



IACA Newsletter – July 2010

Dear IACA members, I am delighted to be writing to you as your new Chairperson. For my first newsletter I thought that I would bring you up-to-date on recent developments:

New Officers and Committee

- The Officers of IACA following the Committee and General meetings held in Cape Town in March 2010 are: Ken Buffin (Chairperson), Hideyuki Yoshida (Past-Chairperson), Andrew Vaughan (Vice-Chairperson), Margaret Sherwood (Executive Director), and Morten Harbitz (Secretary/Treasurer). I am indebted to Hideyuki for all of his hard work as Chairperson - he will be a hard act to follow;
- We welcome Iacob Antler (Israel), Cathy Lyn (Jamaica), Ibrahim Muhanna (Lebanon), Jeremy Tay (Singapore), Haris Santoso (Indonesia) and Ka Man Wong (Hong Kong) as new members of the IACA Committee;
- The twelve members who will continue to serve on the Committee are: Barbara Addie (US), Ken Buffin (US), Nick Dumbreck (UK), Morten Harbitz (Norway), Ken Hohman (US), Liyaquat Khan (India), Nick Salter (UK), Margaret Sherwood (US), Mike Toothman (US), Andrew Vaughan (UK), Gerd Warnke (Germany) and Hideyuki Yoshida (Japan);
- Nick Dumbreck and Mike Toothman are Delegates appointed by the IAA. Ken Hohman and Nick Salter also represent the US-based Conference of Consulting Actuaries (CCA) and the UK-based Association of Consulting Actuaries (ACA) respectively;
- We are also very fortunate to continue to have one of the founders of IACA, Geoffrey Heywood, as an Honorary Member of the Committee. We join in sending greetings and best wishes to Geoffrey;
- In addition, I would like to thank retiring members Mike Codron, Grace Jiang, Zainal Abidin Mohd-Kassim, Segundo Tascon, Emmanuel Tassin, and Alexander van Stee for their service on the Committee.

International Congress of Actuaries — Cape Town, South Africa — March 7-12, 2010

- IACA actively participated in the International Congress of Actuaries (ICA) held in Cape Town, South Africa, March 8-12, 2010. The IACA sessions were well attended and we thank the presenters and chairpersons for each of these sessions. The IACA track comprised:

The consulting actuary: entrepreneur and professional — A panel discussion on balancing the entrepreneurial and professional aspects of running an actuarial consulting practice led by Jay Jaffe (USA) (Chair); Barry Childs (SA); Arthur Els (SA); Nick Dexter (UK).

Microinsurance: an opportunity for insurers and actuaries — As the expansion of microinsurance takes on momentum around the world, commercial insurers and other prospective providers are beginning to recognise the opportunity the low income population represents as a market. The session looked at 1) how actuaries, as a profession, can play an important role in exploring this immense market opportunity and 2) insurer experience in the African market. There were papers/presentations from:

Lisa Morgan and John D Meerschaert: Health Microinsurance: Healthcare and Incidence Rate Questionnaire, A Tool for Technical Advisors

Janice Angove: Experiences of Traditional Insurers in the Low Income Market.

Peer review (this was a joint session with Education/Professionalism track) — A panel discussion on peer review practice and developments in various countries and actuarial disciplines led by Sam Gutterman (USA), Chair; Hideyuki Yoshida (Japan), Life; Nick Salter (UK), Pensions; Dave Finnis (Australia), Non-Life.

Pension fund investment strategies and models (joint session with the PBSS) — this session explored the strategies for asset liability matching and liability driven investment strategies for pension funds. There were papers/presentations from:

Andrew Claringbold, Mark Jeavons and Ivor Krol: Global Asset Model

Costa Economou and Shaun Levitan: A change in landscape.

Retirement provision in developing economies — In most developing countries pensions have been enjoyed by a minority of people employed in the formal economy. Social security systems serving only a small part of the population have accumulated large unfunded liabilities. The World Bank and other agencies have imposed reforms, including funded individual accounts and, more recently, non-contributory pensions. Funding presents challenges in such countries because of limited investment opportunities and recent turmoil in financial markets has undermined confidence in this approach. The session explored recent experience of pension reform in developing economies and examined possible ways forward.

There were papers/presentations from:

Tsuyoshi Tsubono and Tadaaki Ohno: Issues on propagating, enlightening, providing and supporting the pension system from an actuarial viewpoint

Dr Femi Oyetunji: Privatization of Pensions – the Nigerian Experience

Fabio Giambiagi and Luis Eduardo Afonso: Calculating the social security contribution rate actuarially balanced: an application to the Brazilian case

Carlos O Grushka: Disability and social security in Argentina at the turn of the century.

The impact of the world economic situation on actuarial consulting — The financial crisis has exposed major failures of risk management and regulation in the financial services industry. This session examined the effect of this crisis on life and general insurance as well as the pensions industry. There were papers/presentations from:

Mark Claassen, Bryan Joseph, Ann O'Connell and Alison Tonge: Opening up new horizons: the impact of the global financial crisis on actuarial consulting

Liyaquat Khan: Indian actuarial consulting scenario in the global backdrop.

Walking through moral hazard minefields — As consulting actuaries we become more aware of moral hazard risk than most people and most of us have been exposed to its consequences at some stage in our careers. This session examined the issue and discussed what can be done. There were papers/presentations from:

Colin Mayger: What is Moral Hazard and should pension funds worry about it?

Brent Walker: Walking Through Moral Hazard Minefields.

- All of the papers and presentations are available from the ICA 2010 website along with various photographs taken over the course of the Congress (<http://www.ica2010.com/abstracts.php>)
- I would like to personally thank Mike Codron and his colleagues on the ICA Organizing Committee for their work and dedication in making a success of ICA 2010;

IACA, as in Paris in 2006, held a lunch for IACA members attending the Congress on Wednesday 10 March 2010. During the lunch we announced the winner of the Max Lander Consulting Actuary Lifetime Achievement Award for 2010. This was Klaus Heubeck (Germany) in recognition of his contributions to the public awareness of the work of the actuarial profession and the promotion of the business of consulting actuaries.

IACA Function Subcommittees

- We have been reviewing the membership of each of the IACA function subcommittees, covering Member Services and Development, Publications and Research, Professionalism, and Global Development:
 - Liyaquat Khan (India) will continue as Chairperson of the Member Services and Development Subcommittee
 - Emmanuel Tassin (France) has agreed to continue to serve as Chairperson of the Professionalism Subcommittee
 - John Schubert (United States) has agreed to become Chairperson of the Publications and Research Subcommittee
 - Ibrahim Muhanna (Lebanon) has agreed to be the Chairperson of the Global Development Subcommittee;
- The Asia Pacific Association of Consulting Actuaries (APACA) operates as a separate entity under the aegis of IACA. Hideyuki Yoshida is the Chair of APACA and Liyaquat Khan is Executive Director. I have agreed to continue to serve, pro tempore, as Vice Chair until a new Vice Chair has been appointed;
- The work of the Membership Services and Development Committee (MSDC) under Liyaquat Khan's leadership is of the highest priority. The MSDC is undertaking a re-design of the IACA website in cooperation with Christian Levac at the IAA Secretariat. The MSDC is also working on the development of statements of IACA's Vision, Mission, Values and Strategic Objectives;
- We are also committed to the development of a "Value Proposition Statement" that details the advantages of membership in IACA; this will be used as a means of attracting new members to IACA by demonstrating the positive value of membership.

2012 Joint Colloquium of the IACA, PBSS and IAAHS Sections and other dates for your calendar

The Actuarial Society of Hong Kong (ASHK) has agreed to host the 2012 Joint Colloquium of the IACA, PBSS and IAAHS Sections in Hong Kong, most probably in May of that year. ASHK has formed a 2012 Colloquium Taskforce and Ka Man Wong is representing IACA and ASHK on this Taskforce. I also participated in the first meeting of the ASHK Taskforce and the three Section Chairs will act together as part of the Steering Committee going forward. The ASHK Taskforce and Steering Committee are now proceeding with more detailed planning to cover the program development, marketing, sponsorship and financial arrangements and I will provide more details to you in due course. The IACA Committee would be delighted to see as many members as possible attending the Colloquium.

- The next full-scale in-person meeting of the IACA Committee will take place in Vienna, Austria during the IAA Council and Committee meetings that are scheduled for October 10-13, 2010. In the interim, Committee meetings will be held by teleconference on a regular basis.
- The next Conference of Consulting Actuaries' annual meeting is being held on October 24-27 2010 at the Westin Mission Hills in Rancho Mirage in California. We are liaising with the CCA in terms of providing IACA speakers for some of the sessions and I am sure that the CCA would be very pleased to welcome IACA members to the meeting. For more details please see the CCA website: <http://www.ccactuaries.org/>
- The next Association of Consulting Actuaries conference will take place on February 3-4 2011 and will be held as usual in Gatwick, England. We plan on holding an IACA mini-conference immediately prior to the start of the ACA conference and as usual we would be delighted to see as many IACA members there as possible. More details will follow in due course.
- The 16th East Asian Actuarial Conference will take place on October 10-13 2011 at the Shangri-la Hotel in Kuala Lumpur, Malaysia. Further details are available on Facebook: <http://www.facebook.com/EAAC16th>.

Topical Items

Our very own Executive Director, Margaret Sherwood, recently wrote the Quarterly Review column in the Casualty Actuarial Society's Actuarial Review. She critiqued an interesting book on Enterprise Risk Management. Here is a link to the column for those of you interested in the subject. <http://www.casact.org/newsletter/index.cfm?fa=viewart&id=5906>

In closing, I anticipate that the next two years offer us exciting opportunities to expand the membership and services of IACA, to work with each of the Function Subcommittees, APACA, and our counterparts at PBSS and IAAHS and other IAA Sections. We can all look forward to collaborating with ASHK as we prepare for a successful 2012 Colloquium in Hong Kong.

I welcome any comments and/or offers of support/ideas from members. Please, therefore, do not hesitate to contact me.

Regards

Ken Buffin

IACA Chairperson