



INTERNATIONAL ACTUARIAL ASSOCIATION
Executive Committee (EC) Conference Call
September 17, 2019 – 7 a.m.
Minutes

Present

Gábor Hanák, Chairperson
Tonya Manning, President-elect
Masaaki Yoshimura, Past President
Jerry Brown
Charles Cowling
Alf Gohdes
Roseanne Harris
Cathy Lyn
Tomio Murata

Regrets

Régis de Laroullière

Guest

Andrew Chamberlain (*item 4*)

Secretariat

Mathieu Langelier, Executive Director
Norah Neill, Executive Assistant
Carol Ann Banks, Director, Operations & Finance
Christian Levac, Director, Communications & Membership
Amali Seneviratne, Director, Technical Activities

Chairperson Gábor Hanák called the meeting to a start at 7:03 a.m. EDT. The EC approved the agenda as presented.

1. IAA Renewal Task Force (RTF)

Top-down Governance

The RTF issued their preliminary recommendations concerning the changes on the top-down governance to Council. Gabor sent a message to Council that included those preliminary recommendations for FMA feedback no later than October 10. Charles Cowling, RTF Chair, reported that the top-down governance proposal has nearly achieved consensus. Getting 80% majority in Tokyo is now the main focus. It is important that both the EC and the RTF engage with Full Member Association's (FMAs) before Tokyo to ensure they are heard and can provide feedback. There is an outstanding issue around how representatives are appointed to the Strategic Planning Committee (SPC). This will be finalized at the upcoming RTF meeting in Prague.

Gábor noted that the top-down governance proposal is a result of a lot of work, a lot of good discussions and some key comprises amongst FMAs represented in the RTF. It is important that this is emphasised when talking with FMAs who have not been deeply involved in the work of the RTF.

It was asked if the legal wording for top-down governance has been reviewed. The Secretariat is organizing this.

The EC received a spreadsheet that listed all FMAs and assigned EC members to contact FMAs to get their feedback on the IAA renewal. The Fee Task Force had done something very similar where they contacted various FMAs to find out any concerns and it worked well. The EC felt this was a good initiative. After the RTF meetings in Prague the EC will reach out to their assigned FMAs. Some contact information was missing from the spreadsheet. The Secretariat will complete the missing information. Jerry was not assigned any FMAs, this will be addressed offline.

The EC will receive a detailed report after the RTF's meetings in Prague.

Bottom-up Structure

The RTF has been making progress on the bottom-up structure. Currently working on trying to simplify the various IAA entities to enhance focus. Merging and/or transforming committees has been discussed but consensus has not been reached. The RTF is very supportive that the IAA needs to focus on key strategic objectives. The biggest change that this could produce is a much greater emphasis on FMAs sharing information rather than having several physical meetings. The IAA entities will continue to meet in-person at least once per year; however, a lot of work can be done virtually to accomplish things, especially on elements related to sharing of information.

The RTF is paying attention to removing duplication between entities and simplifying their roles, purposes and Terms of Reference (ToRs) in order to improve focus. A large part of the desire to share information amongst FMAs is in the technical area. At the RTF's meeting in Prague they aim to confirm how these groups will focus on sharing information and how they will fit into the structure. The Sections may be able to support the work of these groups. The RTF is not working on how Sections operate and how they fit into the structure and is not expected to do so before Tokyo.

There has been concerns surrounding the entities and exactly how they will be structured. The RTF needs to provide concrete examples of how these entities should work going forward. The RTF is aware of these concerns and will address them during the meetings in Prague.

Gábor outlined the next steps:

1. RTF meet in-person in Prague on September 19 & 20
2. RTF has a follow-up conference call on September 26 after Prague where it will finalize its proposal and send to EC
3. EC will discuss RTF proposal at its October 1 conference call
4. EC will finalize the proposal at its October 15 conference call
5. The finalized proposal will be attached on 30-day Tokyo Council agenda that will be issued on October 21

2. IAA Sections Issues

a. Discuss with Section Chairs

On September 12 the Officers held a conference call with Section leadership. Gábor reported that at the beginning of call the Officers explained the purpose of the call which was to better understand the positions of the leadership of the IAA and of the Sections as well as understanding the aspirations that both the Sections and Officers/EC have. This discussion would help to prepare for the Officers and Section leadership in-person meeting in Vienna on October 12.

An EC discussion paper was provided as a background document for Sections to share their feedback. It was emphasised that the paper was not final and for discussion only and there is room for negotiation. Below are some of the areas Section leadership wish to discuss.

- Location of Section colloquia.
- How to review Section's publications, especially when they prepare papers that are prepared under the IAA brand.
- Independence in managing their budget.
- Role of the IAA Section liaison.
- Concrete examples of issues that occurred in past or could occur that have generated concerns. EC and Officers will send Section leaders a list of these examples. This will be done before the meeting in Vienna on October 12.
- Limited independence of Sections from the IAA and Council, perhaps in a similar way as an enterprise delegates limited decision making power to a branch office, i.e. the branch office is not a separate legal entity still the head of the branch has some well defined power to make decisions and control the budget of the branch.

The above points will be explored.

Section leadership views seem to vary amongst the leaders. Some leaders seem to have a deeper appreciation of the current issues to the overall IAA and seem to want to continue to work for a common position and compromises, some appear to have different opinions.

The next steps will be to continue discussion with Section leadership. However, Gabor reported that this is not a critical issue now, the success of the IAA renewal process is critical which is where Officers' and EC's time and energy should be devoted. Perhaps a task force can be created next year that will address a deeper exploration of the different aspirations and motivations of the Sections and the IAA as an FMA driven entity.

b. Status of AWB Discussions

The Officers had various discussion with Mike Smith, Chair of AWB, regarding AWB accessing members data and using it on an external google email branded as AWB, without IAA approval to use this brand. This was done to send a survey requesting suggestions on the future of AWB with incomplete information and using a tone that the IAA would not have used in any formal communication. Legal counsel confirmed the IAA did not commit anything illegal. On the other hand, the legal opinion is that the Chair and the Executive Director of AWB did breach IAA internal policies. By doing so, they put the organisation at risk. Mike confirmed that the survey was removed, the members data was deleted from his records and a new survey will be circulated to AWB members. Still some conclusions to come about the wording of the survey and accompanying letters to survey.

It was suggested that, as a point of good practice, it be communicated to Section boards that IAA Section delegates are included in their communications. It was also suggested that, considering the IAA renewal, the guidelines of the role of Section delegates be revisited.

3. Approve ISAP 4 – IFRS 17 Insurance Contracts

Andrew Chamberlain, Chair of the Actuarial Standards Committee (ASC), presented to EC the ISAP 4 proposed final and its associated glossary for their approval along with the Professionalism Committee's due compliance report and the ASC's consultation report. Andrew reported this is the first ISAP to have more than one exposure draft. It was asked if the mark-ups are versus the second or first exposure draft. It was confirmed they are against the second exposure draft.

It was questioned whether the definition in the glossary refers to a member of an IAA association or an IAA member association's qualified member. The definition of the actuary in the Glossary has always referred to all members of an IAA member association; this is not ISAP 4 specific. The glossary is a model only, associations may adopt as they see necessary (or may not adopt).

The EC agreed to recommend ISAP 4 – IFRS 17 Insurance Contracts and the associated Glossary, with correction to the Council date, to Council for their approval in Tokyo.

President Gábor thanked Andrew and asked to pass the EC's thanks to the members of the ASC and the ISAP 4 IFRS 17 Task Force for their long lasting, diligent and excellent work.

4. EC Task Forces (TF)

a. Framework for Evaluating Associations in the Education Committee TF

The TF (Roseanne, Jerry and Masaaki) had made a few changes to their initial recommendations after the EC reviewed on their last call. This is to help the Education Committee as they are looking for more guidance than just simply checking boxes but instead wish to evaluate on a deeper level based on principles. It was suggested to change the order

of points. The EC was supportive of this to be shared with Education Committee for their feedback and then it will come back to EC to finalize.

b. Membership Late TF

The EC was presented with the TF's recommendations (refer to the first item, sixth paragraph of the EC May 19 minutes for the explanation of the purpose of this TF). It was confirmed this would be a third layer document under the Internal Regulations and owned by EC, subject to Council approval. The EC agreed on principle of the document and further feedback would be shared by email.

5. Budget 2020 & Operating Plan

The EC was presented with the draft 2020 budget along with two high level documents: 1. the 2020 budget highlights and future years 2. IAA future meetings and related expenses (also known as the event Operating Plan [formerly the Contingency Plan]). The reduction of income due to the American Academy of Actuaries (Academy) departure was counterbalanced by a reduction of expenses. Mathieu noted a reduction in the Secretariat staff as well as the good timing of a meeting in Ottawa that will be very affordable to the IAA helped balance the 2020 budget.

Some other items were noted

- Part of the ICA 2018 funds will be used in 2020
- Some potential sources of new revenue were presented for future consideration.
- Membership fees for future years should be a high priority subject for the Strategic Planning Committee to begin to work on.

Mathieu commented on a recent advice that “the IAA should work on getting sponsors”, in reality sponsors are simply not interested in our meetings where the audience is mostly seasoned actuaries that are well known. Sponsors look for larger events with younger actuaries.

It was commented that considering the responsibilities the IAA is dealing with from the loss of the Academy, to come up with a balanced budget is commendable. This shows the IAA is on the right track. The EC agreed to recommend the budget to Council for approval in Tokyo.

6. Approval of Recommendations from the Nominations Committee (NC) for Committee and Working Group Leadership and Delegates to Sections (Statutory and Limited Membership Committees attached for EC information)

Chair of the NC, Masaaki Yoshimura presented the above deployment charts to the EC. Masaaki noted that there was a memo linked concerning the Academy delegates marked with asterisk to provide information of how the NC dealt with the departure of the Academy.

The NC has discussed how to manage the nominations process going forward under the circumstances of the IAA renewal. The NC's plan is to wait until after the RTF's meeting in Prague. Once the plans for the renewal are clearer, the NC will discuss and plan accordingly how names will be collected for 2021. It was suggested that the EC and RTF members visit committee/working groups meetings in Tokyo to discuss the renewal with the key IAA volunteers. This will help to mindfully manage the changes from the renewal that will affect key IAA volunteers. The RTF will discuss this idea more in Prague. Gábor pointed out that a Council webinar will be held prior to Tokyo where the information on the IAA renewal will be shared with volunteers.

The EC approved the Committee and Working Group Leadership and Delegates to Sections deployment chart. This will be included on the 60-day Tokyo agenda for Council ratification.

7. Approve EC August 13 Minutes

The EC approved the EC August 13 minutes as presented.

8. 60-day Tokyo Council Agenda

The EC pointed out an edit to the voting rights of two motions. These revisions will be made, and this will be issued to Council on September 20.

9. Other Business

There was no other business to discuss.

10. Next Meeting and Adjournment

The next EC meeting is on Tuesday, October 1 at 7 a.m. EDT where the RTF proposal will be discussed. Gabor adjourned the meeting at 8:54 a.m. EDT.