

SUPRANATIONAL RELATIONS COMMITTEE REPORT FOR THE PERIOD NOVEMBER 2004 – MAY 2005

The following is a summary report of the activities of the Supranational Relations Committee since its last meeting in Washington in November 2004. The minutes of that meeting have been posted in the normal manner on the IAA website.

Hereafter we report achievements and progress made in the relations with our target supranational organisations, leaving aside the tasks that relationship managers must routinely do to keep updated about them and to maintain contact with them.

Supranational Relations Strategy

During our last meeting in November 2004, discussions showed that we should structure our approach in order to be best prepared to manage our present and future contacts, knowing there is a growing number of organisations that we should be interested to deal with in the present context of developments in a lot of various fields (social security, supervision, solvency, accounting rules, professional standards, etc.). Graham Rogers initiated this debate and will lead further discussion on this topic at our upcoming Rome discussions.

ADB

Graham Rogers assumes responsibility for maintaining the IAA relationship with the Asian Development Bank. One of our present goals is to seek to interest ADB in funding resources to assist the young Society of Actuaries of China (SAC) based on the need in China to develop the financial services industry. Knowing that the World Bank and USAID are interested in funding actuarial education in underdeveloped countries in general, and in order to coordinate the IAA approach, he further explored the idea of setting up a working party of joint committee with the SAC.

ADB was informed about the coming EAAC and IPEF Conferences in Bali (September 2005) and the major issues related to the SAC, that is building a path for it to become an IAA member and assisting it to fully develop its capability as a full examining and professional body.

ILO

In the area of actuarial education and the recognition of social security actuaries, the Pension benefits section is the main driver in close co-operation with the Education committee, with Supranational Relations acting as a supervisor of actions taken. Close contacts have been maintained with ILO during the past months. Discussions took place between Michael Cichon and Chris Daykin in February, and with Philippe Maeder (relationship manager) in March and April.

New developments on a national level (UK, Switzerland) of the local syllabus and educational framework will also bring some satisfactory answer to the expectations of ILO in this area.

WHO

As we noted before, the IAA needs to improve its recognition within the WHO. It seems difficult to get started at the head office level while local contacts with regional offices might prove to be more fruitful. Alvaro Castro-Gutierrez acts as local contact in Geneva with Philippe Maeder as relationship manager. A proposal about further strategy and actions will be discussed at the Rome meeting.

OECD

Paul Thornton is the IAA relationship manager; the IAA has been granted a status of ad hoc observer in the OECD Insurance Committee and the Working Party on Private Pensions. In return, the OECD has been invited to become an Observer Member of the IAA. In April, the OECD issued new Guidelines for Insurers' governance without any preliminary consultation or request for feedback on part of the IAA, which shows some improvements are still needed to bring this relationship to a better working level.

This question as well as the proposal to have a French representative as local contact in Paris will be discussed more deeply in Rome.

World Bank

A meeting between representatives from the IAA, the World Bank and the IMF took place in Washington on 10 November 2004. They discussed issues related – among other topics - to financial sector assessment programmes in developing countries, the involvement of consultants and educational needs. The Advice and Assistance Committee was identified as the primary driver of continuous progress in the issues that were raised.

Stuart Wason has been working closely with Gregorio Impavido and the staff of the World Bank on the program for the Contractual Savings Conference that took place in the Spring of 2005. This conference attracted a large audience principally from the supervisors of developing regions and was co-sponsored by the IAA who also provided several speakers. IAA past-president Luis Huerta attended as a speaker and also to welcome the delegates during a reception on the opening day. The next CSC will likely be held in the fall of 2006.

IAIS

The IAA has had a strong and mutually beneficial relationship with the IAIS (International Association of Insurance Supervisors) for some years (Observer Member status for each). This relationship is managed by Jukka Rantala, chairperson of the IAA Insurance Regulation Committee. On a practical working level, the IAA and the IAIS have observers on their similarly named solvency committees (i.e. the IAA Solvency Sub-Committee and the IAIS Sub-Committee on Solvency). In addition, the IAIS SubCommittee on Insurance Contracts that deals with IASB issues and the IAA Committee on Insurance Accounting work together on issues of mutual interest.

IAASB / IFAC

Sam Gutterman, who is chairperson of the IAA Insurance Accounting Committee, has served as the official IAA representative to the Consultative Advisory Group (CAG) of the IAASB for the last two years. Other member organisations represented on the CAG include the Basel

Committee, the IAIS, the European Commission, IOSCO and the World Bank. It meets semi-annually and is seen as an important part of the IFAC (International Federation of Accountants). An important issue that the IAA should address in the next couple of months is the relationship between the actuary and the auditor, in the context of a new Task Force it has formed addressing a revision of their auditing standard on the role of the specialist.

The International Federation of Accountants (IFAC) is the international body whose members are the national accounting bodies. In 2004 it decided it was appropriate for it to reorganise to assure public oversight; as a result, they recently set up the PIOB (Public Interest Oversight Board for the International Accountancy Profession) for overall public oversight -- specifically this addresses their activities related to: (1) the International Auditing and Attestation Standards Board (the IAASB), responsible for international auditing standards, (2) the Public Accounting Standards Board, responsible for accounting standards for governments, corresponding to the independent IASB that is responsible for public company accounting standards, (3) the Accounting Ethics Board and (4) international accounting education. As part of the reorganisation, it was decided that additional IAASB CAGs would be set up to provide outside technical advice to each of the four individual IFAC boards.

Joint Forum

Dave Sandberg has been promoting the actuarial profession towards the Joint Forum in the past years. Helga Portmann, a Swiss actuary who is working with the Swiss Insurance Supervisor, accepted to join the Supranational Relations Committee in order to act as local contact to the Joint Forum, with which she has a working relationship. She introduced herself in her role as IAA representative to the secretary of the JF in explaining the support the IAA could bring them, hoping this will be mentioned at the next JF meeting in mid-June.

IADB

Luis Huerta, who is the chairperson of the Latin America Subcommittee of the Advice and Assistance Committee, is the relationship manager. He aims at establishing a relationship with the Inter-American Development Bank as we have done with the World Bank, the ADB and others.

WTO

The Professionalism Committee has decided that IAA contacts with the World Trade Organisation (based in Geneva, Switzerland) should be jointly managed by one of its members, Gottfried Rey, of the Swiss Actuarial Association, and Philippe Maeder.

Philippe Maeder, Chairperson