Virtual Presidential Town Hall

Jan Kars, President

5 May 2021
## Agenda

<table>
<thead>
<tr>
<th>Topic</th>
<th>Speaker(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Welcome and Introductions</td>
<td>Jan Kars</td>
</tr>
<tr>
<td>Forums</td>
<td>Charles Cowling</td>
</tr>
<tr>
<td></td>
<td>Michael Tichareva</td>
</tr>
<tr>
<td></td>
<td>Jason Malone</td>
</tr>
<tr>
<td>Diversity and Inclusion</td>
<td>Tonya Manning</td>
</tr>
<tr>
<td></td>
<td>Roseanne Harris</td>
</tr>
<tr>
<td>IAA 3.0</td>
<td>Jan Kars</td>
</tr>
<tr>
<td>Q&amp;A</td>
<td></td>
</tr>
</tbody>
</table>
Overview of Virtual Meeting

- Participants are muted
- Contributions from participants will be written
  - Use the Q&A function
- Staff will moderate Q&A
- Recording will be available on the website
Advance Committee and Forums
Charles Cowling, Michael Tichareva & Jason Malone
Advance Committee

Oversees key IAA Strategic objective: to encourage and promote the development of actuarial knowledge and expertise

- Foster research and expansion of scientific knowledge and support emerging areas of actuarial practice
- Facilitate communication and coordinate the activity of Task Forces and Forums
- Work with Relationship Managers to assist the IAA in its engagement with key supranational organizations

Key Objectives: Engage FMAs, encourage development of actuarial science, support the effective operation of Forums and Task Forces
Final Recommendations

Advance Committee

**Forums**
- Enterprise and Financial Risk
- General Insurance
- Health
- Pensions, Benefits & Social Security (with Social Security included as a subgroup)

**Virtual Forums**
- Banking
- Data Analytics
- Inclusive Insurance
- Mortality
- Resource and Environment

**Time-limited Task Forces**
- Ad-hoc TFs appointed to work on a specific task.
- Only active until the task is completed.
- Secretariat support provided to complete the Task as needed.

*Remark:*
*Both Full and Virtual Forums will be populated with members and observers representing FMAs, unlike Sections where members are individual actuaries who may join Sections independent of their FMA.*
Desired outcomes – how do the recommendations fare?

Serve IAA’s Vision and Strategic Objectives

All entities serve the IAA’s vision and Strategic Objectives.
The purpose of each group and its importance to the IAA/FMAs were carefully reviewed in the AC’s evaluation.

Focus on topics that have strong FMA interest

All entities will have only delegates supported by FMAs. Self nominated individuals are no longer allowed as observers.

Improve effectiveness

All Advance entities (other than TFs) are limited to information sharing.
Top-down approach for selecting IAA initiatives – i.e., “doing” activities.
Only strategic activities with FMA support or Supranational demand will be pursued.

Improve efficiency and reduce cost

Cost saving due to virtual format (IT tools, one or no in person meetings).
Reduced number of entities (25 main entities reduced to 18).
More opportunities for medium/small FMAs to engage due to the virtual format.
Banking Virtual Forum

1. Banking is a **growing field** for actuaries with **real opportunities to make impact**
2. Main activities for the Banking Forum will be to **continue spreading the message** of how actuaries can and are being involved in banking
3. **Education development activities and CPD events** through webinars, seminars and conferences will continue to dominate
4. **Research papers** on application of actuarial techniques in banking will continue to dominate with one such paper due for release
5. **Helping Associations** to establish Banking Interest Groups and Committees will remain top priority
6. **Show casing actuaries’ involvement in banking** will continue to be top priority
7. Expected outcome is **getting more actuaries into banking** over the next decade or so, especially young actuaries, and probably dominate.

---

**Operating virtually ➔ Engage more FMAs, be more effective**
Pensions and Employee Benefits Forum

• **Technology** – Implementation of new ways of operating takes patience and perseverance

• **Volunteers** – Members/observers continue to trickle in

• **First project** : OECD request for comments on DC roadmap
  - OECD provided a short timeframe for response
  - Dedicated team virtually met twice to kickoff and finish project
  - Members/observers submitted a thorough review with several useful comments
  - A success to build on!
Gearing for success...

**Advance Committee**
- Respond to FMA priorities
- Look to the future → where can actuaries make a real difference
- Effective operation of Forums

**Forum Leaders**
- Keep the discussions interesting and useful
- Keep the members engaged

**Forum Members**
- Engage with the group continuously
- Bring topics for discussion

**FMAs**
- Delegate the right members and observers (fit for the role)
- Seek feedback and stay informed.
Diversity and Inclusion
Tonya Manning and Roseanne Harris
What is Diversity?

Experiential Diversity

- Socio-economic
- Race
- Gender
- Language
- National Origin
- Cultural
- Age
- Social status
- Ethnicity
- Sexual orientation or appearance
Some observations about our profession

- Profession has broad coverage across the globe
- Horizon for growth is strong, particularly in Africa
- Profession is highly ranked
- Examination system for credentialing might be a barrier-breaker for entry

- Presence of women pursuing an actuarial designation is improving; but, leadership still trails
- Severe lack of racial diversity in many Western countries
- Less than 1% of actuaries are black
Our Profession’s Challenges

- Small Profession
- Obscure Profession
- Elite Profession
- Cultural Norms
- Educational Inequities
- Expensive Pathway
- Hiring Hurdles
Why Pursue Diversity?

“Striving to increase workplace diversity is not an empty slogan — it is a good business decision.”

~ “Why Diversity Teams Are Smarter” by David Rock and Heidi Grant, June 2016 Harvard Business Review
What might we gain?

- **Diverse teams:**
  - Focus more on facts
  - Process those facts more carefully
  - Are more innovative

- **Enriching a volunteer pool is key for boosting joint intellectual potential**
  - Creating a more diverse organization will help to keep team members' biases in check and make them question their assumptions
  - We need to also make sure we have inclusive practices so that everyone feels they can be heard
  - Diversity and inclusion can make our teams smarter and, ultimately, make the IAA more successful

~ “Why Diversity Teams Are Smarter” by David Rock and Heidi Grant, June 2016 Harvard Business Review
Diversity leads to better **performance**.

### Higher Cognitive Diversity Correlates with Better Performance

<table>
<thead>
<tr>
<th>TEAM</th>
<th>PERFORMANCE: MINUTES TO COMPLETE CHALLENGE</th>
<th>KNOWLEDGE PROCESSING: STANDARD DEVIATION</th>
<th>PERSPECTIVE: STANDARD DEVIATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>21</td>
<td>25.98</td>
<td>23.68</td>
</tr>
<tr>
<td>B</td>
<td>22</td>
<td>29.94</td>
<td>24.91</td>
</tr>
<tr>
<td>C</td>
<td>22.5</td>
<td>30.59</td>
<td>27.13</td>
</tr>
<tr>
<td>D</td>
<td>34.5</td>
<td>20.06</td>
<td>21.66</td>
</tr>
<tr>
<td>E</td>
<td>45 (FAILED)</td>
<td>17.92</td>
<td>16.74</td>
</tr>
<tr>
<td>F</td>
<td>60 (FAILED)</td>
<td>18.80</td>
<td>14.64</td>
</tr>
</tbody>
</table>

**NOTE:** COGNITIVE DIVERSITY IS CALCULATED AS STANDARD DEVIATIONS IN THINKING STYLES PRESENT ON EACH TEAM. SOURCE: ALISON REYNOLDS AND DAVID LEWIS USING THE AEM CUBE, A TOOL THAT ASSESSES DIFFERENCES IN THE WAY THAT PEOPLE APPROACH NOVEL SITUATIONS. 

**Source:** Alison Reynolds and David Lewis. March 2017. "Teams Solve Problems Faster When They’re More Cognitively Diverse". HBR

- **Addressing new challenges requires a balance between applying**
  - What we know / what we don’t know
  - Specialized expertise / bigger picture

- **A high degree of cognitive diversity can be a powerful boost when faced with new, uncertain, and complex situations**
Diversity leads to better decisions.

Diverse teams make better decisions up to 87% of the time.

Teams that identify 7 or more choices make better decisions 92% of the time.

~ 2017 Study by Cloverpop
Diversity leads to better results.

Companies in top quartile for racial and ethnic diversity are 35% more likely to have financial returns > their respective national industry medians.

Companies in the top quartile for gender diversity are 15% more likely to have financial returns > their respective national industry medians.

The data suggests diversity correlates with better financial performance.

<table>
<thead>
<tr>
<th>Diversity Type</th>
<th>Top Quartile</th>
<th>Bottom Quartile</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ethnic diversity</td>
<td>Top quartile</td>
<td>Bottom quartile</td>
<td>+35%</td>
</tr>
<tr>
<td>Gender diversity</td>
<td>Top quartile</td>
<td>Bottom quartile</td>
<td>+15%</td>
</tr>
<tr>
<td>Gender and ethnic diversity</td>
<td>Top quartile</td>
<td>All other quartiles</td>
<td>+25%</td>
</tr>
</tbody>
</table>

Source: McKinsey Diversity Database
Like in darts, it's toughest to hit the middle of the board. But that bullseye is also where you will find the most value. So, it's critical to keep aiming there.
Diversity is part of a journey

**Diversity**
- Improving tactical diversity (gender, geography, age, etc.)

**Diversity of thought**
- Improving results (diverse views, practice areas, experience, employment)

**Inclusion**
- Improving access (easier entry into the profession, particularly in countries where the profession is evolving)
Why pursue diversity?
Because our future depends on it.

“If this desire is genuine, how can we serve the best interests of society if the profession does not mirror the world we want to serve?”

Best practice for statements of intent

• Language matters
• Equality is a positive force and the foundation for true belonging.
• Every actuary adds value. Each of our colleagues has insights to contribute. And each matters as an individual.
• To realize our vision, deliver on our mission, and live our values, we are actively encouraging more (and more meaningful) participation by younger actuaries, women, racial minorities, and people with a range of lived experiences.
• Improving access to our professional discourse and to the profession is key to developing the actuarial profession globally.
Possibilities for further exploration

Internal evaluation of the IAA as an association

• Establish goals for diversity
  o What criteria are important and what diversity do we wish to seek?
  o Do we want to focus on activities or metrics?
• Evaluate our current state vs goals
• Develop action plan
  o Revise our Values statement to reflect our commitment
  o How might we influence MAs who are our source of volunteers?
  o What timing is appropriate?

External evaluation of the global profession

• Should we simply facilitate discussions and sharing between MAs
• Should we seek to further educate MAs on the advantages of improved diversity?
• Should we explore improving the profession’s accessibility through the efforts of A&A with
  o More direct support of future actuaries?
  o Partnership with MAs?
In this deck

- Introduction: Vision, Mission, SOs
- What do we want the IAA of the Future to be?
- What does success look like?
Streamlining the IAA

- Create value for FMAs
- Support the Strategic Objectives (SOs) via financial prioritization
- Align resources for better results
The actuarial profession is globally recognized as leading experts in risk and financial security, contributing to the well-being of society.
The Mission of the IAA

1. Inform and influence global stakeholders
2. Assure the reputation of the profession
3. Advance the competency of the profession
New Strategic Objectives provide more focus on...

- FMA led activities
- Reducing overlap
- Reducing duplication
- Process efficiency

Advance
Impact
Assure
What do we want the IAA of the Future to be?
IAA early days

IAA 2.0
(1998-2020)
IAA 3.0
(2021+)

Diverse
Hybrid (Virtual & in-person)
Efficient
Engaging
Relevant
What does success look like?

A successful IAA is only possible if FMAs believe in the IAA and are willing to financially support it!

• Focus on delivering on top 3 values to FMAs
  • Supra representation  Increased external focus
  • Grow the profession  Diversity & Inclusion
  • Discussion fora  Hybrid networking/meetings
  Emerging areas of practice

• Do things better
#1 value to FMA: Increase Impact on key Supras

- Shift Focus on External matters/Supra
  - Clear priority to IAA entities and volunteers
  - Plan and increase production of relevant external output of value
  - Leverage Advance function

- Optimize resources
  - Review representation budgets
    - Send the best person (not the closest) to deliver input to Supras
  - Increase thought leadership - more volunteer capacity and leaders

- Agile output
  - Faster turn around time for external facing projects via Task Forces
  - Increase use of IT
#2: Grow the profession - Assure

- Increase attention to Diversity & Inclusion
  - Create and launch D&I Fund to raise awareness for FMAs and IAA
  - Yearly events to engage participants
  - Increase focus for future volunteer recruitment

- Be attractive to younger actuaries
  - Increase use of virtual Forums/tools
  - Discuss emerging areas of practice and external facing topics
  - Plan investments in updating IT systems to remain relevant/engaging

- Engage FMAs/volunteers
  - Increase Officer presence at FMA events (when invited)
#3: Discussion Fora - Advance

- **In-person events each year**
  - One large in-person Council meeting for all IAA entities
  - Hybrid: All in-person meetings will also have virtual component
  - Increase financial assistance to support in-person participation at Council of smaller/newer FMAs

- **Virtual events each year**
  - One Virtual Council meeting for all IAA entities
  - Lower costs to FMAs and IAA - Increase participation by smaller/newer FMAs
  - Forums used to discuss emerging areas of practice

- **ICAs every 3 years**
  - Adapt to speed of emerging topics and younger actuaries’ expectations
All supported by doing things better

- Financially sustainable and robust
  - Stable membership fees and reserves at proper level

- Efficient and Nimble
  - Enhanced IT, lower business operations expenses
  - Better communication and use of virtual engagement events

- Funds directly supporting Strategic Initiatives
  - SPC and Council select strategic projects
    - New external facing projects (e.g. emerging areas of practice)
    - Internal facing items (e.g. concentration risk, fee level)
Questions & Answers