



POLICY ON PARTNERS AND OBSERVERS, AND USE OF MEMORANDA OF UNDERSTANDING

Article 7 of the Statutes provides for the creation of categories other than the Full and Associate Member categories available for actuarial associations. The procedure and criteria for acceptance of members in those categories, their rights and other matters relating to these categories are set out in the Internal Regulations.

In Section 2.4.1 of the Regulations, Partners are defined as follows:

- A. The Council may accept as Partners of the IAA important institutions that especially concern themselves at the international level with matters of concern to actuaries.
- B. Each Partner may appoint a non-voting representative to attend Council meetings, provided it agrees to invite an observer from the IAA to meetings of its governing body or at other meetings of particular relevance to actuaries. Partners have privileged access to IAA electronic communications and to such other services as appropriate, will receive one complimentary hard copy of selected publications, and may work alongside selected IAA Committees as stipulated in a Memorandum of Understanding (MoU). Partners may participate in the IAA's Council and Committee meetings, and International Congresses (one complimentary registration). The organization's name will be listed in the IAA Annual Report.

In Section 2.4.2 of the Regulations, Observers are defined as follows:

- A. The Council may accept as Observers status to organizations upon acceptance of an invitation by the President, with the mutual intent of enhancing communications, liaison, exchanges and strategic support. Such invitations may be addressed to public, academic or industry institutions of relevant interest for the global actuarial profession, particularly those active at an international, supranational or regional level.
- B. Observers may have privileged access to IAA electronic communications and to such other services as appropriate, and will receive one complimentary hard copy of selected publications. They will benefit from the research, information and support of IAA Committees and other groups. Observers may participate in the IAA's Council and Committee meetings, and International Congresses (one complimentary registration). Observers shall not be entitled to appoint a representative to Council. The organization's name will be listed in the IAA Annual Report.

Partners

Partners should be prestigious and important supranational entities with a significant overlap of interest with the global actuarial profession. Partners should normally be granted only after a number of years of working together with the IAA and demonstration of a real interest in IAA activities and views. Since Partners are granted a non-voting seat at the IAA Council table, it is to be expected that some equivalent observer status access to the Partner's own governance structures will be granted. Partnership implies a continuing close relationship and should be granted only where such a relationship is possible and actively sought by both partners. There should be a clear alignment of the interests of the possible Partner with the strategic objectives of one or more IAA Committees.

Partners should be organizations which will add credibility to the IAA through having such a close relationship. Their annual fee is determined by Council on a case-by-case basis and they meet their own expenses in connection with attending IAA Council and Committee meetings and the International Congress of Actuaries. It is to be expected that there will only be a small number of Partners which are regarded as key partners in achieving the vision of the IAA.

The current Partners are:

- International Accounting Standards Board (IASB)
- International Association of Insurance Supervisors (IAIS)
- International Organisation of Pension Supervisors (IOPS)
- International Social Security Association (ISSA)
- Organisation for Economic Cooperation and Development (OECD)

Observers

Observer status may be offered to a wide range of public, academic or industry bodies active in areas of interest to the global actuarial profession, particularly those active at an international, supranational or regional level. The intention is that both sides will benefit from better communications, liaison, exchanges and strategic support. Observer status, although involving only a relatively low level of commitment, should not be offered lightly and great care should be taken to ensure that association with particular organizations through Observer status does not carry risks to the reputation of the IAA or the global actuarial profession. Although a long relationship is not necessary before granting Observer status, the organization must have been known to the IAA, or to Committees or leaders within the IAA, for a reasonable period, in order to establish reciprocity of interest and to be satisfied that there are no reputational risks likely to result from a more formal relationship.

Observer status must have mutual benefit and have clear advantages for the IAA as a result of the relationship. However, of itself, Observer status does not imply any commitment to pursuing joint activities.

In its policy of granting Observer status, the IAA should not display bias towards any type of organization in such a way that the professional objectivity and independence of the views expressed by the IAA is in any way compromised. The only current Observer is the Asian Development Bank (ADB).

Memoranda of Understanding

No mention is made in the Statutes or Regulations of the possibility of entering into a MoU with another entity. However, a [paper](#) was presented to the Vienna Council on 12 October 2010 which indicated that the Executive Committee had concluded that in principle the IAA should be prepared to enter into MoUs with suitable supranational bodies. The paper was in the context of proposing a MoU with the Organisation for Economic Cooperation and Development (OECD) but it was recommended to Council that MoUs should be considered more broadly.

The concept had the strong support of the Chairman of the Supranational Relations Subcommittee of the Executive Committee. It was asserted in the paper for Council that a key advantage of a MoU is that it formalizes the mutual cooperation in a way which transcends the particular individuals involved from time to time, thus ensuring facilitating continuity of the relationship after key individuals change.

Council approved the concept and passed the following resolution:

That Council delegates to the Executive Committee the power to enter into Memoranda of Understanding (MoU) with other organizations when considered appropriate to achieve the strategic objectives of the IAA.

The IAA has up to now focused on its Partners and entered into MoUs with ISSA, OECD, IOPS, and IASB. In addition to Partners, MoUs may be appropriate in respect of Observers and even others, to cement an already close relationship and put in place specific objectives, targets, milestones, joint activities and other initiatives.

The judgement regarding the appropriateness of entering into a MoU will be whether formalization of shared objectives in this way will further enhance an already close relationship and make it even more operational. A key factor might be the one identified in the paper for the Vienna Council, namely the importance of ensuring continuity of the relationship in a way which transcends the individuals acting as relationship managers or in the leadership of the IAA and relevant committees, including the Supranational Relations Subcommittee.

The following criteria should generally be met before proposing, or responding positively to a request for a MoU:

1. There should have been a working relationship between the organization and the IAA for at least two years.

2. There should be a substantial volume of mutual activity ideally across several aspects of the IAA agenda, i.e. generally not just involving one IAA Committee, even though the IAA's interests may only overlap with a small part of the responsibilities and interests of the external body.
3. There should be a good rationale for entering into a more formal relationship with the organization and committing to a programme of activities and mutual cooperation, in order that such activities can be well coordinated and planned.
4. Due regard should be paid to the resource requirements of maintaining a MoU in place and functioning actively.
5. A MoU should contribute positively to the achievement of Strategic Objective 1 of the IAA¹ .
6. Care should be taken to avoid a proliferation of MoUs. They should be entered into sparingly.
7. Regular monitoring should be put in place, with meetings to keep the relationship fresh and update targets and objectives.

The format of MoUs should be fairly standard, although the content will inevitably vary from organization to organization, according to the topics and activities of mutual interest.

1 SO1: 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.