



EXCITING TIMES IN HYDERABAD!

This Special Newsletter will give you a quick report on the discussions and action items arising from the recent IAA Council and Committee meetings held in Hyderabad, India from November 12-15, 2009.

PRESIDENT'S REPORT

The [President's report](#) provides a good overview of the IAA's involvement with various bodies at the international level.

SECRETARY GENERAL'S REPORT

The [Secretary General's](#) report focused on the following areas:

- The IAA Secretariat, including personnel, activities and office space
- Web activities
- 2010 International Congress of Actuaries
- Outreach activities
- A detailed report on finance and accounting and identification of the cost drivers in increases

ENTERPRISE RISK MANAGEMENT DESIGNATION

A very exciting development during the course of the meetings in Hyderabad, India was the signing of a Treaty by 14 Full Member associations of the IAA in support of the introduction of a global qualification in Enterprise Risk Management (ERM) for members of the actuarial profession. Congratulations to Fred Rowley (Australia), assisted by Harry Panjer (Canada), as the primary leaders of this initiative!

Under this Treaty, a credential will be granted by a number of awarding associations. Courses and examinations will be offered internationally, to a common syllabus and quality-assurance standards. Course themes will include skepticism towards financial engineering, wariness on gearing, diversified investments, the importance of liquidity and the virtues of longer-term time horizons.

IAA Special Newsletter

December 2009

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OFFICERS — 2009

Katsumi Hikasa, President

Yves Guérard, Secretary General

Paul Thornton, President-Elect

David G. Hartman, Immediate Past President



From left to right: President-elect Ralph Blanchard, Casualty Actuarial Society (USA); Malcolm Campbell, Svenska Aktuarieföreningen (Sweden); President Nigel Masters, Institute of Actuaries (UK); President Tsutomu Igarashi, Institute of Actuaries of Japan (Japan); President Mike McLaughlin, Society of Actuaries (USA); Eberhard Müller, Deutsche Aktuarvereinigung e. V. (DAV) (Germany); Fred Rowley, Chair of the CERA Global Steering Group, Institute of Actuaries of Australia (Australia); President Bob Howard, Canadian Institute of Actuaries (Canada); Juan Carlos Padilla, Colegio Nacional de Actuarios A. C. (Mexico); President-elect Peter Doyle, Actuarial Society of South Africa (South Africa); President Rajish Sagoenie, Het Actuarieel Genootschap (Netherlands); President Ronnie Bowie, Faculty of Actuaries (UK); President Thomas Béhar, Institut des Actuaire (France)



The signing associations are: Institute of Actuaries of Australia, Canadian Institute of Actuaries, Institut des Actuaire (France), Deutsche Aktuarvereinigung e. V. (Germany), Israel Association of Actuaries, Institute of Actuaries of Japan, Colegio Nacional de Actuarios A.C. (Mexico), Het Actuarieel Genootschap (The Netherlands), Actuarial Society of South Africa, Svenska Aktuarieföreningen (Sweden), Institute and Faculty of Actuaries (United Kingdom), Casualty Actuarial Society, Society of Actuaries (United States).

The promotion and support of this project fulfils one of the key strategic objectives of the IAA and it is hoped that other member associations will join the Treaty at a later stage.

The IAA Officers are discussing with the Treaty participants the most appropriate form for future IAA support for the new designation, and will recommend whatever changes are needed in the IAA.

IAA VIRTUAL LIBRARY: A MUST KNOW FOR ALL ACTUARIES

The meetings in Hyderabad were a great revelation! We learned that many actuaries are interested in an actuarial library that would regroup actuarial publications globally. We were very pleased with this request as such a [tool](#) is already in place on the IAA Website. Explore this tool through our home page. To learn more about how it works and what documentation is available, logon to the following presentation given in Hyderabad: www.actuaries.org/CSO/Documents/Hyderabad_VirtualLibrary.pdf

COUNCIL

Voting Rights represented at the Council meeting (including ballots and proxies): 95 out of 133 (71.43%)

Ballots: Hrvatsko Aktuarsko Društvo (Croatia), Česká Společnost Aktuárů (Czech Republic), Eesti

Aktuaaride Liit (Estonia), Society of Actuaries in Ireland, Slovenian Association of Actuaries, American Society of Pension Professionals & Actuaries (United States)

Proxies: ASTIN, Association Royale des Actuaire Belges (Belgium), Deutsche Aktuarvereinigung (Germany), Life Section, New Zealand Society of Actuaries, Polish Society of Actuaries, Instituto de Actuarios Españoles (Spain)

Council approved the recommendation to elect Cecil Bykerk (United States) as President-Elect of the IAA for 2010.



We were honoured by the presence of Rob Curtis, Chairman of the IAIS Solvency & Actuarial Issues Subcommittee, and Chinu Patel, Delegate to the OECD Working Party on Private Pensions, both of whom had accepted our special invitation to participate in our meetings in India.

The proposed budget for 2010, comprising expenses of CA\$1,354,500, was adopted as presented. An [analysis](#) showing the relationship with the strategic objectives was prepared by the Secretariat. The new Executive Committee will benefit from basic management information to monitor the results and will be better equipped to review the budget requests submitted by the various committees with regards to the priorities.

Council appointed the firm of Watson Folkins Corey LLP as the IAA auditors for 2010.

All other decisions by the Council are reflected in the Committee and Section updates below.

PRESIDENTS' FORUM

The Presidents' Forum met on November 14 and was attended by the Presidents (or a senior member of the current leadership) of 25 Associate and Full Member associations. It discussed such issues as the IAA Strategic Plan and its implementation, Solvency II, IASB developments and the IAA's work in relation to international actuarial standards. The Presidents' Forum will meet again in Cape Town on March 5.

MICROINSURANCE FIELD TRIP – NOVEMBER 11, 2009

The IAA Microinsurance Task Force maximized on the IAA meetings taking place in Hyderabad, India – one of the countries in the world where microinsurance has had a very important development – to organize a field visit, with the support of the International Labour Organization (ILO) through the Microinsurance Innovation Facility (MIF).



Some background:

ILO (www.ilo.org)

Housed at the International Labour Organization's Social Finance Programme, the Microinsurance Innovation Facility seeks to increase the availability of quality insurance for the developing world's low-income families to help them guard against risk and

overcome poverty. The Facility was launched in 2008 with the support of a grant from the Bill & Melinda Gates Foundation.

SKS (www.sksindia.com)

Launched in 1998, SKS Microfinance is one of the fastest growing microfinance organizations in the world, having provided over US \$2.05 Billion (9,840 Crore) and has maintained loans outstanding of US\$671 Million (Rs 3,222 Crore) in loans to 5,301,181 women members in poor regions of India. Borrowers take loans for a range of income-generating activities, including livestock, agriculture, trade (such as vegetable vending), production (from basket weaving to pottery) and new age businesses (Beauty Parlor to photography). SKS also offers interest-free loans for emergencies as well as life insurance to its members. Its NGO wing, SKS foundation, runs the Ultra Poor Program. SKS currently has microfinance branches in 19 states across India. SKS aims to reach 15 million members by 2012. In the past year alone, SKS Microfinance has achieved nearly 170% growth, with 99% on-time repayment rate.

With the support of Mary Yang (an actuary working for the Facility in Geneva) and Clemence Tatinjaleran (who also works for the Facility in India), SKS hosted 4 visits to 8 SKS branches in the surroundings of Hyderabad.

Twenty (20) IAA actuaries, divided into 4 groups, visited the branches (2 branches per group) and witnessed how the microfinance world works in real life and how microinsurance is offered and handled in this population segment.

"I was impressed with the organization SKS, and how well it seems to have developed an efficient approach for record-keeping and loan/premium collection recognizing the small amounts involved, and the way in which they've achieved buy-in to the model from their customer base, including the ritual of repeating an oath to the process at the beginning of each meeting. The poise of the village women, and the degree of mutual support and reliance

among them, was impressive. Also noteworthy, although disappointing from a male point-of-view, was the fact that the women were held to be far more trustworthy than the men, and only women were deemed worthy borrowers, partially given the greater degree of mutual trust among women. Finally, I hadn't realized that "micro-finance" actually involves players from Big Business, venture capitalists, etc. That is not necessarily a bad thing; if anything the more the better to continue to develop the model to reach this market segment, but generating a price competitiveness in the process." Dave Pelletier, Canada



Microinsurance has had a strong development in India, but there are many other developing countries in the world where it is growing. Other nations in Asia, Africa and Latin America have been experimenting with very interesting success stories.

"I was tremendously impressed by the Center meetings. They were extremely well organized and very businesslike. Even with a large group – 30 people – in one hour they were able to complete all of the financial transactions, reconcile the accounts, discuss and deliver loans, have a discussion of financial matters, answer some questions from us, and take some program feedback from the participant. Everyone was very respectful of one another's time, and one another's privilege to say something.

I was impressed at how well the products and operations of the program were fit into the culture and dynamic of the village. Very interested in the pivotal role of the women in this process. Even though many of the loans were for the business of the man of the family, the financial management was clearly in the hands of the women.

I was interested and surprised to learn that a for-profit company is running this micro-finance/micro-insurance program. I had expected it to be a non-profit. I was impressed at the actuarial, financial, and practical challenges of starting up such a program with no real historical data.

At a more human level, I was impressed at how neat and tidy the village, home, and schoolyard were, even though operating at a very low financial level. Virtually every woman I saw was beautifully robed. The traffic, on the other hand, was terrifying, although the patterns of driver behavior seemed to be very well understood by the other drivers." Bob Conger, USA



Actuaries have a lot to do in this field. An emerging insurance industry is there and needs the support of our profession to ensure its feasibility in the future.

"Before the tour I knew little, but had read a few news items and have a friend in San Juan who translated the Munich Re book into Spanish.

During the tour I was impressed with the professionalism and heartfelt commitment of branch and regional staff to the program and the customers. I was also impressed with the sincerity and openness of the process, including the customer participation. A very different and 'grass roots' style of personal financial risk management and planning. Apparently effective at the branch that we visited; else, there would have been changes in the 10 years of operation other than growth and its management.

I am now motivated to learn more, starting with reading two books by Dr. Muhammad Yunnus."
Mike Smith, USA



Microinsurance is a new field for us. The IAA has to be more deeply involved in this emerging area. Hopefully, through the course of our meetings in South Africa, we will continue moving forward.

We express our most sincere and deep gratitude to Mary and Clemence as well as to Vinay Golem from SKS and his fantastic group of colleagues who organized this marvelous visit!

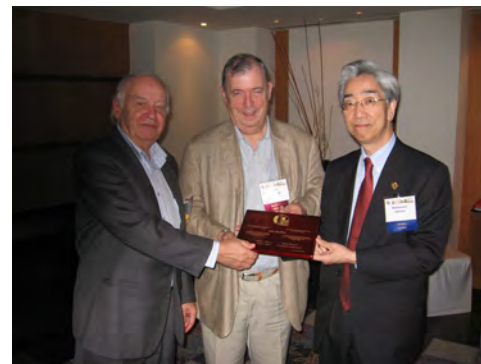
Luis Huerta,
Chairperson, Microinsurance Task Force

COMMITTEE TERMS OF REFERENCE

Council approved revised Terms of Reference (TORs) for the [Insurance Accounting Committee](#), the [Actuarial Standards Subcommittee](#) and the [Education Committee](#). The Task Force on Mortality was disbanded and a [Mortality Working Group](#) was created with revised terms of reference, but with the same membership.

OUTGOING CHAIRPERSONS RECOGNIZED

Council recognized the valuable contribution of four volunteers:



Jean Berthon, Chairman of the AFIR Section since 2000



Ibrahim Muhanna, Chairperson of the Member Services Committee since 2006



Rolf Stölting, Chairperson of the Insurance Regulation Committee since 2007

Stuart Wason, Chairperson, Solvency Subcommittee of the Insurance Regulation Committee since 2004

APPOINTMENTS

Council approved the following appointments:

Accreditation Committee

Erik Alm (Sweden), Co-Vice-Chairperson

Latin America Subcommittee (Advice and Assistance)

José Luis Lobera (Mexico), Chairperson
Howard Bolnick (United States), Vice-Chairperson

Insurance Regulation

Toshihiro Kawano (Japan), Chairperson
Lutz Oehlenberg (Germany), Co-Vice-Chairperson
Jim Rech (United States), Co-Vice-Chairperson

Solvency Subcommittee (Insurance Regulation)

Henk van Broekhoven (The Netherlands), Chairperson
Allan Brender (Canada), Vice-Chairperson

Member Services

Tom Ross (United Kingdom), Chairperson

Pensions and Employee Benefits

Tom Terry (United States), Co-Vice-Chairperson

Accounting Standards Subcommittee (Pensions and Employee Benefits)

Tim Furlan (Australia), Co-Vice-Chairperson

IACA Section

Michael Toothman (United States), IAA Delegate

The [full deployment chart](#) with dates of appointment, reappointments, and end of term is available for consultation online.

INTERNAL REGULATIONS

The motion to amend Article 2 of the [Internal Regulations](#) with respect to the criteria for membership in the IAA was approved, with the following minor modification to the second sentence of the first paragraph in Article 2.1.9 (added words in yellow highlight):

Unless the Accreditation Committee subsequently determines that the association meets membership requirements, the membership of the association will be terminated ...

THE WORK OF COMMITTEES AND SECTIONS

More details are available through the minutes of the various committee meetings that are posted to the Website as they become available.

In advance of the Council meeting, all Committees and Sections were invited to submit a written report on their activities since the meetings in Tallinn, Estonia, in May 2009. Below are the highlights of their discussions in Hyderabad, along with a link to their full written report which provides additional details.

Accreditation

Chris Lewis, *Chairperson*

The ad hoc Self-Assessment Working Group (SAWG) of the Accreditation Committee considered its progress in reviewing the completed self-assessment questionnaires received from Full Member associations. The purpose of the questionnaire was to determine if association documentation continued to meet IAA membership requirements. The SAWG then reported back to the Accreditation Committee. Other matters covered by the Committee included a review and recommendation to Council of the membership



application by an Associate Member to become a Full Member, a discussion on potential new Full Member associations and a review of completed Annual Confirmation Forms and outstanding dues for the year 2008 and 2009 respectively.

Pre-meeting Report

Advice and Assistance (A&A)

Bob Conger, *Chairperson*

Increasingly, the A&A Committee is using regionally-focused subcommittees to monitor developments, develop relationships, interact with parties interested in the development of the actuarial profession, participate in meetings and seminars, and provide advice and assistance on particular aspects of the profession as requested. With the decision in Hyderabad to create an Asia Subcommittee, we now have subcommittees focused on Africa, Latin America, China, and Asia (other than China). The staffing of these committees is primarily by actuaries who themselves or on behalf of their associations, have particular contacts, interests, or activities in the region.

The primary discussion and activity areas of these regional subcommittees in recent months have been the development of methods and resources to deliver or support basic actuarial education in actuarially-developing countries in the region; and, in collaboration with the IAA Fund, the participation in events that bring together actuaries (and other interested parties) from several countries, promote the actuarial profession in general in a country or region, or discuss the particular roles of the actuary.

The responsibility to consider, pursue, and develop an international actuarial education program, which had been assigned to a separate IAA committee several years ago, will be returned to the A&A Committee after this meeting, based on actions taken in other committees.

The IAA Fund continues to rely on voluntary contributions from IAA member associations (and

other entities) to support the cost of conducting meetings in various localities and to support the cost of bringing actuaries from developing associations to such meetings.

In light of the large number of delegates from actuarially-developing countries that are expected to participate in ICA 2010 in Cape Town in March 2010, the A&A Committee plans to conduct several outreach activities during the Congress, including dissemination of printed information about the support available from the IAA, an evening reception for delegates from such countries, and one or two Congress sessions targeted at these delegates.

The A&A Committee and Secretariat Staff are continuing the development of various informational materials for potential and developing associations, and are continuing to reach out to each such identified group to encourage and foster their development and their participation in IAA. This includes an Information Kit containing a broad array of relevant information, and various more specific discussion documents.

Pre-meeting Report

Audit and Finance

Curtis Huntington, *Chairperson*

Pre-meeting Report

Education

Mary Frances Miller, *Chairperson*

The ad hoc Education Assessment Working Group of the Education Committee, having now completed its work, was disbanded with thanks.

Pre-meeting Report

Enterprise and Financial Risk (EFRC)

Tony Coleman, *Chairperson*

Recent developments arising from the Global Financial Crisis (GFC)

EFRC reviewed recent regulatory developments relevant to Enterprise Risk Management (ERM) and the GFC, including outcomes from the Recent



G20 meeting in Pittsburgh (United States). A framework for managing systemic risk that is under development by the American Academy of Actuaries (and others) was presented based on identifying and describing the critical elements of objectives, participants, risk appetite, risk mitigation alternatives and feedback processes. The committee saw the framework as an extremely useful tool, and encouraged its further development.

The latest developments in Europe and elsewhere, where the banking industry still dominates the post GFC debate, were discussed. In particular there is an acute concern about banks that are “too big to fail”, which is leading to the forced break up of larger financial institutions. Within the EU, the De Larosière recommendations have led to the establishment of a European Systemic Risk Board and the strengthening of European-wide bodies such as CEIOPS. Solvency 2 continues to develop, but there is still no real consensus on how to deal with the issue of pro-cyclicality. Within international banking regulatory forums, various ideas on dynamic capital adequacy rules are being discussed and the IASB is proposing changes in the accounting for impaired loans which will help reduce pro-cyclicality, but further work on these initiatives will be needed. EFRC also noted the US commitment (as a member of the G20) to using Basel II for its bank regulation going forward as an important consequence of the latest G20 meeting.

EFRC noted that these developments in the banking industry represent a significant potential opportunity for the actuarial profession as the principles involved share much in common with actuarial practice in other areas.

Other issues discussed include:

- (i) conflicting agendas and a divergence of views on some accounting standard issues between G20 members,
- (ii) the relatively fragile state of the global economy,
- (iii) the political sensitivity of the executive remuneration issue, and

- (iv) the need to resolve the conflict between the desire in some quarters to break up larger banks and the general need for increasing capital adequacy in the banking industry (which is often achieved more easily by merging weaker banks with stronger ones).

Comprehensive Actuarial Risk Evaluation (CARE) Project

EFRC discussed a report on the CARE project and it was agreed that the existing document would be re-drafted to give it a more educational character. EFRC will then be asked to approve the document (possibly through an electronic vote) to allow its release as an EFRC document.

Third ERM Webinar - December 2009

EFRC noted the plans for this global ERM Webinar. The format is the same as earlier ERM Webinars, and interest from participants seems to be at a similar level as in previous years. Committee members were encouraged to continue to promote the ERM Webinar at a local level.

Global CERA designation for actuaries working in ERM

EFRC noted with pleasure the signing of the CERA treaty by 14 associations in Hyderabad as a major step forward in the progression of ERM as a discipline both within the actuarial profession and also in the wider marketplace for actuarial advice and expertise.

Professional standards for actuaries working in ERM

In order to be seen as a leader in the ERM field, it is necessary to consider the development of standards. In the USA a task force is currently being formed to consider ERM standards, and in Europe standards actuarial work (which could include ERM work) for Solvency 2 are being discussed. It was decided to establish a small sub-group to work alongside the US group and be tasked with identifying relevant international issues with a possible view to developing a model international standard for actuaries working in ERM.



Other business

EFRC agreed to recommend that the IAA Global Financial Crisis Task Force be wound up, with thanks to its members. This work should now be carried on as "business as usual" by the IAA's Committees as relevant, including EFRC.

EFRC also noted that IAIS has established a new Financial Stability Committee and considered how EFRC could best present the views of the IAA on relevant issues to this new IAIS Committee.

[Pre-meeting Report](#)

Executive

Katsumi Hikasa, *Chairperson*

[Pre-meeting Report](#)

Insurance Accounting

Sam Gutterman, *Chairperson*

Discussions held during the committee's meetings covered a wide range of topics, although much of it focused on Phase 2 of the joint International Accounting Standards Board (IASB) / Financial Accounting Standards Board (FASB, U.S.) Insurance Contracts project. The results of a Zoomerang poll of Committee members during the prior two weeks focused the attention of the Committee on the key issues associated with the project. The issues discussed included current Board discussions regarding potential overall accounting measurement objectives, margins and participating contracts. The Exposure Draft of this important financial reporting project is currently scheduled to be published in April 2009, with a standard scheduled for adoption in June 2011. Although there has been some convergence of views by the Committee, there still are issues for which differing views are held. We anticipate a very interesting year and a half until the project is completed by the IASB and FASB. Several ad hoc subgroups will prepare position papers on certain key issues.

IASB Discussion Papers and Exposure Drafts continue to be published on significant accounting issues that the Committee intends to respond to,

including those addressing revenue recognition, measurement aspects on its conceptual framework, financial instrument impairment and hedging, management commentary, and liability measurement.

Actuarial Standards Subcommittee

David Congram and Francis Ruygt, co-chairs

The Subcommittee devoted most of its time during its meetings on (1) its upcoming book on stochastic modeling and (2) the future of actuarial standards with relating to actuarial practice under IFRS.

The text of the book, entitled *Stochastic Modeling: Theory and Reality from an Actuarial Perspective*, has been completed, with final typesetting in progress. It is expected to be available in December. A discussion of marketing ideas for the book (and the earlier Risk Margins paper) was held, with each IAA member association expected to participate. Thanks were given to the oversight group and especially Dave Congram, who led this effort. In addition, there was unanimous agreement that the Subcommittee should continue this educational effort, with a consensus reached that the next topic would relate to discount rate issues.

Extensive discussion was held on the development of actuarial standards under the new due process procedures for use by actuaries providing services related to International Financial Reporting Standards (IFRS). Together with the Employee Benefits and Pensions Committee, the Subcommittee will prepare a Letter of Intent (LOI) to develop one (or more) International Actuarial Standards of Practice to be presented to Council for approval to move ahead, replacing the current IASP 2, *Actuarial Practice*. The objective is to produce such a LOI by this year-end. At that time, assuming Council approval, the Subcommittee, together with the Pensions and Employee Benefits Committee, will begin work on the IASP according to a template being developed by the Professionalism Committee.



The IAA website will be revised to indicate that upon implementation of IFRS 9, certain aspects of IASP 3-13 that relate to IAS 39 will be out-of-date.

Joint Meeting with the Pensions and Employee Benefits Committee

The two committees met and discussed items of mutual interest. These included the status of changing International Actuarial Standard of Practice 2 (Revised) to a new IASP. It was generally agreed that the two committees should move this forward together, further refining the draft letter of intent to make this change, expected to be presented to the March Council meeting in Cape Town. The committees will be working with the Professionalism Committee to develop the structure for the potential new IASP over the near future.

Regarding the upcoming project on revising financial reporting standards for employee benefits, the two committees discussed some of the relevant distinctions between pensions and insurance contracts, and whether such differences should lead to different bases for financial reporting, especially in the area of discount rates. The two committees agreed to work together on these topics over the next two years.

Joint Meeting with the Insurance Regulation Committee, Solvency Subcommittee, Reinsurance Subcommittee, and Enterprise and Financial Risk Committee

The four committees met and discussed items of mutual interest. A few of the topics discussed included: the Insurance Accounting Committee's new Stochastic Modeling book, proposed generic actuarial standards of practice and the status of IFRS 4 redevelopment by the IASB; the Insurance Regulation Committee discussed its current efforts in regards to Stress Testing and the role of the actuary in systemic regulation.

[Pre-meeting Report](#)

Insurance Regulation

Rolf Stölting, *Chairperson*

An initial overview of the work program of the newly founded Working Group on Systemic Risk was presented. The chair of the IAIS Solvency and Actuarial Issues Subcommittee explained the most recent developments within the IAIS with a realignment of the Insurance Core Principles and the Standard Papers. The importance of an intense co-operation between IAA and IAIS was once again stressed by the IAIS and the IAA. It is seen as a base for the development of good and comprehensive publications within the IAIS. Another topic addressed by the Committee was the development of new supervisory systems in different countries.

[Pre-meeting Report](#)

International Education Program (IEPC)

Alf Guldberg, *Chairperson*

The IEPC was initially organized to manage the roll out of an actuarial education system especially designed for countries with little or no actuarial education system. The idea was to solicit external funding and we were hopeful that the World Bank would be an initial donor; this did not occur as a result of a change in policy at the World Bank. We then engaged in discussions with another prospective donor, but in the wake of the global financial crisis these expectations did not materialize.

At its meeting in Hyderabad, the IEPC unanimously supported a recommendation for disbanding the IEPC and reverting the educational mission to the A&A Committee, which will continue some of the current activities of the IEPC.

The formal process of disbanding the IEPC will start as soon as possible.

[Pre-meeting Report](#)

Member Services

Ibrahim Muhanna, *Chairperson*

The Member Services Committee (MSC) received a report from the organisers of the International Congress of Actuaries in Cape Town, South Africa



which highlighted the fact that almost 1000 participants had already registered to attend the Congress and that 190 paper abstracts had been submitted.

The MSC also reconsidered its terms of references, discussed a brief report on the future of Congresses, and addressed recommendations with regards to Sections, all of which will be finalized shortly and included on the agenda for the Council meeting in Cape Town.

[Pre-meeting Report](#)

Nominations

Dave Hartman, *Chairperson*

The Nominations Committee, after a lengthy discussion about competitive elections, presented the following slate of 8 at-large members of the new Executive Committee: Thomas Béhar (France), Nick Dumbreck (United Kingdom), Kurt Wolfsdorf (Germany, chair of the Life Section), Rob Brown (Canada, chair of the Social Security Committee), Steve Lehmann (United States), Harry Panjer (Canada, chair of the ASTIN Section), Juan Carlos Padilla (Mexico), and Fred Rowley (Australia). An electronic ballot to elect them is being circulated.

The nominee for Secretary General to replace Yves Guérard in 2011 will be announced at the Council meeting in Cape Town for election in Vienna.

The annual request for nominees from associations for various leadership positions within the IAA will be sent to all member associations soon. Responses are strongly encouraged. In recent times, relatively few associations have made suggestions of nominees. All nominees are seriously considered and more suggestions contribute to more diversity

[Pre-meeting Report](#)

Pensions and Employee Benefits (P&EB)

Esko Kivisaari, *Chairperson*

The P&EB Committee is concentrating its efforts in insurance accounting. In early 2009, the IASB sought advice on discount rates in the area of pensions and a fundamental review of IAS 19 is expected to start in 2011. The Committee and its Subcommittee on Accounting Standards currently meet twice a year with the staff of the IASB.

A central issue in advising the IASB in its fundamental review of IAS 19 is to be able to determine similarities and differences between pension liabilities and insurance contracts. The Committee has created a working party to analyze the differences. This analysis is expected to be ready during 2010.

[Pre-meeting Report](#)

Professionalism

Michael Pomery, *Chairperson*

The Professionalism Committee discussed the future involvement of the IAA in the recently established informal "Roundtable Meetings" of actuarial standard setters, which initially included the IAA, the Groupe Consultatif, the US, Canada, Australia and the UK. It was agreed to recommend that the IAA should play a prominent role and should support the aim of gradual convergence of national technical actuarial standards across the globe, especially in the field of insurance accounting. An important objective for the IAA should be to widen the participation beyond the initial group of countries involved.

The Committee received with great interest a presentation from Chris Daykin on the response by the Groupe Consultatif to the European insurance and pensions regulators on the topic of common standards for the "actuarial function" under the EU Directive on Solvency II.

Agreement in principle was reached on a "template" for model IASPs (International Actuarial Standards of Practice), opening the way for the drafting of the first model IASP under the new Due Process agreed by the IAA Council in November 2008.



The Committee continues to seek practical solutions to the issues concerning cross-border actuarial work and a wide-ranging discussion took place on the appropriate application of codes of conduct, technical standards, discipline schemes and CPD requirements to actuaries doing cross-border work.

Finally, the Committee agreed to submit a response to a consultation document entitled "Integrity in Professional Ethics" from the Federation of European Accountants.

[Pre-meeting Report](#)

Social Security

Rob Brown, *Chairperson*

The World Bank: The Committee is encouraging the World Bank to participate in a Society of Actuaries meeting in October 2010 to highlight their PROST model. This would be a first step in allowing the actuarial profession to review this model, its assumptions and limitations.

Guidelines for Social Security Actuaries (IAN1):

The Guidelines are awaiting the approval of a template for all IANs, currently with the Professionalism Committee. Once the template has been approved, the Social Security IAN will be finalized.

Stochastic Modeling: There was consensus that the Social Security Committee should draft a document outlining the limitations of Stochastic Modeling within Social Security systems. One very serious concern is the ability to determine the covariance between many of the model variables.

Workers Compensation: The Committee will be working to create more national reports on Workers Compensation and placing them on our web site.

ICA 2010: The Committee is responsible for five sessions in Cape Town.

EEC Aging Report: The Committee is considering a response paper to the EEC Aging Report.

Potential Merger with P&EB: The Committee was not in favour of a suggested merger with the Pensions and Employee Benefits Committee, but rather suggested that its mandate be expanded to include a Population Issues Working Group.

[Pre-meeting Report](#)

Supranational Relations

Ken Buffin, *Chairperson*

[Pre-meeting Report](#)

AFIR Section

Eric Thorlacius, *Chairman*

[Pre-meeting Report](#)

ASTIN Section

Harry Panjer, *Chairman*

[Pre-meeting Report](#)

Actuaries Without Borders (AWB) Section

Carla Angela, *Chairman*

On the recommendation of the AWB Committee and the Member Services Committee, Council approved the new name for the Section "Actuaries Without Borders" and revised Rules to reflect this change.

[Pre-meeting Report](#)

IAAHS Section

Emile Stipp, *Chairman*

[Pre-meeting Report](#)

IACA Section

Hideyuki Yoshida, *Chairman*

[Pre-meeting Report](#)

Life Section

Kurt Wolfsdorf, *Chairman*

[Pre-meeting Report](#)

PBSS Section

Chris Daykin, *Chairman*

[Pre-meeting Report](#)

STRATEGIC PLANNING – GOVERNANCE

Chairperson Paul Thornton made [presentations](#) on the following topics:

1. a proposal for an update in the allocation of voting rights (to be approved by an electronic ballot of Council);
2. budgeting in the IAA (for information);
3. a proposal on the governance of committees (to be included in the revised Statutes and Internal Regulations),
4. the definition of delegates (to be approved by electronic ballot of Council)

Council was advised that the revised Statutes and Internal Regulations were currently being reviewed by legal counsel. A version that will include all changes approved in the past year, and modifications recommended by legal counsel, will be made available on the 60-day Council agenda to be issued on January 4, 2010, for approval by Council on March 6, 2010.

NEXT MEETINGS



The next meetings of the IAA Council and Committees and of the Presidents' Forum will take place at the Westin Hotel in Cape Town, South Africa from March 3-6, 2010. The schedule, registration form, bedroom reservation information and travel details are available on our [website](#). Register early. The cut-off date for making a bedroom reservation at the Westin Hotel is **DECEMBER 31, 2009**.