it would be helpful if local associations publicized from time to time the work of the IAA and gave the IAA a platform to address local associations so that members have a better understanding of what the IAA stands for and what the profession can achieve together.

6. ERM after the Global Financial Crisis

Tony Coleman gave a presentation on the ERM after the global financial crisis.

Fred Rowley then provided an update on the development of an ERM designation, including the recent involvement of the Society of Actuaries. He made a PowerPoint presentation recapping the initiation of the project and on progress to date. Since the meetings in Limassol, the work on the syllabus and its objectives has come to completion. The group has contacted 27 separate associations of the IAA, and it would classify 17 as active. The group is now working on the treaty itself and on implementation issues. One item that has not yet been worked is the allocation of costs. This project was seen as a first real step towards globalizing the profession in a concrete way.

It was recognized that this was an initiative that delivered part of the IAA strategy and it would be highly desirable that there be a close association between this initiative and the IAA. Fred Rowley indicated that there were a number of administrative matters that could be delegated to the IAA. In fact, the IAA Secretariat has already been supporting this project through the organization of the numerous conference calls and face-to-face meetings.

Fred Rowley also clarified that the syllabus developed for ERM will be available to all IAA member associations once the Treaty has been signed with its first set of members, and that there will be a process for accepting new applicants. There is then a second process by which an association joining the treaty can be authorized to award the designation.

One delegate commented that ERM was the future of the actuarial profession and that to have the IAA behind such a project would carry much more weight.

Fred Rowley responded that the thinking was that the IAA's contribution to the ERM could be complimentary to the current work, yet separate from it. For instance, the Education Committee should incorporate the language and skills of ERM within the IAA's education syllabus.

7. Presidents' Round Table Discussion

The following information was shared during the Presidents' Round Table Discussion.

- Canada: they are making good progress on their concerted effort to influence public policy in the area of pension reform. It is important that, as associations gain in size, maturity and influence, that they have a very specific goal to influence public policy in areas where the actuarial profession has some degree of expertise.
- Australia: has policy similar to Canada's and is quite active in public policy in a number of areas. However, separating politics from technical is tricky. The Australians have been quite active through the media in putting their submissions forward for public input and public debate and this has been welcomed by the government. One of the ways in which they have sought to move into wider fields has been by undertaking high profile public policy research, i.e. in the climate change area where there is much public discussion and the opportunity for technical as well as policy input.
- United States (SOA): one of the things they struggle with is the extent to which they want to take public positions. The SOA does not formally take public positions, but it works with the AAA on this. The SOA has also been gearing up their research capabilities. The SOA has formed the employers' council whereby they invite 15-20 employers of actuaries that they host for a full day meeting. They intend to do this 4 to 6 times per year to solicit employers of current and future actuaries and to get their opinion as to what type of actuaries they would like as they move into new areas, and also for current areas. They are targeting large employers of current actuaries and are trying very hard to get employers of non-traditional areas involved. In about one year's time they will be able to report back on the success of this initiative.
- Portugal: they are doing something almost the same as the SOA, but on a smaller scale. They have called it a consultative council.

- South Africa: in the last couple of years, they have undertaken a review of their strategy and the governance and structure needed to support their strategy. This required a complete rewrite of the constitution and the creation of a governance board, constituted largely by non actuarial individuals. Thus far it has been working quite well. This was a first step to outsource from Council. Part of this initiative has involved significant interaction with employers of actuaries and they have taken a step of informally entering into a memorandum of agreement with their employers.
- In Europe the actuarial role is defined by regulation for Solvency II. The first part describes the role and the second part defines who can provide that role. They are now at a crossroad and the future of the actuarial profession in Europe will depend on what is chosen. Most of the associations in Europe, including the Groupe Consultatif, agree that the Groupe Consultatif will develop the standards for Solvency II to be used by European countries.

There was some discussion on the global financial crisis and its impact on the employment of actuaries in various countries. The PF identified a need to consider seriously how the IAA can make media statements on behalf of its member associations in order to raise the profile of the profession globally. The exercise of dealing with this has proven just how much the IAA needs some type of public relations policy or strategy. This item is on the agenda of the Executive Committee of the IAA.

8. Identification of Topics and Volunteers for Hyderabad Presidents Forum

The following topics were identified for the agenda of the next Presidents' Forum in Hyderabad.

- Synopsis of work of IAA in implementing the Strategic Plan– *Paul Thornton, Chairperson, Task Force on Strategic Planning*
- IASB Update - *Sam Gutterman, Chairperson of Insurance Accounting Committee*
- Summary of activities of all IAA committees – *it was pointed out that this was available through the semi-annual reports of all committees*
- Supranational Relations – *Roland van den Brink, Vice-Chairperson, Supranational Relations Committee*
- Solvency II – *Thomas Béhar*
- Disciplinary procedures

9. Adjournment

There being no further business to discuss, the meeting was adjourned at 5:00 pm.