



EXCITEMENT ABOUNDS IN QUEBEC CITY!



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 Quebec City, Canada from June 11 to 15, 2008. More details are available through the minutes of the various committee meetings that will be posted to the Web site as they become available. The next regular issue of the Newsletter will be published in the coming month.

Not to be outdone by the earthquake in Mexico City during our meetings last April, Quebec City offered us a storm that shattered a window near the IAA registration desk. John Maroney, Chief Executive of the Institute of Actuaries of Australia was there to catch it all on video which you can view on YouTube titled "Freak storm greets actuaries in Quebec" at the following link, www.youtube.com/watch?v=Wvg_GQ7ZDCs.

This gathering in Quebec City was special for many, in particular those who were present 10 years ago in Birmingham when the IAA was restructured into an association of associations. To commemorate all that has been accomplished since June 1998, the [IAA Decennial Report – A Profession Poised for the Future](#), has been published. This 68 page document is available on the web site. Annex 14 offers two maps displaying the progress of the profession over the 1998 to 2008 period.

The meetings were extremely well-attended with 212 participants and 70 accompanying persons representing 35 countries. Thirty-nine of our 58 Full Member associations were represented as were three of our 23 Associate Member associations, all Sections and two of our three Institutional Members.

IAA Special Newsletter

June 2008

CONTENTS

- **EXCITEMENT ABOUNDS IN QUEBEC CITY!**
- **COUNCIL**
- **COMMITTEE AND SECTION MATTERS**
- **NEW MEMBERS**
- **STRATEGIC PLANNING**
- **FINANCES AND ADMINISTRATION**
- **DUES FOR 2009**
- **INTERNATIONAL ACTUARIAL STANDARDS OF PRACTICE**
- **PROFESSIONALISM EDUCATION**
- **IAA DELEGATES TO SECTIONS AND OUTSIDE ORGANIZATIONS**
- **OTHER BUSINESS**
- **PRESIDENTS FORUM**
- **FUTURE MEETINGS**
- **NEXT MEETINGS**

OFFICERS — 2008

David G. Hartman, President
Yves Guérard, Secretary General
Katsumi Hikasa, President-Elect
Hillevi Mannonen, Immediate Past President

The Canadian Institute of Actuaries hosted the delegates to a dinner at Le Parlementaire, the select restaurant within the Quebec National Assembly historical building. The four days of meetings ended with a reception for all delegates and accompanying persons to mark the 10th anniversary of the restructure of the IAA. During that celebration, Paul McCrossan was honoured as the third recipient of the Medalist of Distinction of the IAA.



Paul McCrossan



COUNCIL

Voting Rights represented at the Council meeting (including ballots and proxies): 93 out of 125 (76.8%)

Ballots: Institute of Actuaries of India, Association Suisse des actuaries, Polskie Stowarzyszenie Aktuariuszy, Persatuan Aktuari Malaysia, Hrvatsko Aktuarsko Društvo

Proxies: Cyprus Association of Actuaries

A number of special guests had accepted our invitation to join us in Quebec and we were honoured by the presence of:

- Rob Curtis, International Association of Insurance Supervisors
- Karen Doran, International Association of Insurance Supervisors
- Anne Drouin, International Labour Organization
- Anthony Prost, Autorité des marchés financiers, Quebec
- Sylvain St-Georges, Autorité des marchés financiers, Quebec

Council received the report of the [President](#) on current activities.

COMMITTEE AND SECTION MATTERS

Council approved appointments to the Task Forces on Sections and on Strategic Planning, as well as the appointment of Philipp Keller as Co-Vice-Chairperson of the Solvency Subcommittee of the Insurance Regulation Committee. The full deployment chart with dates of appointment and expiry is available for consultation.

In advance of the Council meeting, all Committees and Sections were invited to submit a written report on their activities since the meetings in Dublin, Ireland in October 2007. Below are the highlights of their discussions in Québec City, along with a link to

their full written report which provides additional details.

Accreditation

Juan Carlos Padilla, *Chairperson*

The Self-Assessment Working Group (SAWG) of the Accreditation Committee continues to review the completed self-assessment questionnaires received from Full Member associations to determine whether they remain compliant with the IAA membership requirements or whether their supporting documents need to be updated. In order to facilitate the work of the SAWG, associations that have not yet submitted their completed self-assessment questionnaire are urged to do so within the next month. The questionnaire is available on the IAA Website at: www.actuaries.org/CTTEES_ACCRED/Documents/Self_Assessment_EN.cfm.

The Committee is updating the Associate Member Application Form to gain a better understanding of future applicants.

Full Committee report

Advice and Assistance

Robert Conger, *Chairperson*

The A&A Committee will update its Terms of Reference and will review those of its subcommittees, namely China, Latin America and IAA Fund. In addition, the Committee will submit a recommendation to the Nominations Committee for the creation of an Africa Subcommittee with proposed Terms of Reference.

Full Committee report

Enterprise and Financial Risks

Tony Coleman, *Chairperson*

The IAA Enterprise & Financial Risks Committee discussed the continuation of its work in four main areas:

- (i) preparation of a paper on Enterprise Risk Management (ERM) practice in response to a request from the IAIS to do so,



- (ii) development of a Webinar on ERM to be held in December 2008, which would be a sequel to the successful Webinar on ERM held in January 2008 which was largely organised through the efforts of David Ingram,
- (iii) sponsoring the development of a potential global accreditation in Enterprise Risk Management to be available to and supported by local/national actuarial associations, an initiative being lead by Harry Panjer and Fred Rowley, and
- (iv) the work of the Financial Economics Taskforce, lead by David Kingston, which as now has produced an educational paper on this subject.

We also discussed other areas of potential future interest to the committee, including banking and the field of emerging risks and participated in useful joint meetings with the Pension and Employee Benefits Committee and in the "multi" meeting with the Insurance Accounting and Regulation Committees and the Solvency Subcommittee.

Full Committee report

Insurance Accounting

Sam Gutterman, Chairperson

Participants primarily discussed a wide range of issues related to phase 2 of the IASB's Insurance Contracts project. This discussion resulted in the formation of several projects addressing key issues involved. Various aspects of discussion papers or exposure drafts of several related IASB projects that either have been distributed or are expected shortly for which the committee anticipates submitting comments were discussed, including those on: financial instruments with characteristics of equity, the IASB's conceptual framework components covering objectives, qualitative characteristics and constraints of financial reporting and the reporting entity, and revenue recognition. An upcoming IAIS project on the role of the actuary relating to independent auditors and insurance supervisors was discussed, as were other relevant developments of the IASB, the IAIS and the IAASB.

Actuarial Standards Subcommittee

Re-exposed versions of the International Actuarial Standards of Practice (IASP) 11 and 12 on Disclosure and Business Combinations under IFRS were agreed upon by the subcommittee and confirmed by the parent accounting committee. Subsequently they were promulgated by the IAA Council and will be published shortly. A presentation covering the progress of the subcommittee's initiative to develop an educational monograph was made, with suggestions made to the authors of the monograph. Also discussed was the recent distribution by the IAA Pension and Employee Benefits Committee of an extension of the committee's IASP 2 to cover practice in this area under IFRS and the Professionalism Committee's current proposals to revise the due process regarding future IASPs.

Ad hoc Risk Margin Working Group

A rigorous discussion was held of the comments recently received to the working group's re-exposed important paper on the measurement of the liability of insurance contracts. The 16 comment letters received were much appreciated. It was decided that many of the comments would be reflected in the final version of the paper, that is expected to be completed prior to the IAA Cyprus meeting. It was decided that several of the issues associated with the paper would continue to be studied after completion of the working group's paper and reported on in subsequent projects of the IAA.

Joint meeting of the Insurance Accounting and Pension and Employee Benefits Committees

The committees met to discuss topics of joint interest. In particular, the topics of developments at the IASB and discounting of liabilities for insurance contracts and pension benefits were discussed.

Joint meeting of the Insurance Accounting, Insurance Regulation, Enterprise Risk Management Committees and the Solvency Subcommittee

The committees met to discuss topics of joint interest. In addition to summarizing committee activities of interest to all of the committee members,



presentations regarding the status of Solvency II, internal models and financial economics were given special attention. The issue that occupied most of the meeting was a discussion of the lessons that should be learned by actuaries of the recent credit and financial crisis that has occurred or is being experienced in several countries.

Full Committee report

Insurance Regulation

Rolf Stölting, Chairperson

The relationship between the IAA and the IAIS (International Association of Insurance Supervisors) continues to be very close. The IAIS Subcommittee asked the IAA to develop additional guidance or practice notes in the area of internal models and ERM, which the IAIS could acknowledge as a source of additional information.

The Committee on Insurance Regulation is participating in a new initiative to develop a common worldwide glossary on insurance related terms that would include existing glossaries from the CEA (Comité européen des assurances), Groupe Consultatif, the IAIS and the IAA. For this reason, a partnership agreement has been signed between the CEA, Groupe Consultatif, IAA and IAIS, and a first meeting of the editorial group has taken place in Québec.

The ad hoc Role of the Actuary Working Group reported that its members had agreed that the group should remain an informal working group of the Committee on Insurance Regulation that would coordinate discussion of items dealing with the role of the actuary. The working group expects to refer issues to existing committees, rather than to duplicate work that is already on going.

Full Committee report

International Education Program (IEPC)

Alf Guldberg, Chairperson

One important comment regarding the whole international actuarial education program (IAEP) is that we are offering a menu, not imposing a solution. The IAEP is a program meant to fill in gaps that we identify.

We had earlier reported that the Steering Committee (SC) was in negotiations with a prospective donor. The discussions have been ongoing since we last met, but we have not yet arrived at a final agreement as there are a number of details that must be sorted out. The issue of finding sources for the financing was extensively discussed and one interesting proposal was that in kind donations was an avenue that should be explored further.

As was reported earlier, the Muhanna Foundation has generously donated a pre-feasibility study to the IAA. This study was presented and discussed during the meeting and one important observation was that the study should be renamed "market study". As a result of the discussion, the IEPC decided that it would be beneficial that the Feasibility Study that will eventually be presented to the IAA Council include more in-depth studies in three areas:

- long term market study (sustainability) of the IAEP
- how both the university and exam routes can be used to deliver the IAEP
- what geographical regions should be prioritized

Cecil Bykerk accepted to head the working group charged with this task. Additional observations to improve the concept of the IAEP are most welcome.

The IEPC will organize a half-day seminar in Cyprus, in conjunction with the IAA meetings, to discuss how to proceed with the development of the IAEP.

Full Committee report



Member Services

Ibrahim Muhanna, *Chairperson*

The Member Services Committee (MSC) received a progress report from Desmond Smith, President of the ICA2010 Organising Committee. The MSC created a Bursaries Task Force (BTF) to help manage the bursary requests for ICA2010. The following volunteered as members: Amy Bouska (Casualty Actuarial Society), Chris Daykin (PBSS Section Chairperson), Desmond Smith (ICA2010), Tom Ross (MSC Vice-Chairperson), Yves Guérard (Secretary General) and Christian Levac and Denise Vella Lamarca of the IAA Secretariat. A [request for contributions](#) to the IAA bursary fund, maintained as a separate fund under article 34 of the Statutes, was also made.

The MSC also entertained presentations to host a Congress in 2018 from Australia and Germany. A final decision on the next Congress will not be made until the Task Force on Sections has delivered its report to the MSC.

Full Committee report

Nominations

Hillevi Mannonen, *Chairperson*

The Nominations Committee announced its intent to recommend the appointment of Paul Thornton of the United Kingdom as the IAA's President-Elect for the year 2009. Paul was involved in the International Forum of Actuarial Associations which was created as a Section of the IAA in 1996. He served in many capacities within the restructured IAA, namely as Chairperson of the Pensions and Employee Benefits Committee from 1996 to 2005, as IAA Delegate to the Pensions, Benefits, Social Security Section (PBSS) Committee from 2005 to 2007 and to the International Association of Consulting Actuaries (IACA) Committee from 2000 to 2007. He continues to serve on the Task Force on Strategic Planning and is a member of both the PBSS and IACA Sections. Paul was President of the Institute of Actuaries in the UK from 1998 to 2000.

A formal motion will be on the agenda of the November 4, 2008 Council meeting in Limassol, Cyprus. Paul Thornton was honoured for his service to the actuarial profession with the award of the Officer of the Order of the British Empire during the Queen's Birthday Honours paying tribute to outstanding achievement and service across the entire community. Awards are on the recommendation of the Government and the medal is presented at an "Investiture" at Buckingham Palace, usually by the Queen.

The [protocol of the Nominations Committee](#) was approved by Council.

Full Committee report

Pensions and Employee Benefits

Esko Kivisaari, *Chairperson*

In addition to its own meeting, the Pensions and Employee Benefits Committee held separate joint meetings with Insurance Accounting and Enterprise and Financial Risk Committees.

The new emerging issues are risk margins in pension liabilities and solvency requirements in pensions. These were discussed in the committee meeting and touched upon also in the joint meetings.

Pension accounting issues now include many important topical issues such as comments to an ASB paper, comments to the IASB discussion paper on IAS 19 and amendments to IAS 19 where a draft is now on exposure.

Full Committee report

Professionalism

Michael Pomery, *Chairperson*

Following approval in principle at the Dublin Council meeting to a new system of International Standards of Actuarial Practice (IASPs), comprising two categories, "model" standards and educational notes, the Committee discussed a draft revised version of Due Process. The main issues raised were the exact description of "model" standards to



be used, the length of the consultation process and the need for independent review. It is hoped to present a final version of a revised Due Process for approval at the Cyprus Council meeting.

The Committee also discussed:

- the position paper on Professionalism Education, and agreed that further clarification would be made with a view to issuing the final version as a Committee paper
- a paper on three current professionalism topics; public good, whistle-blowing and conflicts of interest, where it was agreed to prepare a draft IAA position paper on the need for legal protection where an actuary was required to whistle-blow to a regulatory authority
- a paper on the governance of international (cross-border) actuarial work, which focussed on the possibilities of organising mutual discipline arrangements, and
- a report on a recent meeting with the WTO regarding the liberalisation of the provision of financial services, including actuarial services.

Full Committee report

Social Security

Rob Brown, Chairperson

Our most important action item was to report on a successful visit between our committee (represented by Rob Brown, Jan Hagberg, Jean-Claude Ménard and Ken Buffin) with the World Bank (WB) on June 9, 2008. We and the WB agreed on eight action items including the return of the WB as an Observer Member of the IAA.

The PBSS/IAAHS/IACA had a very successful joint colloquium in Boston, May 4-7, 2008. Several sessions were created by members of the IAA Social Security Committee. The lead coordinator of the colloquium was Ken Buffin. Thirty-four countries were represented at the meeting.

The IAA Social Security Guidelines are being updated to include issues of importance to actuaries

and quasi-actuaries in Less Developed Countries (LDCs).

We hope to have a higher level of coordination between the IAA Social Security Committee and the similar Society of Actuaries (US) committee.

There will be a meeting of ISSA (International Social Security Association) Actuaries and Statisticians in Cyprus just prior to the IAA meetings (and at the same site).

Concern was expressed about Standards being promulgated by the International Public Sector Accounting Standards Board around Social Security values and liabilities. The IAA Social Security Committee hopes to respond.

Full Committee report

NEW MEMBERS

Council approved the admission of the following organizations:

Full Members

- Lietuvos aktuariju darugija (Lithuania)
 - Society of Actuaries of Thailand
- Total number of Full Members: 60

Associate Members

- Association des Actuaire Beninois (Benin)
- The Actuarial Society of Kenya (TASK)
- Actuarial Association of Sri Lanka (AASL) subject to confirmation from their Trade Minister re inclusion of Sri Lanka in the association's name

Total number of Associate Members: 25

The Organization for Economic Cooperation and Development (OECD) was admitted as an Observer Member and the International Organization of Pension Supervisors (IOPS) as an Institutional Member.



STRATEGIC PLANNING

The following six strategic objectives presented to Council were supported with minor modifications.

The IAA, in cooperation with its member associations, will:

1. identify, establish, and maintain relationships with key supranational audiences and provide them with actuarial input to improve the soundness of decisions being made on important issues with a global impact;
2. facilitate the use and expansion of the scientific knowledge and skills of the actuarial profession including beyond the traditional areas of actuarial practice to help enhance the scope, availability, and quality of actuarial services offered by individual members of its member associations;
3. establish, maintain and promote common standards of actuarial education, common principles of professionalism and model standards of actuarial practice for use by member associations worldwide;
4. support the development, organization and promotion of the actuarial profession in areas of the world in which it is not present or is not fully developed;
5. provide a forum for discussion among actuaries and actuarial associations throughout the world; and
6. promote and facilitate the globalization of the actuarial brand.

The next step will be to issue a questionnaire to Council, in the next week, on priorities/action plans in support of these objectives.

FINANCES AND ADMINISTRATION

The Council received the [report of the Secretary General](#) and approved a modification to Article 24 of the Statutes to clarify the presentation of the budget, schedule of fees and audited financial statements. Council also approved the audited financial statements, subject to the completion of the note regarding ASTIN.

DUES FOR 2009

Council approved the setting of the dues payable by Full Member associations for the year 2009 to CAD \$14.50 based on the number of fully qualified actuaries, representing an increase of \$0.50 from 2008. A [draft budget for 2009](#) was attached; the final budget will be submitted to Council for approval on November 4, 2008 in Cyprus.

INTERNATIONAL ACTUARIAL STANDARDS OF PRACTICE

Two new international actuarial standards of practice were adopted by Council as Class 4 Practice Guidelines. They are:

- [IASP 11 - Business Combinations under International Financial Reporting Standards](#)
- [IASP 12 - Disclosure of Information about Insurance Contracts under International Financial Reporting Standards](#)

PROFESSIONALISM EDUCATION

Adoption of the paper on Professionalism Education was withdrawn from the agenda and will be resubmitted at a later date as a committee paper.

IAA DELEGATES TO SECTIONS AND OUTSIDE ORGANIZATIONS

The Council approved revisions to the paper on the [Role of IAA Delegates to Sections and Outside Organizations](#).

OTHER BUSINESS

Council learned that WTO (World Trade Organization) Members were working towards a deal in July 2008 in Geneva, aimed at freeing up trade in services between member countries. As evidenced by previous experience, the standing of the actuarial profession within the WTO negotiations on services could be improved through the influence of local trade representatives. The IAA itself has no direct influence with the WTO in this regard. This recommendation of the Supranational Relations Committee was supported by those Delegates present at the IAA Council meeting in Quebec City on June 14 and a special communication providing further details will be sent shortly to all member associations.

PRESIDENTS FORUM

The Presidents of Full Member associations met for a full day. Their discussions focused on the development of a mission statement and on a global enterprise risk management (ERM) designation. The Forum agreed to extend its membership to include the Presidents of Associate Member associations.

FUTURE MEETINGS

The following dates and venues were approved for future meetings of the IAA Council and Committees:

- 2nd quarter of 2011 in Australia at the invitation of the Institute of Actuaries of Australia in conjunction with their biennial conference
- 4th quarter of 2011 in Zagreb, Croatia at the invitation of the Hrvatsko Aktuarsko Društvo on the occasion of their 15th anniversary
- 2nd quarter of 2012 in San Francisco, California (United States) at the anticipated invitation of the United States based actuarial organizations in conjunction with the SOA Life Spring Meeting

NEXT MEETINGS



The next meetings of the IAA Council and Committees and of the Presidents' Forum will take place at the Amathus Beach Hotel in Limassol, Cyprus from November 1-4, 2008. The schedule and registration form will be announced shortly. In the meantime, [book your room](#) and plan to attend!