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This Special Newsletter reports on the discussions and action items arising from the IAA Council and committee meetings held in Zürich from April 7–12, 2015. The meetings, broken down into 51 different groups filling 84 time slots, were attended by a record number of 325 delegates representing 55 countries.

Attendance included the following 17 special guests:

- Financial Reporting Council (FRC): John Instance;
- Financial Stability Institute (FSI): Jeffery Yong;
- Geneva Association (GA): Maja Mikos and Kathrin Hoppe;
- International Association of Insurance Supervisors (IAIS): Felix Hufeld, John Maroney, Jules Gribble, Mark Causevic, Daniel Hofmann;
- International Labour Organization (ILO): Craig Churchill;
- International Social Security Association (ISSA): Simon Brimblecombe;
- Swiss Financial Market Supervisory Authority (FINMA): Thorsten Pfeiffer, Marc Radice, Monica Maechler;
- European Actuarial Academy GmbH: Martin Balleer;
- Allianz SE: Reinhard Eckl; and
- ETH Zürich, Department of Mathematics: Prof. Dr. Paul Embrechts.

PRESIDENT’S REPORT

President Fred Rowley’s report to Council focused on the following points:

- Outreach activities, comprising meetings with and/or presentations to supranational and other external organizations, to provide actuarial input on matters of importance and to update on the work of the IAA;
- Recent public statements, including comments to the IAIS on the Risk-based Global Insurance Capital Standard, to the FRC on its new framework for Technical Actuarial Standards, and to the International Accounting Standards Board (IASB) on its discussion paper Reporting the Financial Effects of Rate Regulation; and
- Analysis on the Risk of Ebola, a paper published by the Health Committee.

President Rowley stressed that the IAA’s work was not and should not be restricted to its twice-yearly meetings – much of this was evidenced by the high number of conference calls held between meetings, totalling on average 150. He also expressed the IAA’s gratitude to its 800-plus volunteers who contribute towards progressing the mission of the IAA.

COUNCIL

Guest Speaker

A highlight of the Council meeting was an address by Felix Hufeld, Chairman of the Executive Committee of the IAIS. He discussed some of the IAIS’ key strategic goals over the next five years, the most challenging of which is the development of the common framework for internationally active insurance groups (ComFrame), which includes the global insurance capital standard (ICS).

Mr. Hufeld said that the IAIS would be seeking more intensive input and collaboration with the IAA on a wide range of IAIS projects, including a forthcoming review of the IAIS Insurance Core Principles, the proposed Group-wide Actuarial Function for internationally active insurance groups, the relationship between the actuary and the auditor, and the proportionate regulation of inclusive insurance providers. He also praised the IAA’s work on International Standards of Actuarial Practice (ISAPs), which continues to progress in parallel with the ICS work, and on other areas of common interest.
Items approved by Council
The slides from the Council meeting are available [online].
- Final International Standard of Actuarial Practice (ISAP) 3 – IAS 19 – Employee Benefits;
- Changes to Internal Regulations re Membership Criteria; and
- Due Process for Making a Public Statement.

SEMINARS ON RISK MANAGEMENT, EDUCATION, MORTALITY, AND STANDARDS
Four seminars were hosted on the topics of insurance risk management; a proposed new syllabus and set of education guidelines for qualified actuaries; mortality; and, actuarial standards. All of the seminars were well attended, and included participants from the IAIS, BIS, and GA, plus actuaries, local regulators, and academics. Please click here for more information.

DINNER
On April 10, the Association Suisse des Actuaires (ASA) hosted an enjoyable dinner at the Swiss Re offices. During the pre-dinner reception, Michel Liès, Chairman of Swiss Re welcomed guests to Zürich and wished all IAA delegates productive meetings. Paul Embrechts, Professor at ETH Zürich recognized Hans Bühlmann, in this year of his 85th birthday, for his countless actuarial accomplishments. Hans is Honorary Chairman of the ASTIN Section, honorary member of many actuarial associations, and a prolific author. Among his numerous recognitions, Hans is one of two actuaries who received the IAA Medal. This medal is a mark of special recognition awarded to an individual who, during a career of distinction, has made a significant contribution to the actuarial profession at the international level.

SESSION ON THE IAA
A presentation by President Fred Rowley provided an overview of the work of the IAA.

OUTCOME OF COMMITTEE AND WORKING GROUP MEETINGS
The minutes of the meetings below will be posted on the website in due course.

Actuarial Standards Committee (ASC)
Alf Gohdes, Chairperson
The ASC was very pleased with Council’s approval of the ISAP 3 relating to IAS 19, Employee Benefits. To facilitate the understanding of its content by IAA member associations, the ASC, together with its IAS19 Task Force, will be presenting a webcast on the model standard in the near future.

There are five further model ISAPs under development as follows.

1. ISAP 4 will deal with actuarial services in relation to the upcoming international financial reporting standard (IFRS) on insurance contracts. The task force, chaired by Micheline Dionne, has worked hard on the ED during the period leading up to Zürich and engaged with the ASC during its two meetings there. Subject to the IASB’s progress in finalizing the IFRS itself, the ISAP is scheduled for completion in 2018.

2. The task force on ISAPs 5 and 6, which deals with different aspects of insurer enterprise risk management and is chaired by Dave Ingram, has also been working hard on the ED for ISAP 5. Various points were discussed with the ASC during its two meetings in Zürich. ISAPs 5 and 6 are scheduled for completion in 2016 and 2017 respectively.

3. ISAP 7 is intended to deal with the Basic Capital Requirement and, possibly, the ICS proposed by the IAIS, to be applied to the 10 or so global systemically important insurers and the internationally active insurance groups (about 60 companies) respectively. The task force, chaired by Andrew Chamberlain, also aired important elements of the ED with the ASC and is scheduling completion for 2017.

4. In recent discussions, the ASC has suggested to the EC that it should create a new ISAP on the governance of models instead of covering the subject in several ISAPs. Although associated with ISAP 1 from the point of view of the subject matter, a separate ISAP (ISAP [1A]) is being targeted in order not to disturb any processes that member associations are running to adopt ISAP 1. This ISAP is scheduled for 2017.

Accreditation Committee
Ken Hohman, Chairperson
Discussion took place on the annual confirmation form, the membership criteria checklist, and professional actuarial association’s eligibility for IAA membership. The committee noted the approved changes to the accreditation criteria in the Internal Regulations, which were later approved (with minor amendment) by Council.

In accordance with Section 2.7.3 of the International Regulations (see link above), the Accreditation Committee informed Council of the termination of the membership of Institute of Actuaries—Cameroon, because of its non-payment of dues.
Advice and Assistance Committee (A&A)
The Accreditation Committee presented A&A with the information received in response to the Associate Members’ 2014 confirmation form as well as information on the assistance requested by various Associate Members towards attaining Full Member status or moving the profession forward within their jurisdiction. It was emphasized that the natural way of responding to the Associate Members’ needs is through the work of the A&A subcommittees.

The results of the Effectiveness of Committees Survey were shared. Subsequently, subcommittee chairpersons were asked to encourage their members to participate in this annual survey.

A&A subcommittees continue to work actively within their respective regions:

- Three regional seminars are scheduled for this year: Azerbaijan, Ghana, and Thailand.
- The Africa Subcommittee continues to work with association representatives from different countries. In this respect, it is currently supporting the Actuarial Society of Ghana with the organization of the 4th African Actuarial Congress.
- Members from the Asia Subcommittee have met with association leadership and regulators from various countries and have provided advice on capacity building in their region.
- The Eurasian and Middle East Subcommittee had its first face-to-face meeting in Zürich. It agreed that peer-to-peer activities among neighboring countries will be paramount to achieve the goal of developing associations.
- The Latin America Subcommittee continues to assist local associations that have expressed an interest in applying for Full Member status, namely Chile, Peru and Central America, and is looking into the possibility of assisting Peruvian stakeholders on the creation of an actuarial science education program at the university level.

Audit and Finance Committee
Mike McLaughlin, Chairperson

The IAA Treasurer, Rob Brown, presented on the 2016 pro forma budget, the ICA 2014 surplus and the proposal for a no dues increase in 2016.

Education Committee
Klaus Mattar, Chairperson

The committee hosted an Education and Syllabus Review Seminar, which covered almost a day of meeting time. The committee was privileged to have 90 people participating in the seminar from all over the world, which is believed to be the biggest education gathering organized by the IAA.

The committee approved the paper entitled Deriving Value from the ORSA—Board Perspective, prepared by the joint Own Risk and Solvency Assessment (ORSA) Subcommittee, which had already been approved by the Insurance Regulation Committee, the other parent committee. The EFRC discussed an updated draft of the International Actuarial Note on Enterprise Risk Management (ERM). Another activity undertaken by the EFRC is the creation of an ERM knowledge base, which should become a reference source of risk management-focused educational, academic, research and business-related material. An editorial board will be created to help with the evaluation of the material to be included. The meeting concluded with an update on current developments in the risk field including regulation and a report from the Global CERA association.
Executive Committee (EC)
Fred Rowley, Chairperson

The EC met on April 9 and 12. During these meetings, it considered reports from the Strategic Planning Subcommittee (SPS) and Branding and Communications Subcommittee (BCS), and also from the Education Syllabus Review Task Force on the seminar that took place April 8–9. The Supranational Relations Committee was formally disbanded and an update was provided on supranational activities, including Memoranda of Understanding.

The EC also discussed other topics, including: Committee Structure, Role of Sections, Full Member Associations engagement plan, and approved the branding action plan, as presented by the BCS.

Health Committee
Emile Stopp, Chairperson

The Health Committee reported that it had launched its document library on the website and that it was working with the Health Section, which is also developing its own library, to create synergies and avoid duplication of efforts. The committee was also pleased to learn that a presentation by Cecil Bykerk on the recently released paper on Ebola risks had been well received by the US National Association of Insurance Commissioners. In addition, the committee has developed briefing notes specifically for healthcare actuaries on various supranational organizations, which will be discussed with these organizations, and then released to member organizations. As part of its review of the 2015 work plan, the committee recommended developing education guidelines in healthcare to supplement the proposed revised IAA Education Syllabus; this will be taken up with the Education Committee. The committee also decided to develop a paper on genetic testing and personalized medicine, and will discuss the focus and content of this with other IAA Committees.

Insurance Regulation Committee (IRC)
Dave Sandberg, Chairperson

The committee approved the paper entitled Deriving Value from the ORSA—Board Perspective, prepared by the ORSA Subcommittee. Discussion also took place on the positive and constructive feedback received on the seminar and the Risk Book chapters. Plans were made to work on revisions so that many of the chapters could be available later this year. This project is intended to benefit the broader IAA goals to provide an international structure and guidance to enhance the supervision of insurers.

Pensions and Employee Benefits Committee (PEBC)
Tom Terry, Chairperson

The PEBC met twice and discussed an extensive agenda of topics covering accounting, funding, plan design, the global economy and historically low interest rates, and various national developments relevant to the global community. The IAA’s strategic objectives were a priority as the committee worked through its agenda and discussed the progress of committee projects. Various guests attended the meetings, including a representative of the IASB as well as an economist and expert on global markets and interest rates. An informative briefing was also received on the state of pensions and the actuarial profession in the host country of Switzerland. Some of the specific meeting highlights are:

- Yasuyuki Fujii, Chairperson of the ASC’s IAS 19 task force, provided an update on the group’s most recent work, ahead of the approval of ISAP 3 by Council. The committee recognized the current and earlier members of the task force and applauded their excellent efforts over the last several years.
- Tim Furlan, Chairperson of the Pensions and Benefits Accounting Subcommittee, reported on the activity of this group over the preceding months, particularly in working with staff at the IASB on a variety of challenging pension accounting topics.
- Akemi Miura of the IASB staff joined us to report on a number of relevant pension-related accounting developments at the IASB. Her participation in the full meeting’s discussion of accounting and other broader financial topics related to pensions was widely welcomed.
- Esko Kivisaari reported on the status of ongoing projects with the Organization for Economic Cooperation and Development (OECD) and the International Organization of Pension Supervisors. The IAA’s relationship with both groups continues to develop. The Memorandum of Understanding with the OECD is due to be renewed this year and the committee affirmed its desire to renew and strengthen ties with the organization. The committee suggested the establishment of a joint subcommittee with the Insurance Accounting Committee to increase the level of support for current and emerging projects with the OECD.
- Several committee members agreed to review the latest International Monetary Fund’s book, A Guide to Stress Testing: Methods and Models, with a focus on the pension stress-testing chapter.
- Philip Shier reported on relevant pension developments in the European Union and the related activities of the Actuarial Association of Europe.
- Urs Barmettler made an excellent presentation to the committee on the state of pensions in Switzerland, with a particular focus on actuarial topics such as measurement issues associated with the current low (and even negative) interest rate environment and the various associated challenges.
- Dr. Bob Swarup, an invited guest from the UK, presented an intriguing (and sobering) look at today’s world economy, in the context of economic history and the associated uncertainty. This presentation triggered a good committee discussion of the challenges of maintaining programs consisting of long-term promises in such tumultuous economic times.
- Charles Cowling, chairperson of the working group that is developing an educational pension funding monograph, briefed the committee on its status and identified work to be accomplished in advance of the next IAA meeting in Vancouver.
- Magne Nilsen of Norway invited committee members to attend the upcoming (June 2015) Colloquium in Oslo. The Pensions, Benefits and Social Security Section (PBSS) is joining with other IAA Sections to organize this event.
- The committee discussed various ideas for webcasts in 2015, some of which might be conducted in conjunction with the PBSS and/or the ASC.
- Finally, committee members participated in a stimulating “round robin” discussion of national pension developments. These included developments in funding matters, plan design, and the often-related legislative and regulatory changes.
Population Issues Working Group (PIWG)
Assia Billig, Chairperson

The PIWG has focused its discussions on the draft paper on the impacts of increasing retirement ages. The members responsible for producing individual chapters presented its content and the steps needed to finalize each chapter were defined. It was agreed that the next draft will be prepared for the following meeting in Vancouver, and the content will be presented to the delegates outside the PIWG. The working group has also agreed that the terms of reference for the next project on the demographic impacts on long-term care will be prepared in time for the next meeting.

Professionalism Committee (PC)
David Martin, Chairperson

There was good discussion and further work was agreed on a number of key issues—the use of ISAP model standards (both Due Process for the production of those in preparation, and monitoring the use by associations of those in place), educational notes and international actuarial notes, cross-border discipline issues, business ethics for actuaries, the professionalism aspects of the new education syllabus, and the review and classification of the IAA professionalism guidelines for Full Member Associations. There was also a good debate on professionalism for actuaries in non-traditional fields. A conference call is planned before the Vancouver meeting in October to measure progress on the initiatives, and steps forward in these areas are anticipated at that meeting.

Scientific Committee (SC)
Thomas Béhar, Chairperson

The Scientific Committee discussed a proposal from the Resource and Environment Working Group for the IAA to apply to become a supporting institution of the United Nations Environment Programme Finance Initiative for Sustainable Insurance, and will recommend this proposal to the EC. The committee also reviewed a proposal from the Mortality Working Group (MWG) regarding the International Experience Study which aims to assist actuaries in conducting mortality and persistency experience studies in countries which do not yet have established processes in place for this function. The MWG was asked to provide additional information. The committee continued the discussion of creating new working groups in the areas of banking and big data.

Social Security Committee (SSC)
Junichi Sakamoto, Chairperson

Two presentations were made. Guest speaker Anton Streit, former Director of Old Age Insurance Department of the Federal Government, presented on the retirement pensions in Switzerland. He said that social security actuaries are deeply involved in the reform discussions, such as the raising of the pensionable age and benefit amendments. Committee member, Aldona Skucaite, made a presentation on the social security pension system in Lithuania, where the introduction of indexation and linking the pensionable age to longevity are being discussed.

A discussion took place on the work plan, where the topic of metrics of sustainability was proposed. Rob Brown also raised the issues of the International Monetary Fund’s request for calculation by member countries to indicate unfunded liabilities of social security and of the World Bank’s launching the usage of the title Actuarial Analyst introduced by the Institute and Faculty of Actuaries.

OUTCOME OF SECTION COMMITTEE MEETINGS

Actuaries Without Borders (AWB)
Doug Carey, Vice-chairman

The AWB Section Committee conducted its Annual General Meeting on April 11. Four newly elected members were welcomed to the committee: Steven Camilli, Ignacio del Barco, Thierry Poincelin, and Emiliano Valdez. A report including past and ongoing projects and activities of the section was provided.

Health Section (IAAHS)
April Choi, Chairman

The meeting focused on the three topics designed to bring value to IAAHS members: webinars, the IAAHS library, and the 2016 Joint Colloquium.

The second of a series of joint webinars organized by the IAAHS and the American Academy of Actuaries’ (AAA) Health Practice International Task Force, to be held on May 13, will feature representatives from South Africa and the United States. Emile Stipp (Chairperson of the IAA Health Committee) and Tom Wildsmith (President-Elect of the AAA) will discuss the successes and challenges that South Africa and the United States, respectively, have experienced in identifying and addressing healthcare cost drivers. Additional webinars will be held in June, September, and November, and further details will be included in IAAHS announcements.

Thanks to the good work of committee members and topic team leaders, more than 130 articles have been coded and are ready to be uploaded to the IAAHS library. Tar Badaf, Aldona Skucaite, Christian Levac, Tishan Clarke, and April Choi have been diligently working on the database structure, input forms, and the website for several months, and the first phase is close to completion. More teamwork will be required on populating additional items, improving reporting and searching capabilities, and promoting the library to members.

Work is progressing on the June 2016 Joint Colloquium—with the PBSS, International Association of Consulting Actuaries (IACA) and International Pension and Employee Benefits Lawyers Association (IPEBLA)—to be held, in conjunction with the Canadian Institute of Actuaries’ (CIA) own convention, from June 27–29 in St. John’s, Newfoundland, Canada. An excellent work plan was put in place by the sponsorship subgroup led by Eduardo Lara. Adrian Baskir and Cheng Hock Chi, representing the IAAHS on the Scientific Program Committee, were finalizing exciting topics to be included in the Call for Papers announcement.

In addition to the above three topics, Cheng Hock Chi provided the treasurer’s update on IAAHS’ financial status. April Choi reminded the committee to start planning for 2016. She also encouraged committee members to learn more about IAA activities and to attend future meetings in person.

International Association of Consulting Actuaries (IACA)
Margaret Tiller Sherwood, Chairman

The IACA focused on its continuing education activities. It is continuing its newsletter, webcasts, and annual scientific program with a new IAA member, the Association of Consulting Actuaries (UK). The IACA programs are set for the upcoming Joint Colloquium with the IJALs and PBSS in Oslo in June 2015, and with the ASTIN and AFIR/ERM in Sydney in August 2015. The call for papers for the June 2016 Joint Colloquium will be issued soon. The St. John’s meeting will include IACA’s Biennial General Meeting and the election of new IACA Committee members.

Special Newsletter
April 2015

International Actuarial Association

April 2015

Special Newsletter
International Actuarial Association
PRESIDENT’S FORUM

The Presidents’ Forum held on April 11 was attended by the Presidents (or a senior member of the current leadership) of 40 Full and Associate Member associations.

The featured guest speaker was Craig Churchill, Chief of the Social Finance Programme at the International Labour Organization. Craig spoke about the value and viability of microinsurance, looking at the ways in which it can improve social outcomes including access to and utilization of health services, and stimulate investment. Explaining that different initiatives offered varying levels of profitability, he praised competition in the microinsurance market for rationalizing pricing and motivating innovation and clients’ focus. He added that microinsurance offers a number of benefits for providers, including opportunities to demonstrate their social responsibility, access new markets, and establish brand loyalty with emerging consumers.

In addition, there were presentations on: the Certified Actuarial Analyst Qualification by Jane Curtis of the Institute and Faculty of Actuaries; proposed changes to the IAA education syllabus by Andrew Gladwin and Bozenna Hinton of the Education Committee; and an actuarial perspective on systemic risk by Lutz Wilhelmy of Swiss Re.

Errol Cramer, Jacques Tremblay and Bob Miccolis (respectively President of the SOA, CIA and CAS), presented the idea of the state of the profession survey. The idea was generally well received and the IAA will consider the feasibility of making this an IAA project.

NEXT MEETINGS

The next meetings of the IAA Council and Committees will take place at The Westin Bayshore in Vancouver from October 14–18, 2015, at the invitation of the Canadian Institute of Actuaries. Details will be provided as preparations progress.

We look forward to seeing you in Vancouver!