Welcome!
Opening remarks by President Masaaki Yoshimura

The purpose of this webinar is to preview certain topics that we will discuss at our in-person Council meeting in Mexico City.

We will not do a roll call of participants. The attendance list and recording of webinar will be sent afterwards.

We will set aside 5 to 10 minutes at the end for questions or comments. Please use the WebEx Question & Answer facility for this.
Today’s agenda

1. Welcome remarks
2. Brief overview of Mexico City meetings (Nov. 27–Dec. 2)
3. Council agenda – Dec. 1
4. More background on some of the topics
   • Restructure of the IAA for discussion
   • IAA Reserve Policy, 2019 Budget
   • IFRS 17 Update
5. Questions or comments
Brief overview of Mexico City meetings

Nov. 27–Dec. 2
Overview of Mexico City meetings

Tuesday, 27 Nov
– Seminar: The Actuary in Banking  08:00 – 12:00
– Seminar: Local and Global Issues Related to Mortality and Population 13:00 – 18:30

Wednesday, 28 Nov
– Presidential Town Hall & IAA Reorganization  08:00 – 12:30

Saturday, 1 Dec
– Presidents Forum 08:00 – 12:30
– Council 14:00 – 18:00
– Celebrating 100 Members/20 Years 18:15 – 19:30
Council Agenda

Saturday, 1 Dec
Council agenda

Consent agenda

• Ratification of Executive Committee’s appointment & reappointments
• Results of electronic ballots since June 2, 2018 Council Meeting
Council agenda

Statutory committee reports

• President and Executive Committee
• Nominations Committee
• Finance and Administration
  – Report from the Chair of Audit and Finance Committee
  – Auditors for 2018
  – IAA Reserve Policy
  – 2019 Budget
Council agenda

Business agenda

• Strategic Planning
• Restructure of the IAA for discussion
• Membership Committee
  – Approval of the changes to the Terms of Reference
  – Ecuadorian Actuarial Association as an Associate Member
• Communication Subcommittee
• Section rules
• Actuarial Standards Committee
Council Agenda - Restructure of the IAA for discussion

Saturday, 1 Dec
Identified issues with our structure

- Our current structure has grown to be quite complex
  - Difficult for FMAs to understand and have meaningful involvement in IAA initiatives
  - Difficult to assure that all our work is in alignment with the strategy of the IAA
  - Duplication of topics; duplication of effort
- Small or decreased participation in some committees
- Not all committees are alike
- Increase in cross-committee activities
Identified issues with our structure (continued)

- Insufficient “top-down” direction and management to assure IAA work product fits with our strategy
- Few opportunities for more direct involvement of large and resourceful FMAs
- Efficiency of bi-annual IAA meetings
- Efficiency of the operations of Sections
- Assuring the quality and strategy-alignment of all work produced under the IAA brand
- IAA governance – decision making, role and composition of the EC, assuring strategy alignment, etc.
Three Restructuring Task Forces of EC

Executive Committee

- Review the feedbacks of 3 TFs
- Make necessary adjustments and prepare materials for the discussion at the Council

Feedback

Influence TF*
- An EC member chairs
  + 1 Officer
  + some EC members
  + relevant Committee Chairs
  + some Advisors

Feedback

Assure TF*
- An EC member chairs
  + 1 Officer
  + some EC members
  + relevant Committee Chairs
  + some Advisors

Feedback

Advance TF*
- An EC member chairs
  + 1 Officer
  + some EC members
  + relevant Committee Chairs
  + some Advisors
  + Section rep.

Note *: Provide ideas for the EC to present before and during the Mexico meetings
Principles of restructuring

• The IAA should be effective in achieving the strategic goals established by Council
• Do no harm to execute the missions of the IAA, keeping and improving all key activities/functions that are critical for delivering the IAA strategy
• Reduce unnecessary complexity and redundancy
• FMAs should be more connected to the execution of the IAA strategy
• Increase EC effectiveness of the execution of the IAA strategy
• Commitment of our volunteers should be maintained
Image of “Option 4” suggested at Utrecht

- Keep only the statutory committees and eliminate most or all other current IAA entities.
- Create three new committees to align with the three new SOs.
- Most of the work of the new committees would be accomplished by time-limited task forces whose ToRs would be developed and monitored by the three new parent committee.

Note* these are initially called as Committees or Forums
Feedbacks on “Option 4” at Utrecht

• Participants were generally most supportive of Option 4 from the background paper. It was pointed out that Option 4 could incorporate some of the concepts of other Options.

• There was also agreement that Option 4 should be considered as a vehicle for simplifying our structure and strengthening the link between strategy and actions, not as a vehicle for adding another layer of complexity.

• There was general agreement that Sections could play a more coordinated role in any new IAA structure.
Strategic Objectives as guiding principles to the new IAA structure

**Influence: Supranational Relationships**
Develop relationships with key supranational institutions, providing actuarial expertise on issues of relevance in global forums.

**Assure: Promotion of the Profession**
Support the development of the actuarial profession worldwide and promote appropriate professional/education standards through Member Associations.

**Advance: Development of Competence**
Promote the advancement of scientific knowledge and the skills of the actuarial profession.
Key points and possible Tasks/Activities of the three Functions
Influence Function - Key Points

• Ready access to a pool of experts in established and emerging areas (close communication with Assure and Advance Functions)

• Ability to draw on cross-functional expertise at short notice, to set up cross-practice teams

• Provide long-term relationships and institutional memory

• The overall structure should facilitate
  – timely responses to Supranational requests / Public policy issues
  – proactive initiatives, scan the environment
  – FMA input and feedback at various stages of the process
Influence Function - Possible Tasks/Activities

• Prioritize existing relationships to be more effective
• Strengthen relationships with key supranational institutions and provide them with actuarial input on matters of importance to improve the soundness of their decisions
• Issue public statements on international actuarial issues
Assure Function - Key Points

- Development and support of the global actuarial profession
  - Support/promote the development of the actuarial profession where needed (by providing advice and assistance)
- Promotion of professionalism and good governance
  - Develop and maintain basic and continuing actuarial education guidelines and syllabus
  - Identify, discuss and make recommendations on issues relating to the professionalism of actuaries internationally
  - Develop and maintain model international standards of actuarial practice
- Specific skills cannot be easily transferred to other functions
- There is an ongoing role for a standing committee on model standards of practice, although its focus will evolve.
- There is an ongoing need to support developing associations
Assure Function - Possible Tasks/Activities

• Maintain and promote basic education standards and a recommended set of continuing professional development (CPD) guidelines to ensure they remain up to date
• Maintain and promote a common understanding of the principles of professionalism, including code of conduct and disciplinary procedures
• Develop model standards of practice and support FMAs who wish to adopt them in their jurisdiction
• Help actuarial associations to develop and facilitate the progress towards becoming Full Member Associations of the IAA
Advance Function - Key Points

• There is significant overlap in functions among Committees, Working Groups and Sections

• The Advance Function is essential to support the Influence Function
  – Ability to provide expertise capacity in various areas
  – All “external” functions would be managed by the Influence Forum

• Key role in innovation, research, colloquia, support of ICAs, etc.

• Exchange information

• Identify important emerging areas
Advance Function - Possible Key Tasks/Activities

• Promote and coordinate IAA research and activities
• Facilitate the coordination of research among Member Associations
• Support Member Associations in the promotion and development of advancing areas of actuarial practice
• Generate scientific content in support of the other 2 Functions, EC and public policy work
• Monitor emerging areas and determine best approach to take necessary measures
Image and options for consideration of the three Functions
Executive Committee

Cooperation with Committees/Sections

Time-limited TFs

Influence Function

IAC
IRC
Project 1
Project 2
Project 3

RM: Relationship Managers – usually leaders of relevant Supranational activities

Supranational Organizations

IASB
IAIS
OECD

Executive Function

Assure Function

Advance Function

Supranational Organizations

Ready access to a pool of experts
Influence: Options (How to tackle various needs?)

- Is “Influence” (with RMs, Leaders of relevant expert groups, etc.)
  - a function of EC,
  - a function in itself that needs regrouping to improve focus and prioritization, or
  - any other ways to make it work better?

- Involvement/Support of FMAs as Advisors?

- How to make it sure to respond to various requests of Supranationals timely with proper diversified expertise and institutional memory (i.e. ICS 2.0, Insur Tech, Climate Change, Financial Inclusion for IAIS)?
Assure: Image and Options (Treatment of current Committees)

- To solidify and unify various supports for member associations, is it possible to merge Education, Advice & Assistance and Membership committees and AWB, and create “Membership & Support Committee”?
- Any other options (i.e. Coordination Forum with current structure)?

Current (Assure) Committees
- Professionalism
- Actuarial Standards
- Education
- Advice and Assistance
- Membership

* Disbanded as a Section and re-purposed as a Network (similar to current Actuarial Educators Network)
Advance: Image and Options (Creation of “Communities”)

- Create “Communities” with Sections and related Committees/WGs, and “Communities” would take over the functions of these Committees/WGs in a certain period of time (see next slide).
- Current leadership of Committees lead the operation of “Communities” and become ex-officio members of “Advance Forum,” whose members would be Leadership of “Communities” and Sections, etc., and have periodical meetings with EC.
- Topics of WGs are important, and it is necessary to consider to make these TFs or WGs of “Advance” or “Influence” Function.
- Are there any other ways to reduce unnecessary complexity and redundancy?
- Where and how will FMAs be involved in this Forum?
Advance: Creation of “Communities”

- To eliminate significant overlap in functions between Committees/WGs and Sections, duplicative Committee/WG functions are integrated into relevant Sections.
- Remaining issues are considered in the “Communities,” which might be “Virtual” on IT platform.
An image of the overall structure
An image of the overall structure

Council

Influence Function
- RM: Relationship Managers
- Cooperation with Committees/Sections
- Time-limited TFs
- IAC
- IRC
- Project 1
- Project 2
- Project 3

Executive Committee

Regular info exchange

Assure Function
- Professionalism
  - Professio
  - Actuarial
- Member support
  - Membership & Support

Advance Function/Forum
- Communities
  - GI
  - ERM
  - HEALTH
  - PBSS
- Sections
- Time-limited TFs
- Project 1
- Project 2
- Project 3

Technical
- Insurance Accounting (IAC)
- Insurance Regulation (IRC)
Discussions in Mexico City
Times to have discussions in Mexico

- November 28, Wednesday morning President’s Town Hall
- November 29, Thursday during the Leader’s Forum
- December 1, Saturday morning during the President’s Forum
- December 1, Saturday during Council
Council Agenda - IAA Reserve Policy, 2019 Budget
Saturday, 1 Dec
Reserve Policy

The Audit and Finance Committee considers it essential to maintain an Operating Reserve to mitigate financial risk to the organization arising from unforeseen events.

The policy recommends an operating reserve (unrestricted net assets excluding net assets of the Sections) of between 50% and 60% of the anticipated expenses for the coming year.

The implementation and potential mechanism(s) will be discussed before the Washington Council meeting.

The Chair of the Audit and Finance Committee will report the status of the Operating Reserve to the Council as part of the regular Audit and Finance report.
2019 Budget highlights

- Balanced budget
- Fees remain unchanged at C$18.75 per count in 2019.
- IAA reserves are a priority
- Flat expenses +/- 3% YoY (excluding meetings).
- Elimination of duplication and clarification of roles from the restructure will allow staff to offer better support in the future.
- This budget does not address under financing of the IAA.
IFRS 17 Update
Draft Discussion Paper: IAA Quality Assurance and Governance Initiatives on IFRS 17

- Developed by the IFRS 17 Coordination Task Force
- Information on the basic ideas of the paper was given at the Berlin Town Hall
- Sent for comments to Full Member Associations, IAA Committees and IAA Section Boards on November 1, 2018 with the comment deadline of December 31, 2018
- If adopted the paper becomes an IAA Discussion Paper and will be sent for comments to relevant international stakeholders such as the
  - International Auditing and Assurance Standards Board
  - International Association of Insurance Supervisors
  - International Accounting Standards Board
• When an actuary providing actuarial services to an insurer that reports under IFRS, as a good practice to be followed, a fit and proper actuary should prepare and sign-off an internal report to the insurer.

• Appropriately qualified members of an IAA Full Member Association would be fit and proper.

• Such reporting and sign-off will enhance the credibility of the financial statements prepared by insurers in complying with IFRS 17 and hence it will contribute to the public good.
• When an actuary providing actuarial services to an auditor of an insurer that reports under IFRS, as a good practice to be followed, a fit and proper actuary should prepare and sign-off an internal report to the auditor.

• This report is separate of the report of the insurer’s actuary; the two actuaries should be independent.

• Such reporting and sign-off will enhance the credibility of the audit opinion on financial statements of insurers and hence it will contribute to the public good. When insurers’ financial statements are regulated then such reporting and sign-off will also help the work of the regulator or supervisor.
Questions & Answers