This Special Newsletter summarizes the fruitful activities that took place during the IAA Council and Committee meetings held in Mexico City from November 29 to December 2. These meetings are a great opportunity for member associations to network and share experiences. In addition to the committee meetings, formal and informal events are organized to encourage interaction between actuaries.

The meetings involved the following:

The attendees included the following special guests:

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<th>Actuarial Association of Europe (AAE)</th>
<th>Esko Kivisaari</th>
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<td>Financial Reporting Council (FRC)</td>
<td>Ann Muldoon</td>
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**PRESIDENTIAL TOWN HALL AND IAA REORGANIZATION**

President Masaaki Yoshimura delivered his second Presidential Town Hall. The topic was the IAA reorganization, and breakout discussions were held on the Assure, Influence and Advance functions. The town hall presentation and comments from the breakout discussions can be accessed online.
EXECUTIVE COMMITTEE AND PRESIDENT’S REPORT

Masaaki provided an update on the Executive Committee’s 2018 goals and summarized the achievements of the IAA’s work on each of the strategic objectives. Please see the Council slides for more details of the report.

2019 ELECTION RESULTS

Council elected Gábor Hanák as President for 2019 and Tonya Manning of the U.S. as President-Elect. Special recognition was shown for outgoing President Masaaki for his exceptional and valuable contributions over his year in office. Masaaki will continue to serve as an IAA Officer, as Immediate Past President. All terms are effective as of January 1, 2019.

100 MEMBERS IN 20 YEARS!

At the Council meeting, the admission of the Ecuadorian Actuarial Association was approved, making it the 100th IAA member! A celebration was held that evening with speeches from the IAA President and Chris Daykin, Chief Executive of the now-disbanded IAA Fund, explaining the path that the IAA had journeyed along to reach this outstanding achievement.

SPECIAL WELCOME TO NIGERIA

The Nigerian Actuarial Society’s President, Yeside Kazeem, was welcomed to her first IAA meetings since the society became a Full Member Association (FMA) in September 2018.
ITEMS APPROVED BY COUNCIL

• The Chicago and Berlin Council minutes
• Ratification of electronic ballots since the Berlin Council meeting
• Appointment of the auditors for 2018
• The 2019 Budget
• Changes to the Guidelines for Publications of Committees, Sections and Working Groups
• Changes to the Section Rules: AFIR-ERM, ASTIN, AWB, IAAHS, IAALS and PBSS
• Adoption of International Standard of Actuarial Practice 1 (ISAP 1) – General Actuarial Practice and ISAP 6 – Enterprise Risk Management Programs and IAIS Insurance Core Principles, and the associated Glossary
• Conformance changes to ISAP 2, ISAP 3 and ISAP 5

These items were deferred:

• Revised strategic vision, mission, values and objectives
• Revised Terms of Reference of the Membership Committee
• Reserve Policy

COMMITTEE APPOINTMENTS

Council also approved the appointments and re-appointments to the statutory and limited membership committees and ratified the appointments with respect to leadership of committees and working groups (WGs) and IAA Delegates to Sections.

VOLUNTEER APPRECIATION LUNCH

In recognition of their valuable contributions and dedication, an appreciation lunch was held for the remarkable outgoing IAA volunteers below, who were also presented with plaques.

• Marc Slutzky, IAALS Chair
• Cathy Lyn, IACA Chair
• Yas Fujii, Pensions and Employee Benefits Committee Chairperson
• Dave Sandberg, Insurance Regulation Committee Chairperson
• Godfrey Perrott, Actuarial Standards Committee Chairperson
• Micheline Dionne, Executive Committee member
• Jan Kars, Executive Committee member
THE ACTUARY IN BANKING SEMINAR

The Mexico City meetings kicked off with *The Actuary in Banking*, a seminar hosted by the Actuarial Society of South Africa (ASSA) and Mexico’s Colegio Nacional de Actuarios under the auspices of the Banking Working Group (BWG). Twenty-eight delegates attended the event, which was sponsored by the ASSA. This followed a similar seminar hosted by the ASSA in Chicago in 2017.

The seminar’s main objectives were to raise awareness among actuaries of opportunities in banking and to encourage actuaries to seek these opportunities and lead the development of actuarial practice in this industry.

An important point raised at the seminar was that actuaries should not approach this practice area with arrogance, or by trying to crowd out other professionals in the industry. Martin Collins, Co-Vice-Chairperson of the BWG, said, “We believe actuarial skills, including those that some tend to regard as being relevant to the pensions and insurance industries only, can make a significant contribution to risk management and stability in the banking sector, and we believe actuaries can and should be part of any team that deals with these issues. We see ourselves as adding value in a team context, and not as competing with, say, data analysts for a role in the industry.”

Francisco Ramirez Calixto made the opening presentation, “VaR and Other Risk Measures”. He dealt with definitions of risk, risk measures and methods of estimating risk measures. Pravin Burra followed with two presentations. The first, “Big Data in Banking”, included discussions on agility and governance, privacy and value, and the use of case studies. He also raised the question of the IAA developing guidelines for modelling risk. Pravin’s second presentation was on regulatory opportunities in banking. This included a discussion on the lines of defence against bank risk and key governance issues. The concluding session was a panel discussion on issues such as the application to banking of the actuarial skills set, the roles actuaries currently play in the banking sector and how the various actuarial organizations can support their members in this area.

Martin added: “I am excited to learn that the IAA meetings in Washington in May [2019] will see a full-day banking seminar, co-sponsored by the Society of Actuaries, the Casualty Actuarial Society and [the] ASSA. Banking is clearly a growing practice area for actuaries, and the IAA BWG is keen to support and guide actuaries in this regard.”

The IAA established its BWG in 2016 with a view to identifying and discussing opportunities for actuaries working in the banking industry.
LOCAL & GLOBAL ISSUES RELATED TO MORTALITY AND POPULATION SEMINAR

The IAA’s Mortality Working Group (MWG) and Population Issues Working Group (PIWG) held the Local and Global Issues Related to Mortality and Population Seminar on November 27. It was sponsored by the Society of Actuaries (SOA) and featured several presentations on current market and research topics. A welcome was given to the attendees by the seminar coordinator R. Dale Hall, managing director of research at the SOA and a member of the MWG. Opening remarks followed from Brian Ridsdale, Chairperson of the MWG, who highlighted the current work of the MWG and PIWG and their role in the research and discussion of mortality and population topics within the actuarial profession.

The opening keynote address was presented by Norma Alicia Rosas Rodríguez, President of the Comisión Nacional de Seguros y Finanzas in Mexico. Her talk, “Insurance Markets and Population Trends in Mexico”, highlighted the current state and ongoing development of the local insurance markets. She noted the opportunities for the Mexican life insurance market to increase coverage penetration to households, and also covered the recent demographic and population trends in Mexico. Increasing life expectancy and a noted increase in the percentage of the population aged 65 and above is on the horizon in Mexico over the coming decades. She also noted the opportunities she sees for growth in annuities and health coverages in the Mexican market.

Jorge Campa, CEO for Latin America for RGA Reinsurance Company in Mexico City, gave a presentation entitled “Epidemiological Transition in Mexico and the Impact on the Insurance Industry.” He noted that Mexico has shown important changes in the epidemiology of diseases in recent times, combined with environmental, demographic, economic, social and cultural changes and advances in health care. Diabetes mellitus has transitioned over recent decades to be the leading cause of death in the Mexican population, and in the past few years there has been an increase in mortality due to interpersonal violence. Mr. Campa also presented research on the leading causes of disability, noting recent increases in lower back and neck injuries and the onset of diabetes.

Hernan Poblete Miranda, director of Latin America research for LIMRA’s Secure Retirement Institute, gave a presentation on population, consumer and retirement trends in Latin America as the seminar progressed from beyond the Mexican market to other countries in the region. He noted social system dependency ratios for many countries are increasing, with notable growth in recent years in countries such as Mexico, Cuba, Argentina and Ecuador. Other countries have remarkably different demographics, however, such as Guatemala, where a larger younger generation is expected in the next 20–30 years. Mr. Poblete also noted the growing tendency for the labour market in the region to continue work past the age of 65, and opportunities for life insurance companies to provide solutions and services that match the consumer demand, such as annuities and other longevity products.

Sam Gutterman, Co-Vice-Chairperson of the PIWG, presented on inequality and actuarial science, highlighting the importance of considering the effects of inequality in many actuarial practice areas. He provided details of recent research that showed the differences in population mortality by variables such as geography and income ranges, and noted that a variety of socioeconomic drivers often impact assumptions. Income- and education-level examples were presented across many different countries to show the impact of these differences. Sam concluded the presentation by noting importantly that inequality affects the work of actuaries in many ways, such as in the pricing and development of products and assessing the sustainability of social system programs.

The seminar concluded with a presentation by Allen M. Klein, Co-Vice-Chairperson of the MWG and principal and
consulting actuary at Milliman. His presentation, “Drivers of Future Mortality”, highlighted results from an upcoming research release from the MWG with details across a variety of categories including aging, lifestyles, catastrophes, and medical and technological advances. Examples included the potential impact of antibiotic-resistant bacteria in the future, environmental issues such as pollution, the relation, and lifestyle trends such as exercise and food choices. Allen noted the impact of many of these variables both in the local Mexican market and around the world and noted that many additional medical and technological advances on the horizon will further drive mortality trends.

A reception was held after the seminar for attendees to ask additional questions of the speakers and to have an opportunity for networking. Future seminars are under development to precede the next IAA meetings in Washington and Tokyo.

**JOINT ONE-DAY AFIR-ERM/ASTIN SEMINAR**

The AFIR and ASTIN Sections hosted a joint one-day seminar together with the Colegio Nacional de Actuarios on December 3. It attracted around 100 local participants, mainly from Mexico.

The following topics were presented:

- The future of the actuary, by Norma Alicia Rosas Rodriguez
- Machine learning and its latest breakthroughs, by ASTIN Chair Frank Cuypers
- International Financial Reporting Standard 17 (IFRS 17), which was presented as a live play where participants (Eric Dal Moro, Micheline Dionne and Dave Finnis) represented “the working actuary”, “the CEO” and “the financial analyst”
- Applications of cellular automata, by Frank Cuypers
- Innovations in product design to manage longevity and long-term care risks by Prof. Ermanno Pitacco

Overall, it was a successful event that provided an opportunity for ASTIN to contribute to the development of the actuarial profession in the region.
DINNER

Our hosts, the Colegio Nacional de Actuarios, organized a Fiesta Mexicana for delegates at the official dinner that was held at Hacienda de Los Morales. It was a fun-filled evening for all!

A plaque was presented to the hosting association in appreciation of it hosting the IAA and organizing the delightful dinner.
OUTCOMES OF COMMITTEE AND WORKING GROUP MEETINGS

Actuarial Standards Committee (ASC)

Godfrey Perrott, Chairperson

Our meeting focused on the following major activities:

1. Completing work on the revised ISAP 1 (which now includes the guidance from ISAP 1A) and ISAP 6, which were approved by Council unanimously.
2. Making conformance changes to ISAPs 2, 3, and 5, which were also approved unanimously at Council.
3. Planning a proposal to Council that ISAP 1A be retired (but not revoked) at the Washington meeting.
4. Making substantial progress on ISAP 4 (IFRS 17 for insurance). The ISAP 4 Task Force (TF) has been working very hard to address the comments received on the exposure draft. It provided us with a markup of about half the ISAP before the meeting; we reviewed this paragraph by paragraph and gave the TF a markup of its markup. The TF completed its markup of the rest of the exposure draft and expects to submit it to us before the end of the year.

We will work on this early in 2019 with the objective of discussing its changes with the TF and completing the next draft during the first quarter. At that time we will decide (with TF input) whether a second exposure draft or final review is the appropriate next step. If a second exposure draft is appropriate the final ISAP would be submitted to Council for adoption in Tokyo or Brussels. If we go directly to final review we expect to bring it to Council in Tokyo.
5. Discussing a draft comment memo with Gábor Hanák on the IFRS Coordination TF’s draft paper on ISAP 4.
6. Agreeing to hold webinars on ISAPs 1 and 6 early next year. We may hold a webinar on ISAP 4 jointly with the IFRS 17 Coordination TF.
7. Proposals to hold a seminar on ISAPs and related topics in conjunction with the Tokyo meeting.

Development of Sections Task Force

Bob Conger, Chairperson

This TF is focused on strengthening the service offerings, visibility and effectiveness of the several IAA Sections for attracting, engaging and retaining a larger and broader mix of the world’s actuaries. We have undertaken activities to stimulate collaborative efforts among the Sections, enhance the marketing and visibility of current Section efforts, analyze patterns in the membership data, develop ideas for enhanced service offerings, organize toolkits of resources for various Sections’ recurring activities, and create a model for ongoing cross-Section collaboration.

The TF is now winding down, and aims to submit a final report to the IAA Executive Committee in the early part of 2019. Our meeting in Mexico City focused on review outlines and draft components of its final report.
In advance of our meeting, the Advice & Assistance (A&A) leaders (chairpersons and vice-chairpersons of the committee and subcommittees) met to continue discussions started in Berlin around taking a more strategic view toward the A&A agenda of the IAA. Topics included how to develop a deeper understanding of the associations we are working with and building a framework for helping associations chart their own development objectives. Part of this framework is a “toolkit” including a structure to facilitate conversations with developing associations (see below). Discussion of IAA restructure options was timely in conjunction with the strategic conversation – in particular, how the Assure construct might enable and accelerate more collaboration among the A&A and other IAA entities to improve the value added by all.

The main theme of the IAA restructure permeated through the A&A meeting, which discussed it very positively because this will enable the work of the A&A to be shared widely. The topics of conversation included the above-mentioned toolkit, which would enable a smoother transition to Associate Member and then to Full Member, and assist the maturity of our member associations over time, by enabling a framework of resources and available contacts. We envision this toolkit being used, and fed into, by many of the committees, including Education, Professionalism and Standards.

In the A&A meeting and separate subcommittee meetings, each of the regional subcommittees gave a positive update on the diverse work and markets that were being supported. For Africa, over the past year, Nigeria has been admitted as an FMA, while Ghana submitted a strong proposal to hold the 6th African Actuaries Congress in March 2020. There are also events in the pipeline for Zimbabwe and Zambia, supported with several AWB initiatives. It was recognized that there is some focus required on French-speaking Africa, and further work needed to support the education strategy throughout the region. There was a good conversation around the strategic plan, supporting new and emerging associations (including Zimbabwe, Mauritius, Mozambique and Rwanda) on education and professionalism.

In the Latin America Subcommittee, we celebrated the fact that Ecuador had been accepted as an Associate Member of the IAA and was also organizing a two-day colloquium for the region in late 2019, working on building actuarial capacity. The chairperson of the subcommittee noted that good conversations were happening with Chile as it worked to establish a university-based education system with the objective of becoming an FMA. It was recognized that work was required to support the development of education, especially with the implementation of the new syllabus in 2021.

Asia has been very active over the year, with events in Hong Kong, Vietnam and Cambodia, and the Actuarial Association of Sri Lanka is holding a conference in 2019. The Singapore Actuarial Society (SAS) was recognized as being a great collaborator and supporter of these initiatives. A report on the SAS events can be found in the IAA’s December Newsletter.

AWB has also had an exceptionally successful year supporting events globally, including professionalism and risk-based capital initiatives in Bulgaria, Macedonia, Armenia and elsewhere. There have been AWB-supported events on data science in Algeria, with further requests across the region. One major success during 2018 is that the Global...
Mentoring Programme now has 99 mentees and 94 mentors, 84 from Africa. It is going from strength to strength.

The A&A is looking forward to supporting the new IAA structure, and will support each of the committees to achieve the IAA’s aims.

**Education Committee**

*Bozenna Hinton, Chairperson*

New members Yasuyuki Fuji (Japanese Society of Certified Pension Actuaries), Diego Hernández Rangel (Colegio Nacional de Actuarios), Rein van Rooyen (Actuaries Institute Australia) and Peter Vekas (Magyar Aktuarius Tarsasag) were welcomed. I thanked Pat Teufel and Marc Stocker, who completed their terms as vice-chairpersons of the committee at this meeting.

We reviewed a proposal for tracking the timing of FMAs transitioning to the 2017 syllabus, including a letter to FMAs.

Presentations were given by several organizations about their CPD and education arrangements. Representatives from Finland and Austria discussed their progress towards implementing the new Education Syllabus. Australia, Central America and the Colegio Nacional de Actuarios presented on their respective CPD systems. The approach taken was quite different in each country. Discussion included how it was ensured that members completed CPD that was relevant to their area. Also, whether there was any kind of quality check on the CPD. Some reported that they had received feedback to improve their own presentations. Others noted that the value of CPD to an individual was generally seen as a trust/professional responsibility. South Africa remains the only country so far that has experimented with an “outputs-based” CPD system.

The meeting also discussed what actuaries of the future would need to know and how best they should be educated for the kinds of jobs that would be available to them. This included reflecting on the competition from data science degrees, the facts that exam systems can discourage entrepreneurship and innovation and that some believe the economics capabilities of actuaries are lacking, and the conflict between “broad” versus “deep” education.

We also covered the proposed restructuring of the IAA and agreed to offer our views to the IAA leadership.

**General Insurance Committee**

*Bob Conger, Chairperson*

We continued our focus on serving as a resource for a General Insurance (GI) actuarial perspective for other IAA committees (many of which are populated predominantly with life insurance actuaries), and for IAA Relationship Managers with supranational organizations. Collaboration and cooperation with ASTIN is another ongoing theme, so that we can bring a diverse set of GI resources together efficiently, and without duplication of effort.

One specific area of discussion was IFRS 17, for which IAA is developing ISAP 4 and International Actuarial Note 100 (IAN 100), ASTIN is taking a lead on developing a reference paper on the Premium Allocation Approach, and an ASTIN working party is taking the lead on a thought piece suggested by us: “The GI Business Implications of IFRS 17”. We are developing a survey to help focus further collaborative efforts, “IFRS 17 Hot Spots for GI Practitioners.”

One of the key IAA relationships supported by us is with the International Association of Insurance Supervisors (IAIS). GI Committee (GIC) volunteers assisted in formulating IAA input to the most recent IAIS drafts of Insurance Capital Standards and Comframe. GIC (and other) volunteers also worked on updates and new materials for the IAIS Core Curriculum educational materials for insurance supervisors; the team recently completed Phase I of the project (updating existing materials) and looks forward to a future effort to prepare some additional new materials.
Previously, by request from the Insurance Regulation Committee (IRC), a team formed by the GIC reviewed the various chapters of the Risk Book developed by the IRC to comment on whether there were areas in which the GI perspective could be expanded. The review team suggested a number of easily-implemented suggestions across a number of chapters, and some more significant changes needed to the chapter on catastrophe risk. In addition, the team suggested creating an entirely new chapter focusing on the range of perils and hazards that give rise to GI claims, and how some of these underlying factors are particularly important to the management and operations of GI insurers. GI teams will begin working on these two larger projects during the coming months.

We are preparing to receive requests for support on several projects related to cyber risk and cyber insurance in the near future, including one that is a follow-on to an earlier Organisation for Economic Co-operation and Development (OECD) project that we supported last year.

Shortly before the Mexico City meetings, GIC members received for comment a near final version of a paper on flood risk. This paper is being prepared by the IAA Resource and Environment Working Group (REWG) and includes significant work and supporting contributions from several GIC members.

ASTIN and the GIC have a great many common interests: both focus on GI, but ASTIN is composed of individual practitioners, and much of its work to advance the body of actuarial knowledge is stimulated by the interests of individual practitioners; the GIC is composed of delegates appointed by the FMAs, and works on projects that fulfil other IAA strategic objectives. ASTIN and the GIC have an ongoing communication to coordinate our activities, manage work to be conducted in the most appropriate and efficient way, and cooperate on projects as appropriate.

**Health Committee**

*Christelle Dieudonné, Chairperson*

We discussed all ongoing projects and confirmed the strategy that we are developing to improve discussions and interest among Health members.

It was agreed to move forward on two projects:

- Measurement of healthcare inflation – Tom Wildsmith will lead this project
- Evolution of the role of the health actuary – Roseanne Harris will lead this project

We agreed to work in connection with the OECD for the first bullet above. For the second bullet, we will work closely with the Health Section. If we are ready, we expect to be part of a roundtable with the IAAHS on this topic during the colloquia in Cape Town.

For the first time, we had the pleasure of welcoming SOA actuary Sara Teppema for a presentation on public health. This presentation [LINK] was much appreciated by members and created an open discussion on this important subject. On behalf of the committee, I would like to thank the SOA for supporting this presentation. We agreed to prepare a larger presentation on this topic for the IAA meeting in Washington. The SOA has already confirmed its interest in helping with the organization of this event, and Cecil Bykerk will lead this project.

We will be organizing a presentation on health and innovation plus the impact of innovation. This idea will be developed by the first quarter to be ready for our next meeting, in Washington. I will lead this project and work closely with the IAAHS.

We would be pleased to welcome other FMAs to present to us on such rich subjects that interest a larger audience.
Insurance Accounting Committee

William Hines, Chairperson

We focused our time in Mexico City on discussing the 25 topics that the International Accounting Standards Board (IASB) has identified for consideration regarding amendment of IFRS 17. Due to popular demand our meeting time was doubled to allow for a fuller discussion of the issues and how we would provide input to the IASB. While in Mexico City the IASB released its agenda papers for the December meeting, which included discussions of several of the topics. We agreed to submit a comment letter to the IASB in advance of its December meeting on four topics we felt were important from an actuarial standpoint. That letter has since been sent and is available on the IAA website.

We also identified which of the remaining 25 issues the IASB is to discuss at its later meetings with the goal of submitting an additional comment letter in advance of the release of the January agenda papers. Development of that comment letter will be ongoing during the next month.

Education & Practice Subcommittee

David Finnis, Chairperson

We focused our time on progress of the international actuarial guidance to IFRS 17. Prior to the meeting we had requested extra meeting time and we used all of it and more in moving things forward. In practice, we converted a discussion draft of IAN 100 into a document on the threshold of exposure to FMAs and other interested parties.

In the weeks before the meetings, much effort had been exerted in making sure that we had drafts that would be amenable to committee discussion. Following the Berlin meetings in May/June, holes in the draft to include remaining subjects for actuarial guidance had been filled, and the Professionalism Committee (PC) had patiently and diligently provided feedback and questions on all chapters in the IAN. So our task in Mexico City, although large, was relatively simple. We had to deal with all remaining unsolved questions and incomplete drafting emerging from PC feedback together with feedback from the Insurance Accounting Committee (IAC) and Education & Practice Subcommittee (E&P) membership, plus comments from others involved in early global actuarial interpretation of the standard.

This was achieved thanks to the usual “give and take” attitude among the subcommittee membership, so that all critical matters were addressed and less-important drafting issues were either set aside for immediate post-meetings action or listed for assessment with all other feedback from the forthcoming exposure draft.

The IAC and E&P leadership also held a side meeting with the PC leadership to confirm the final steps to be taken before the exposure draft can be released. Consequently, we are now very hopeful of a release of the exposure draft by year-end, which means that early review of submissions on it before the Washington meetings in May 2019 is a real possibility.

Insurance Regulation Committee

Dave Sandberg, Chairperson

We had three main areas of focus at our meeting:

1. Our support of supranational organizations, most notably the IAIS and their continued work on an International Capital Standard and the Assessment of Systemic Risk as well as their interest in emerging topics. This interest in emerging topics is also shared by the OECD.
2. Our support of the Profession: We reviewed and planned for the three main aspect of the Risk
Book project, such as Maintenance, further development of content and creating greater relevance to its audience(s).

3. Emerging topics for future meetings. As the world continues to change, we concluded that our committee, in collaboration with other IAA committees and work groups needs to expand our traditional focus on solvency to include these emerging issues as future agenda topics:
   - Big data (rate making, governance, controls)
   - FinTech (What is insurance? Definition of an insurance company?)
   - Policyholders’ reasonable expectations / conduct risk
   - Issues relevant to emerging countries
   - Principle-based regulation / convergence of practices
   - Potential IRC role in monitoring emerging systemic risks

**ORSA Subcommittee**

*Lars Pralle, Chairperson*

We are co-sponsored by the IRC and the Enterprise and Financial Risks Committee to deal with topics related to the Own Risk and Solvency Assessment (ORSA), which has been included in recent years in supervisory regimes in many parts of the world.

In the meeting in Mexico City, we continued to discuss current regulatory developments impacting the ORSA and efforts to maintain the International ORSA Requirement Chart that gathers references related to the different ORSA requirements in 13 jurisdictions. Click here to view the chart on the subcommittee webpage, together with a committee paper on the value proposition of the ORSA.

Given that the ORSA is becoming business-as-usual in many places, we are currently reviewing the impact this regulatory tool has on ERM practice, taking advantage of being able to compare different approaches taken in different jurisdictions.

**Membership Committee**

*Mike McDougall, Chairperson*

We considered the annual confirmation forms as well as a review of documents and applications for membership.

In reviewing the forms it was noted that many organizations are late with their submission. Nine FMAs and nine Associate Member Associations have not submitted their 2017 forms despite the deadline having been the end of February 2018. Six Associate Members have not submitted for the last three years and will be approached directly by a member of the committee with an offer of guidance; they were referred to the A&A Committee. Another Associate Member has not submitted for the last two years.

The 2018 confirmation forms will be dispatched shortly. Major changes are as follows:

- Replacing the question asking for the number of fully qualified actuaries with a question asking for a listing of all designations and the members with each designation. This is consistent with the changed fee structure.
- Rewording of the education questions to reflect the new IAA syllabus.
• Removal of the question on ISAP adoption as this has been replaced by a voluntary questionnaire from the PC.

In reviewing documents, we have recommended that the Mozambique Association of Actuaries be recommended to Council for admission as an Associate Member.

We will be engaging with the Education Committee on the standards and an approach for the review of education breadth and depth across the profession, and we will seek the guidance of the Executive Committee on the level of qualification expected from members of Associate Member Associations.

**Pensions and Employee Benefits Committee**

*Yas Fujii, Chairperson*

We moved our projects forward and discussed updates of developments relevant to the international community and strategic relationships with international organizations.

We agreed the working schedule of 2019 on the continuing activity to keep the Funding Monograph as a living document. The working schedule on the preparation for the presentation on de-risking at the Colloquium 2019 in Cape Town was agreed upon.

We also discussed developments in each member’s country/region relevant to the international community, including an overview of the Mexican pension environment. Several topics relating to the committee from the IAA restructuring proposals were also considered.

The Pensions and Benefits Accounting Subcommittee (PBAS) and the OECD Subcommittee (appointed jointly with the IRC) reported to us on their outcomes and strategies. Also, the strategic relationship activities with the International Organization of Pension Supervisors were covered, including our attendances at several events since the last meeting in Berlin.

We approved the new assignment of a PBAS Chairperson, replacing Tim Furlan with Jim Verlautz.

**Pensions and Benefits Accounting Subcommittee**

*Tim Furlan, Chairperson*

A representative from the IASB staff joined our meeting in Mexico by phone. The IASB has decided to commence a research project on accounting changes for a limited subset of “hybrid” pension plans where the benefits depend on asset returns. The IASB is briefing stakeholders like the Accounting Standards Advisory Forum on the project and seeking input on whether the project is worthwhile and/or whether it will have any unintended consequences.

We discussed the prevalence of those types of plans in various countries and provided some input on the relevance of the project. We agreed with the IASB staff member to keep in contact on this project.

The meeting also covered two other IASB projects: amendments to IFRIC 14, which restricts accounting for plan surpluses in some cases; and the IASB’s disclosure project, which is being tested with International Accounting Standard 19. Both projects are likely to be active during 2019.

We also revisited previous discussions about writing to the Financial Accounting Standards Board in response to statements about the declining prevalence of defined benefit (DB) plans in the U.S and its intention not to halt work on its DB accounting projects. Our members have expressed concern about discrepancies between U.S. generally accepted accounting principles (GAAP) and the IFRS given the number of organizations outside the U.S. that continue to sponsor DB plans and account under U.S. GAAP.
Professionalism Committee

David Martin, Chairperson

A well-attended meeting discussed many issues. A summary of some of the key matters follows.

Comprehensive presentations were made about the disciplinary processes of the Suomen Aktuaariyhdistys (Finland) and Colegio Nacional de Actuarios. Both generated lively discussion.

A report from the ASC reported that work was complete on ISAPs 1 and 6, now ready for Council’s agreement, and that work was well advanced on ISAP 4, prepared in connection with IFRS 17. The Due Process TFs’ reports on these were noted.

The results were presented of the first voluntary survey in a new format to explore the usefulness of ISAPs. It was agreed the survey will be renewed every three years.

Following on from previous work and discussions on the definition and purpose of IANs, wording of a definition was agreed, and a team appointed to review the Due Process for IANs.

A sub-group of the committee reported on its huge amount of recent work to monitor the development of the proposed IAN 100 on IFRS 17, to be published for consultation early in 2019. The IAA draft document on use of actuaries to fulfil IFRS 17 requirements was debated. A joint submission with the ASC will be made suggesting appropriate amendments from the professionalism perspective to add to FMAs’ comments yet to be received and considered.

A group reviewing the need for changes to Professionalism Guideline 2 reported back and a team proposed to carry out the review indicated by the report.

The sub-group helping AWB to develop educational materials on professionalism reported that progress would continue in the new year on two case studies which were well advanced.

Other items discussed included the IAA paper on inclusive insurance, the IAA’s links with the OECD and International Auditing and Assurance Standards Board, and the IAA restructuring project.

Scientific Committee

Thomas Béhar, Chairperson

Our purpose is mostly to monitor the work of the six working groups: Big Data (BDWG), BWG, Microinsurance (MiWG), MWG, PIWG and REWG. The Scientific Committee (SC) consists of six appointed members, with each acting as liaison to a WG, and the chairpersons of each group acting as ex officio members. The WGs’ main activities were discussed during our meeting.

Representatives of the Communications Subcommittee made a presentation of the new Guidelines for Publications of Committees, Sections and Working Groups.

A second topic under discussion is the potential evolution of the IAA’s organizational structure where WGs and Sections could work closely together in the advance forum. The IAA Officers – Tom Terry, Masaaki Yoshimura and Gábor Hanák – joined the meeting to explain what the restructuration could mean for the WGs. Nothing is decided at this stage. The WGs, Sections and committees which are dealt with in the advance forum are invited to exchange about their respective works and cooperate non-formally for the time being.
Each WG and the SC have assessed their contribution to the three IAA functions that drive the restructure:

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Some Section chairs were present and clearly showed interested in the WGs' activities.

Among all WG activities that are listed below, the following key communications may shortly be produced: a banking toolkit and papers on: an actuarial perspective on inequality; flood risk; housing and retirement; climate change, insurance and vulnerable populations; and, insurance principles in the age of Big Data.

Since Berlin, the REWG released a discussion paper on decarbonization, and the MIWG released a paper on assessing risk and proportionate actuarial services in inclusive insurance.

The following papers are in preparation:

- Toolkit for Developing Banking Practice Area, Application of Actuarial Skills in Banking (BWG)
- Insurance Principles in the Age of Big Data, But Do We Need Insurers? (BDWG)
- Big Data and Professionalism (BDWG), Actuarial Perspectives on Inequality, Harmonization of Pensions and Housing, Basic Income Guarantee (PIWG)
- Flood Risk, Climate Change, Insurance and Vulnerable Populations (REWG)

As the SC has limited attendance, any FMA interested in participating in the work of a particular group is strongly invited to contact a member of the relevant group.

**Big Data Working Group**

*Ashleigh Theophanides, Chairperson*

Our meeting focused on the strategic items contained in the workplan for the next year.

It was agreed that our priorities should be to focus on identifying and prioritizing relevant supranational organizations with whom to establish and maintain key relationships, and providing relevant supranational organizations with actuarial input on matters of importance. These could be accomplished through establishing the IAA as a relevant partner in Big Data and scanning the environment to identify emerging or leading professional organizations.

One of our key focus areas would be to identify and prioritize fields of practice and develop a program to support each area and facilitate the coordination of research. These goals could be accomplished through sharing information on Big Data/predictive data analytics and its use in actuarial fields, and supporting other Sections with webinars, as well as collecting and sharing information on how members and non-actuarial entities are proceeding in the area. The creation and updating of the group’s website, where critical papers/information/webinars can be uploaded and shared on a large scale, was also stressed.
The need for promoting a common understanding of the principles of professionalism in the field of Big Data continues to be debated. This need could be accomplished through working with the Education and Scientific Committee to see if and how continuing professional development (CPD) and professional standards can be developed. We agreed that we should prioritize the publication of a paper to the wider IAA, with various suggested topics being put forward which will be discussed in future meetings. It was decided that a smaller group should be appointed for the sole purpose of writing an abstract of the selected topic(s). Once the abstract has been approved the smaller group would be able to proceed with the creation of the paper.

There is still much uncertainty with regard to the level of traction in the use of advanced analytics within the profession. A survey will be developed to be submitted to members of the various professional associations. We will need the support of the professional associations to ensure we get high levels of participation. This information will be very valuable to us and the IAA for the development of broader professional activities.

**Mortality Working Group**

*Brian Ridsdale, Chairperson*

The MWG met twice in Mexico City and had presentations from local actuaries from Mexico: “The Effect of Homicide in Latin America” by Ivan Botello; “Mortality Experience in the Mexican Social Security Business” by Marcela Abraham, Carlos Gonzalez and Rocío Gomez; and “Underwriting the Elderly” by Keiko Imuro. The external speakers were well received. MWG members presented on their own research. There were also reports from Hungary, Japan and Russia, and reviews of recent developments in the U.S. and the UK.

In the time since its previous meeting, MWG members had completed papers, presentations and webcasts outside the group on 20 different occasions, and had organized (with the PIWG) the above-mentioned Mexico City seminar Local and Global Issues Related to Mortality and Population. The MWG’s website is [here](#).

**Population Issues Working Group**

*Assia Billig, Chairperson*

The PIWG identifies population issues of interest to actuaries on which the actuarial profession at an international or national level can make useful contributions in the public interest.

The main items of business for us at our meeting in Mexico City were discussions of our progress on papers currently being prepared.

The paper “Interaction between Pensions and Housing” has been approved by the Scientific Committee and is being reviewed by the Communications Subcommittee of the Executive Committee. The paper provides several scenarios whereby consideration of pensions and housing is given on a holistic basis to provide better retirement income outcomes than looking at them separately.

Three draft chapters of the paper “Actuarial Perspectives of Inequality” have been prepared. The first sets forth concepts of inequality (such as how it is measured), the second describes how actuaries identify and consider the
effects of inequality, and the third looks at the assessment and design considerations of methods that might be taken to reduce the extent or adverse effects of inequality. A final draft of the paper is expected to be discussed at the next PIWG meeting in May.

An outline of a potential paper on the impact of new methods of work, such as in the gig economy, was considered. After considerable discussion it was determined that further work was needed on the outline to refine the paper’s scope. A small TF is being formed to further this effort.

We also discussed a long list of potential new population-related projects. The topic of fertility was identified as one and, subject to sufficient resources being available, an outline will be prepared in 2019.

Resource and Environment Working Group
Sam Gutterman, Vice-Chairperson (filling in for currently vacant Chairperson position)

Discussions focused on immediate past, current and future REWG projects and related activities of FMAs that have been busy in this area. There is so much important and interesting work from an actuarial perspective within the scope of the WG that the limiting factors are the time and the capacity of the small number of dedicated volunteers who make this group what it is. Subject matter covered in our discussions is listed below.

- **Decarbonization.** A briefing paper introducing readers to this topic was just published and is now available on the IAA website. The author team, consisting of Paul Meins, Frank Grossman and Catarina Lindman, will present it through a webinar, currently scheduled to be held on January 28. We encourage you to listen.

- **Flood risk.** An author team has been hard at work addressing flood risk. It should be a great paper, in an area with relatively limited actuarial literature available. We hope to make it available in the first quarter of 2019.

- **Climate change, insurance and vulnerable populations.** A paper on this topic is a joint project with the IAA Microinsurance Working Group. A draft is being discussed and should be available at the end of the first quarter of 2019.

- **Climate change and mortality.** We published a paper a year ago on this topic. It was presented at the 2018 International Congress of Actuaries (ICA) and a webcast was held. All FMAs are encouraged to distribute it to their members and to make presentations at their meetings based on the ICA presentation.

- **Actuarial climate indices.** The North American actuarial profession has prepared such a set of indices for more than a year. The Australian profession has just prepared a similar index applicable to Australia. Other FMAs are encouraged to do likewise. Actuarial climate rate indices, reflecting damage from climate risk, are currently being studied for possible future distribution.

- **New economic readings.** Rob Thomson has prepared and will continue to prepare a series of reviews/highlights of books in this developing area and distribute them to a separate email distribution list. If anyone is interested in getting on the list for this topic, please contact Rob.

- **Climate-related financial disclosures.** We have been following developments in this area, especially related to the output and recommendations of the TF on Climate-related Exposures. A summary was provided at the Berlin ICA. We intend to expand our activities in this area.

- **New topic areas that we will focus on include the role of the actuary in environmental areas, government budgeting, and authoring a chapter for the IAA Risk Book addressing climate change risks.**

We welcome those who would like to join us. Please send an email to the Secretariat to join one of our email distribution lists.
Social Security Committee

Barbara D’Ambrogi-Ola, Chairperson

One of the hot topics discussed during the meeting was the reorganization of the IAA and how it will affect the IAA’s activities in the area of social protection. Though the Social Security Committee (SSC) recognizes that changes are inevitable, peculiarities of the actuary’s role in the area of social security should be taken into account during the IAA restructuring.

Other interesting and important items at the meeting included a presentation on Mexico’s Social Security system by Maria Del Carmen Fernandez Reyes and discussions on possible cooperation with the United Nations Statistics Division (UNSD), the World Bank (WB) and International Monetary Fund (IMF). We decided to invite representatives of the WB and/or IMF to our Washington meeting to discuss further possibilities for cooperation. We will also continue to explore potential cooperation with the UNSD in the framework of the entire IAA.

We also heard updates on ongoing projects:

- A survey on work injury compensation systems was prepared in cooperation with the International Labour Organization (ILO) and International Social Security Association (ISSA) and we are waiting for responses. The goal of the survey analysis is to identify best practices used throughout the world as well as possible shortcomings of such compensation systems.
- The ISSA recently organized a very successful 19th Conference of Social Security Actuaries, Statisticians and Investment Specialists in Kuwait. A special issue of the International Social Security Review was published recently; it included a paper prepared by SSC members.
- We will cooperate with the Social Security Subcommittee of the Actuarial Association of Europe on finalizing a paper, “Balancing Adequacy and Sustainability in Social Security Systems”.
- We discussed an updated work plan for 2019.

OUTCOME OF SECTION BOARD MEETINGS

IAALS

Gunn Albersten, Chair

This was the first meeting under my leadership. After the success of the ICA in Berlin in June 2018, we received the results of the use of the Virtual ICA (VICA). Twelve percent of the Section members have used the VICA, which is still open for all Section members. We will now assess whether to use the VICA facilities for the next colloquium and congress.

The next colloquium will be in Cape Town, South Africa, in conjunction with ASTIN, PBSS, IAAHS and IACA, from April 2–5, 2019. Paris will follow in 2020, in conjunction with AFIR, ASTIN, IACA and PBSS, from May 10–14. We are looking for hosts in 2021.

New webinars on Big Data topics and mortality issues are in preparation.
IACA

Gerd Warnke, Chair

The IACA Board met for the first time in person since the previous meetings in Berlin in June. Firstly, Michael Steinmetz and Martin Oymanns from the DAV (German Actuarial Association) presented a proposal for IACA to provide ongoing investment into the platform utilized for the VICA. Discussions were short, and the statistics were not sufficient for an in-depth analysis. Nevertheless, as of now IACA has not leveraged VICA properly to get the benefit of attracting new members with this new service. It is therefore difficult to assess the value of a further investment without having determined the natural appetite for remote access. We must assess whether the content was not attractive enough or the marketing not effective enough to reach the intended audience. Nevertheless, the Sections would prefer to obtain a consensus view on whether to proceed in providing continued support to the virtual platform.

Discussions took place with regard to future colloquia, namely Cape Town in 2019 and Paris in 2020. The early-bird registration for Cape Town is fast approaching, with a date of December 31, 2018. The programme promises to provide a scintillating IACA track, beginning with a plenary workshop on diversity in the profession. Other planned session titles include “The United Nations Sustainable Development Goals”; “Alleviating Hunger – The Breadfruit”; “Public Interest”, presented by younger actuaries; and “Whistle Blowing”. Don’t miss the opportunity to attend this important event!

In addition, we were delighted to be hosted by Mexican actuaries, which allowed us to raise the profile of IACA. Past Chair Cathy Lyn made personal contact with Luciano Devars, President of the Colegio Nacional de Actuarios.

PBSS

Abraham Hernández Pacheco, Chair

The PBSS discussed the following topics:

- A brief update around the restructuring process of the IAA. TFs will be created to continue working on this.
- Work on the marketing plan jointly with other Sections. More content included in social media will be posted.
  - The webinars held jointly with other Sections, committees and WGs in order to get a bigger audience.
- An update regarding Cape Town 2019:
  - We received around 36 paper proposals on topics related to pensions and social security.
  - The call for bursaries is about to be released. Keep an eye out for it!
- Other activities, such as the Reference List and the prize for the best pensions and social security paper published in the ASTIN Bulletin.
- Changes of the rules of Sections that were approved in Mexico: the former PBSS Section Committee is now the PBSS Section Board.
- An update of the Paris 2020 Colloquium. More information is coming soon!
INTERNATIONAL SOCIAL SECURITY ASSOCIATION (ISSA)

Report of Jean-Claude Ménard, Chair of the Steering Committee of the Technical Commission on Statistical, Actuarial and Financial Studies; Chief Actuary, Office of the Superintendent of Financial Institutions, Canada

Update for the Period Starting in June 2018

The Steering Committee of ISSA’s Technical Commission on Statistical, Actuarial and Financial Studies (TC ACT) is composed of one chairperson representing Canada (Jean-Claude Ménard) and vice-chairpersons representing Canada (Assia Billig), Finland (Eeva-Maria Keski-Säntti), Iran (Hossein Moshiri Tabrizi), Jordan (Mohammed Al-Tarawneh), Lebanon (Ibrahim Muhanna), the Russian Federation (Arkadii Solovev), the UK (Martin Lunnon), the U.S. (Steve Goss), Uruguay (Adriana Scardino) and Zambia (Yollard Kachinda). Simon Brimblecombe is in charge for the ISSA Secretariat, to act as liaison official and bring ISSA’s proposals regarding the activities of the Technical Commission.

Priorities for the 2017–2019 Triennium

ISSA’s activities for the 2017–2019 triennium will focus on:

1. The activities of a centre for excellence in social security administration, and in particular guidelines promotion and education

The TC ACT is planning to contribute to the first priority with the following activities:

- Develop supplementary material for the ISSA–ILO Actuarial Guidelines
- Conduct ISSA workshops dedicated to the ISSA–ILO Actuarial Guidelines
- Participate in reviewing ISSA Governance and Information and Communication Technology guidelines

With respect to the Ten Global Challenges, the TC ACT is planning to address:

- Challenge #1 “Closing the coverage gap”. The project will address in particular transformation of the labour market and its impact on social security coverage.
- Challenge #3 “Population Ageing”. Some of the topics that may be addressed under this umbrella are reporting social security liabilities in national accounts and adequacy of replacement rates, taking into consideration availability of health coverage and housing.
- Challenge #9 “Technological transition”. The TC ACT is particularly concerned by the fact that the potential transformation of labour markets caused by the digital economy may result in the erosion of the financing base that would, in turn, lead to the erosion of coverage, sustainability issues, and ultimately to inadequate benefits.

The TC ACT recognizes that activities identified for the current triennium are potentially of interest to the IAA SSC and that some overlap will necessarily arise. As such, the TC ACT welcomes the SSC’s input in any of projects described above.

The TC’s activities will culminate with the World Social Security Forum to be held in October 2019 in Brussels, Belgium.
19th ISSA International Conference for Social Security Actuaries, Statisticians and Investment Specialists

This conference took place in Kuwait City, Kuwait, from November 6–8. It was aimed at actuaries, statisticians, economists and investment experts from ISSA member organizations, international organizations and national and international actuarial associations, and was also of interest to other senior social security professionals and managers. It was attended by 250 participants from 90 institutions and 57 countries. The SSC was represented by Assia Billig and Martin Lunnon, who both made presentations.

The conference sessions focused on the following topics:

- Impact of ageing: Analyzing trends and distributions
- Reporting on social security obligations
- The evolving nature of labour markets and the impact on social security
- Investment and sustainability in an era of ageing populations and low interest rates

The second session was dedicated to a special edition of the International Social Security Review, which featured the above-mentioned article based on the SSC paper "Measuring and Reporting Actuarial Obligations of Social Security Systems" released in March 2018. The session highlighted that the actuarial profession plays a central role in the financial evaluation of social security systems. Therefore, it is imperative for actuaries to add to the debate on quantifying and reporting on social security obligations.

Other Activities

The TC ACT sponsored a survey on comparison of demographic and economic assumptions used in actuarial valuations of social security schemes which is traditionally prepared and conducted by Retraite Québec (Canada). This is the seventh survey of this kind since 2000. It provides a valuable benchmarking tool for assumptions setting used in evaluating social security plans sustainability and its results were presented in Kuwait.

The TC ACT led the production of a special issue of the International Social Security Review on the measurement and reporting of social security obligations. It features contributions from the IAA, ILO, International Public Sector Accounting Standards Board, IMF/WB, Canada and Europe. It was released prior to the conference in Kuwait City and presented during the event by Assia Billig, one of the three guest editors.

The commission is seeking the IAA’s input regarding future events. It will continue to implement its Memorandum of Understanding with the IAA.

NEXT MEETINGS

The next meetings of the IAA Council and Committees will take place at the Mayflower Hotel in Washington, D.C., USA, from 15-19 May at the invitation of the American Academy of Actuaries. Further details will be posted on the IAA website as preparations continue.