

**Presidents' Forum  
October 11, 2010  
Vienna, Austria**

**List of Participants**

See attached

**1. Welcome and Introduction**

IAA President Paul Thornton welcomed all participants. This was followed by an introduction by each participant.

The draft minutes from the meeting held in Cape Town, South Africa were approved as presented.

**2. A Risk Assessment of the IAA Strategic Plan**

Paul then introduced Thomas Béhar to lead the agenda item on a risk assessment of the IAA strategic plan.

Thomas made a [brief introduction](#) and the group was divided into break-outs to assess the risk to the IAA of each of its strategic objectives.

**STRATEGIC OBJECTIVE 1**

*Identify, establish, and maintain relationships with key supranational audiences and provide them with actuarial input to improve the soundness of decisions being made on important issues with a global impact.*

**Level of success:** that supranational organizations recognize the value of the IAA

The success is moderate: only 2 Observer Members and 4 Institutional Members. Success also depends on the strength and quality of our relationship with the organization. We need a relationship that is top-bottom. Also need to have good joint programs to work on; they need to feel confident enough to seek advice from the IAA on policy matters.

**Probability of success:** define the level of influence that the IAA will have with supranational organizations

The strength of the relationship will increase, but it will depend on the continuity of the relationship.

**Difficulties:** that the IAA is not able to respond to supranational organizations in a timely fashion; resources are also an issue

The resources within the IAA may not be sufficient. We must have an agenda which we can manage. Also need to be careful not to lose our reputation.

**Assessment and management of risk:** make sure the IAA has a monitoring and planning framework for meeting these organizations' expectations.

Standards and controls are needed to mitigate various risks. Media training is needed for those who make presentations to supranational organizations. We must know the entity well to get positive results and need to be careful with the language; there is a communication risk. Is it too optimistic to have a seat at the table?

**Risks:** have too many organizations we want to get close to and can't respond to them quickly enough. Keep the comments factual, not biased, and respond quickly. The IAA should have a TF to prioritize the most important relationships to keep them manageable and to identify key contacts within these organizations at the staff level.

Paul Thornton reported on the role of the Supranational Relations Subcommittee. In particular, he advised that the status of the IAA's relationships with the various supranational organizations was available on the IAA website

([http://www.actuaries.org/index.cfm?lang=EN&DSP=CTTEES\\_SUPRA&ACT=CONTACTS](http://www.actuaries.org/index.cfm?lang=EN&DSP=CTTEES_SUPRA&ACT=CONTACTS)).

### **Open discussion**

Some of this sounds familiar to the US organizations which have created staff positions to maintain relationships with interested parties. The key element is resources; if this is a high priority for the IAA, we need to make sure the IAA has the needed resources. If we rely solely on volunteers, the risk is we will be too slow to react.

### **STRATEGIC OBJECTIVE 2**

*Facilitate the use and expansion of the scientific knowledge and skills of the actuarial profession, including beyond the traditional areas of actuarial practice, to help enhance the scope, availability, and quality of actuarial services offered by individual members of its member associations.*

Focused on the expansion of scientific knowledge and skills into wider areas

This is very optimistic and opportunity-focused. It becomes more complicated as Solvency II comes into play in European countries. The possibility exists of regulations being written without the requirement for an appointed actuary position. We either need to expand the market by increasing the demand for actuaries or accelerate the supply of actuaries.

This strategic objective is suitable for most developed countries, but not for the less-developed countries.

Different countries have different needs. It was decided to leave the branding to member associations. As with all strategic plans, we can revisit it later. There are member associations at various stages of development within the IAA and we need to recognize their different needs. For example, the Caribbean: will soon have several actuarial graduates who must go to other fields to find work.

### **STRATEGIC OBJECTIVE 3**

*Establish, maintain and promote common standards of actuarial education and common principles of professional conduct. Promote the development and issuance of actuarial standards in the jurisdictions of all Full Member Associations, and the global convergence of actuarial standards.*

This was split into three components: Education, Professionalism and Standards of Practice

In light of the supranational organizations that are looking at us as a profession and are expecting high standards and an education system that is up to date, having standards that are too low could damage the profession in their eyes. But that risk could come at a risk to the IAA.

The third risk is the ability of the IAA to keep the standards up to date. We have to be responsive.

Professionalism is easier to achieve. We are one profession trying to be global, therefore we should be able to have one professional code.

Maybe it is not a matter of setting the standards per se, perhaps there should be guidelines of standards suitable for different countries and how they develop their own standards.

Measuring the levels of success

Education standards can be interpreted the same in all countries within 5 years

Professionalism: shared understanding of these standards within 3 years

Model actuarial standards: within 5 years

The level of education is not the same in all countries; it is difficult for smaller associations to deal with these issues given the significant costs involved in the operation of this. In addition, legislation in other countries may cause issues.

**Risk:** if we don't do anything with standards, others will do it for us

### **Open forum**

Where there is a cost, we need to account for it in our operations. For example, are more staff/ volunteers/ money needed? These should be our priorities.

It was noted that the issue of convergence of standards was on the Council agenda for October 12. This first discussion will be on longer term goals for the convergence of standards.

### **STRATEGIC OBJECTIVE 4**

*Support the development, organization and promotion of the actuarial profession in areas of the world in which it is not present or is not fully developed.*

Developing the actuarial profession in terms of education, in less-developed countries

**Levels of success:** two new education centers per year and more webinars into different areas of practice

**Probability of success:** In terms of risk, there are varying needs in terms of which material to cover and means of education. Other risks are translation and cultural realities to take into consideration.

**Likelihood of success:** should be focusing on the experience we are getting by taking advantage of actions taken by larger associations. We need to make sure we assess the needs more regularly.

**The issue identified:** The difficulty of having the actuarial profession recognized in different countries. Since the IAA has international recognition, there should be a TF of the IAA to work and communicate with governmental agencies where there is no recognition of the profession. Perhaps this could be initiated through the IAIS as that relationship already exists.

Education is already being covered by the private sector in cooperation with national organizations. In some countries, there is a high return if there is more recognition from national authorities of the actuarial profession. The actuarial profession is not always the regulatory body, sometimes the government takes over – this is an issue. In Russia, they have two regulators: one for insurance and one

for pensions. Why should local regulators trust IAA standards? Sometimes, it is best to develop their own standards.

## **STRATEGIC OBJECTIVE 5**

*Provide a forum for discussion among actuaries and actuarial associations throughout the world.*

### **Success measures:**

Meetings are actually happening and we have new associations from South America being established. Increase attendance at congresses; the goal for 2014 is 2500. It is very important for smaller associations to have the opportunity to keep in contact.

**Some of the risks:** We became so large, nothing ever happened. The cost of travel is prohibitive. The IAA does not have sufficient resources to integrate smaller associations. Not sensitive to different cultures/languages; actions not taken between forums.

IAA could facilitate meetings of organizations with a common purpose, for smaller associations e.g. Africa and South America as a start.

Think of timing of meetings e.g. religious festivals

Have to make better use of technology; bursaries to ensure attendance of very small associations

Facilitate more discussion groups across practice areas

Facilitate discussion groups for countries with similar characteristics

This SO was identified as high output, low risk

Work towards grassroots conversations

You can't communicate just twice a year. More is needed. It is incumbent on each participant to educate their members and their committees on what the sections are; this can bring a very positive outcome at a low cost.

Re discussion of practice areas:

Sections each have a colloquium every year and a congress every four years

East Asia Actuarial Conference takes place every two years

Caribbean Actuarial Association involves about 10 countries

Iberian conference takes place every 2 years (incl. Spain, Portugal and some Latin American assns)

### **3. Longevity Risks**

Rajish Sagoenie made a [presentation](#) on modeling longevity.

#### **4. The Future of Pensions**

Philip Shier made a [presentation](#) on The Future of Pensions and Defined Contribution Pension Plans.

#### **5. Report of the Task Force on Convergence of Actuarial Standards**

Hillevi Mannoen made a [presentation](#) on the Task Force on Convergence of Actuarial Standards.

#### **6. Open Forum**

Mike McLaughlin presented Fred Rowley with the SOA Presidents Award.

Due to time constraints, no further topics were raised during the Open Forum.

#### **7. Call for volunteers for the next agenda for topics**

The following topics were suggested for the next meeting in Sydney.

- Carla Angela: Financial Crisis and Professional Ethics (with a possible questionnaire for several countries to complete)
- Mary Frances Miller: CPD Strategy Paper
- Maria de Nazaré: Microinsurance/Microfinance (presentations and breakouts). Howard Bolnick, Chairperson of the IAA Microinsurance Working Group could be asked to present if available in Sydney
- Fabrice Sauvignon: What associations expect from the IAA? (questionnaire)
- Vladimir Novikov: Convergence of education
- Thomas Béhar: Role of the actuary

It was agreed that Thomas would lead the agenda task force.

#### **8. Adjournment**

There being no further business to discuss, the meeting was adjourned at 6:10 pm.