



## **EXECUTIVE COMMITTEE (EC), *Jean-Louis Massé, Chairperson***

The EC spent the major part of its meeting discussing governance matters triggered by a paper on IAA Governance prepared by a task force of the Presidents Forum. Significant input was provided for continuing discussions at future meetings of Council and of the Strategic Planning Task Force. There was general agreement that the IAA needs to improve on the transparency of its organisation, in particular by better communication of its activities. The proposal to replace the Strategic Planning Task Force by a Planning Committee with wider powers was widely debated.

The EC also discussed potential ways and means to help associations that lack experienced actuaries. The finances were reviewed as were a number of invitations from member associations to host our future meetings.

## **COUNCIL, *Jean-Louis Massé, President***

Council received the report of the President on current activities, which is [available online](#).

Council approved the creation of a Task Force on Financial Economics to promote, in the light of insights into the relationship between financial economics and actuarial science, the evolution of sound practices for the global actuarial profession.

The proposal to create a Planning Committee and to disband the Strategic Planning Task Force was turned down after much debate. The proposed mandate was the subject of a number of comments and, in the end, it was felt desirable to continue for the time being with the Task Force which has the mandate to prepare a discussion paper for Council consideration at a future meeting.

Council approved the numerous appointments and re-appointments, as proposed, of committee chairpersons, vice-chairpersons and other positions. Council also approved revised terms of reference, including a couple of friendly amendments from the floor, for the IAA Education Program Committee. The Instituto de Actuarios Matematicos de Chile was admitted as an Associate Member.

After the update from the Secretary General on the finances and other matters, Council approved the budget for 2007 and was informed of an upcoming electronic vote by Council on two practice guidelines on Embedded Derivatives and Derivatives and on Accounting for Reinsurance Contracts.

### **IAA Special Newsletter November 2006**

#### **CONTENTS**

- **EXECUTIVE COMMITTEE**
- **COUNCIL**
- **COMMITTEE UPDATES**
  - **Accreditation**
  - **Advice & Assistance and Supranational Relations**
  - **Education**
  - **Financial Risks**
  - **Insurance Accounting**
  - **Insurance Regulation**
  - **Pensions and Employee Benefits**
  - **Professionalism**
  - **Social Security**
  - **Strategic Planning**
- **JOINT IAA/GROUPE CONSULTATIF  
EDUCATION SEMINAR**

#### **OFFICERS**

**Jean-Louis Massé, President**  
**Yves Guérard, Secretary General**  
**Hillevi Mannonen, President-Elect**  
**Alf Guldberg, Immediate Past President**



Finally, in a unanimous vote, Council elected for 2007, [Hillevi Mannonen](#) as President, David Hartman as President-Elect and Yves Guérard as Secretary General.

The Council accepted the motions to meet in Dublin, Ireland from October 25 to 28, 2007 and in Limassol, Cyprus from November 1 to 4, 2008.

## COMMITTEE UPDATES

### **Accreditation, Juan Carlos Padilla, Chairperson**

The committee will be invited to submit their final comments to the proposed changes to the Membership Criteria before seeking Council approval in April 2007 in Mexico City. The committee will include its revised proposal on non-compliance with membership requirements.

### **Advice & Assistance, Steve Handler, Chairperson**

### **Supranational Relations, Philippe Maeder, Chairperson**

During their joint meetings, the Advice & Assistance and Supranational Relations Committees discussed the advantages and inconveniences that would result from a possible merger of the two committees. An opinion poll taken at the end of the joint meeting revealed unanimous consent in continuing under the present structure.

### **Education, Carla Angela, Chairperson**

**Education assessment.** Six associations were considered to be in compliance with the IAA education guidelines; two were almost ready for completion and three remained in transition; all, except for one, had submitted satisfactory transition plans. Two Associate Members have applied to upgrade to Full Membership. One was considered to have an education system complying with the IAA education guidelines while the second needs further discussion.

**Guidelines and Syllabus.** The Education Committee's aim is to have the new education guidelines and syllabus agreed at the IAA meetings in April.

**CPD.** The proposed IAA scheme on CPD was very briefly reviewed and it will be discussed in April.

IAA Education Committee short term goals:

- Complete assessment process and advise on the way forward
- Develop further the CPD strategy
- Review the IAA Education Guideline and Syllabus
- Ensure that Professionalism is embedded within education systems
- Contribute to the development of an international education programme

### **Financial Risks, David Kingston, Chairperson**

The committee is proposing a name change along with revised terms of reference to encompass enterprise risk.

The committee continued to sponsor Risk Seminars. Encouragingly, a number of national associations were now running these on a recurring basis.

Enterprise Risk Management continues to develop a pace. We are looking at the possibility of mutual recognition of national risk qualifications.

The Financial Economics Task Force hopes to produce a draft report for Mexico in April. This is timely, in view of possible review of relevant accounting standards.



## **Insurance Accounting, Sam Gutterman, Chairperson**

Among other items, the Committee on Insurance Accounting discussed (1) selected issues associated with the upcoming phase 2 of the International Accounting Standards Board's (IASB) Insurance Contracts project (expected to become available in March 2007), (2) possible IAA comments on the IASB exposure of the Financial Accounting Standards Board's (FASB, U.S.) Statement No. 157, Fair Value Measurement, expected to become available in December, and (3) possible IAA positions that will be presented by Sam Gutterman at the Norwalk, Connecticut roundtable discussion of proposed changes in IAS 37, Liabilities, to be held later in November.

The Actuarial Standards Subcommittee approved the draft versions of two International Actuarial Standards of Practice (IASP), Embedded Derivatives and Derivatives and Accounting for Reinsurance. It discussed a draft version of an IASP on Business Combinations that is expected to be re-exposed for comments in the first quarter of 2007. It discussed a draft version of a request for proposal for one or two monographs addressing the use of stochastic methods in financial reporting that will be distributed in the coming months. It also held its initial planning session for the next round of IASPs expected to be issued prior to the implementation of what is currently expected to be in the IASB standard on Insurance Contracts, phase 2.

The Risk Margin Working Group discussed the current version of its draft report that was requested by the International Association of Insurance Supervisors (IAIS). Significant elements of the draft report deal with considerations regarding current estimates and risk margins, including case studies. The Working Group expects to expose a more complete draft report for public comments in the upcoming months.

## **Insurance Regulation, Jukka Rantala, Chairperson**

- The IAA's previous responses to draft policy statements from the IAIS were reviewed and forthcoming draft policy statements were identified.

- An outline of future activities of the IAIS was received and discussed. The contribution of the Risk Margin Working Group (RMWG) to the work of the IAIS Insurance Contracts Subcommittee and their cooperation were praised.

- The role of the actuary vis-à-vis regulators and auditors was discussed and the ad hoc Working Group, chaired by Ad Kok, was asked to clarify its mandate so that possible decisions on its status and TORs could be decided at the Mexico City meeting.

- Reports on the activities of the Joint Forum and OECD were received and discussed. Based on the nature of the current projects and on the need to prioritize and focus the committee work, it was decided that for the time being it was sufficient that the IAA monitor the activities of these two organizations without seeking an active involvement in the ongoing projects.

## **Pensions and Employee Benefits, Esko Kivisaari, Chairperson**

The Committee identified the issue of mortality as one that deserved more attention. It was however questioned whether this would be a more overarching issue for the IAA and whether other committees would need to be involved in analysing the current problems in mortality.

There is in due process ending at 4 December a comment letter concerning IAS 19 to the IASB. The IASB is however starting a working group to develop IAS 19. The Committee thinks that the situation has changed and recommended against sending the letter at this time.

In agreement with the Professionalism Committee, the Committee has started



discussions on a standard of actuarial practice in the accounting of employee benefits.

The Committee is extending the professionalism survey of the Groupe Consultatif to non-European countries.

### **Professionalism, Helen Rowell, Chairperson**

A draft note on the translation/glossary issues in relation to International Actuarial Standards of Practice (IASPs) was discussed at the meeting.

A draft of a paper setting out issues and recommendations on the review of the IAA Due Process and consideration of the application of IASPs is to be prepared for the next meeting.

The Morris Review task force will finalise the draft survey on whistle-blowing/public interest/conflicts of interest issues in the next few weeks.

A revised draft of a professionalism module for the IAA education/syllabus guidelines will be prepared. The committee will be working on the development of a draft IAA public statement on the importance of professionalism education and will review a model mutual discipline agreement.

### **Social Security, Rob Brown, Chairperson**

The committee intends to review the Social Security valuation program of the World Bank.

The committee is reviewing and updating the Social Security Guidelines with the intent of approving a re-drafted version in Mexico City.

**Social Security Network:** To date, 13 Social Security systems have responded to the template questionnaire about their systems. The committee wishes to improve its site to be more interactive and to provide pertinent information to actuaries and quasi actuaries in developing nations that is not available on other web sites (e.g., ILO, OECD, OASDI).

The committee has a desire to add more papers on the Social Security portion of the IAA web site. They are especially interested in papers on Stochastic Modeling. Anyone knowing of good papers on any topic relevant to Social Security should contact the chairperson.

### **Strategic Planning (Task Force), Hillevi Mannonen, Chairperson**

Strategic planning and the need to review the structure the IAA adopted in 1998 were discussed at several fora during the recent IAA Council and Committee meetings in Edinburgh, including at the Presidents' Forum. A Task Force of the Presidents' Forum had prepared a paper reviewing the structure of the IAA. As a result of these discussions and decisions, the Strategic Planning Task Force was asked to continue its work in order to prepare recommendations for improvements to the governance structure and to finalize a Strategic Plan for the IAA.

The Task Force therefore proposes to proceed as follows:

1. To prepare a discussion paper on enhancement of the governance structure to be discussed at the IAA meetings in April 2007.
2. To make suggestions for improving the transparency of the governance practice within the IAA to be introduced as soon as agreed.
3. To initiate a proposal for the Strategic Plan the aim being that the draft could be discussed at the November 2007 meetings. According to the decisions on the strategy, the committee structure (other than governance bodies) will also be reviewed.



The Task Force invites all IAA Member Associations and other participants in the work of the IAA to express their views on these matters. The Task Force will also actively seek contributions in the near future.

## **JOINT IAA/GROUPE CONSULTATIF EDUCATION SEMINAR**

The IAA and Groupe Consultatif Education Committees held a very successful education seminar on 20-21 November, following the IAA Council and Committee meetings in Edinburgh. Fifty-six (56) people attended, from 27 countries, 15 of them receiving assistance to attend by way of bursaries from the IAA Fund. There were a number of excellent presentations and also three sets of break-out discussions, which produced some discussions and some very useful ideas. The main topics were Continuing Professional Development, actuarial education as a risk management education, professionalism education, the review of the IAA core syllabus and guidelines and the development of the International Actuarial Education Programme.

