

EXECUTIVE COMMITTEE

ACTIVITY REPORT FOR THE PERIOD NOVEMBER 2008 – APRIL 2009

Since its meeting in Limassol in November, the EC has had several email exchanges, mainly on the following topics:

1. The development of a publications policy for the IAA; discussions will continue at the EC meeting in Tallinn.
2. Follow-up to the adoption of the Strategic Plan: identification of committee assignments towards implementing the plan and also of impact on financial and human resources; this will be further discussed in Tallinn.
3. The EC has received invitations for future meetings from member associations. These will be discussed in Tallinn and a proposal will be brought to Council at a future meeting.
4. The EC considered a reassignment of the Task Force on Microinsurance to report to the EC instead of to the AWF Section. This decision was taken to ensure compliance with our current committee structure and to give proper visibility to this addition in the IAA structure.

Four (4) Task Forces report to the EC: Microinsurance, Mortality, Advisory Task Force on Risk Crisis and the Strategic Planning Task Force. Reports on their activities follow.

Microinsurance Task Force chaired by Luis Huerta

The Microinsurance Task Force is leading a one-day seminar on May 27 in conjunction with the IAA meetings in Tallinn.

Mortality Task Force (MTF) chaired by Martin Stevenson

- Work on comparison of the major mortality data bases (Table Manager, HMD, CMI Library and WHO).
- Production of survey of trends in longevity and development of a paper.
- Updating International Comparison Study Mortality Tables used in Pensions.
- Produced draft paper on cause of death and demographic stratification.
- Produced Paper and presentation on Pandemics; work continuing on a media release.
- A “slot” obtained at ICA 2010 for the Mortality Task Force.
- Prepared Draft paper on data availability.
- Presentation on gender difference completed.
- Presented to IOPS.
- Brochure on the work of the MTF completed and presented to Executive for approval.
- Assist the Actuarial Society of Russia in respect of mortality issues.
- Initial work on developing the MTF website.
- Preparing a proposal for consideration by the Nominations Committee to make the TF a permanent entity.

Advisory Task Force on Risk Crisis chaired by Dave Hartman

Given the length of the report, it is attached as a separate document.

Task Force on Strategic Planning (TFSP) chaired by Paul Thornton

The TFSP has advanced its work on the governance, including issues relating to voting rights, individual members, and succession planning for the role of the Secretary General. Discussion papers were submitted to Council and will be discussed in Tallinn.

Activity Report of the Advisory Task Force on Risk Crisis

The following report is excerpted from the Activity Report of the IAA Enterprise and Financial Risks Committee.

At its meetings in Limassol, Cyprus in early November 2008, the IAA held several unscheduled meetings to discuss how it would address the emerging financial crisis. The delegates concluded that this was an opportunity to promote the actuarial profession and to educate the public on the important role actuaries can play in the management of risk. An Advisory Task Force on Risk Crisis was immediately set up by the President, reporting to the Executive Committee, to advise and provide guidance to the sub-group of the Enterprise and Financial Risk Committee, chaired by Tony Coleman. The mandate was two-fold:

1. To develop a public statement to be issued in a timely manner targeting the Financial Stability Forum, the governments, the regulators and the major financial institutions focusing on the potential contribution of the actuarial profession to the management of risk in the financial services sector
2. To develop a communication program comprising a set of documents that could be used by the IAA, its member associations and actuaries in general over the next 12 months to promote the actuarial profession as a qualified major player in the management of risk in both the financial (bank and non-bank) and the real sectors

The first part of the mandate was completed on February 10, 2009 with the publication of the paper entitled *Dealing with Predictable Irrationality – Actuarial Ideas to Strengthen Global Financial Risk Management* and an accompanying worldwide news release. The paper and accompanying press release were communicated to the IAA Full Member associations to be used as support for any initiative they wished to undertake locally. Work on the second part of the mandate is ongoing and will be discussed during the course of the IAA meetings in Tallinn May 27-30, 2009.

The IAA's news release was followed by participation by IAA representatives in key events surrounding the financial crisis with the aim of promoting the actuarial profession.

Using the public statement on the Global Financial Crisis as a basis for discussion, Francis Ruygt, Co-Vice-Chair of the IAA Insurance Accounting Committee and member of the Risk

Crisis Subgroup, presented to the International Association of Insurance Supervisors (IAIS) in Tokyo on February 2.

Tony Coleman then presented to the Joint Forum on February 24 in Paris. The Joint Forum was established in 1996 under the aegis of the Basel Committee on Banking Supervision (BCBS), the International Organization of Securities Commissions (IOSCO) and the International Association of Insurance Supervisors (IAIS) to deal with issues common to the banking, securities and insurance sectors, including the regulation of financial conglomerates.

Rolf Stölting, Chair of our Insurance Regulation Committee, and Seamus Creedon, member of the Enterprise and Financial Risk Committee and of its Risk Crisis Subgroup, presented at the March 5 hearing of Observers by the Technical Committee of the IAIS in Basel, Switzerland.

The Institute of Actuaries in Australia launched its own internal campaign which proved to be very successful. Their press release titled *International actuaries report lays plan for stricter global risk framework* issued on March 9 received excellent television and press coverage in Australia including articles in The Australian newspaper, The Australian Financial Review and on the ABC TV Lateline Business program.

The American Academy of Actuaries in the United States has also been quite active, in developing the initial work of the IAA, issuing press releases in February and March:

February 11, 2009: *U.S. Actuaries Support Global Framework to Prevent Future Financial Crises*

March 5, 2009: *Actuaries Support "Systemic Risk Regulator" to Prevent Future Financial Meltdowns*

Further recognition of the IAA's work in this area was received during the speech given at the Biennial Conference of the Institute of Actuaries in Sydney on 21 April, the Australian Government Minister for Superannuation and Corporate Law, Senator Nick Sherry, made the following remarks concerning the recent London Summit of the G20 held on 2 April 2009:

"The Summit also endorsed the G20's ongoing work to strengthen financial regulation to address the deficiencies exposed by the crisis. While media coverage of this aspect of the London Summit focused on the regulation of hedge funds and uncooperative jurisdictions, I am sure you will be heartened by the news that a number of reforms endorsed by the G20 leaders reflect proposals that were previously put forward by the International Actuarial Association on 10 February 2009.

The International Actuarial Association proposed four measures. These were more countercyclical regulatory arrangements.....the creation of a chief risk supervisor role.....the application of comprehensive risk management concepts by financial institutions.....and improved risk governance by financial institutions.

The fact that these recommendations are reflected in the proposals adopted by the G20 is a testament to the role and influence of the actuarial profession."

We would like to thank all members of the IAA who contributed to achieving these pleasing outcomes. Of course, there is still some way to still go in working through the details to see our recommendations actually implemented !

Recent Submissions

February 10: Dealing with Predictable Irrationality – Actuarial Ideas to Strengthen Global Financial Risk Management (Related News Release). The paper and accompanying news release were prepared by a subgroup of the Committee on Enterprise and Financial Risk chaired by Tony Coleman, with advice and guidance from the Executive Committee’s Advisory Risk Crisis Task Force, chaired by Dave Hartman.

Respectfully submitted,
Dave Hartman, Chair – IAA Advisory Task Force on Risk Crisis
Tony Coleman, Chair – IAA Enterprise and Financial Risks Committee.