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IAA Council and Committee Meetings October 9-13, 2010 – Vienna, Austria

The [meeting program](#) for our upcoming meetings in Vienna is now available. If you have not made a reservation as yet and you wish to stay at [Le Méridien](#), please contact Corinna.Wais@lemeridien.com. The group rate is still valid depending upon the availability of rooms, until October 7.

[Useful details](#) on travelling to Vienna and information on [alternative hotels](#) in the area have already been communicated to you and are available online.

IAA concludes high level outreach meetings in Geneva

A senior delegation from the IAA was in Geneva recently to visit a number of Geneva-based international organizations.

President Paul Thornton was accompanied by Alvaro Castro-Gutierrez, Chairperson of the Population Issues Working Group and Howard Bolnick, Chairperson of the Microinsurance Working Group as well as the following members of the Supranational Relations Subcommittee: Ken Buffin, Chairperson; Roland van den Brink, Vice-chairperson, and Philippe Maeder, former Chairperson.

A full-day discussion forum was held on social security and microinsurance topics, with representatives from the International Labour Office (ILO), International Social Security Association (ISSA) and the Aga Khan Agency for Microfinance.

Paul Thornton provided an introduction to the IAA Strategic Plan, and described the activities of the Mortality Working Group, while Alvaro Castro-Gutierrez outlined the aims of the Population Issues Working Group, and Ken Buffin the activities of the IAA in the social security area. Florian Léger of ISSA spoke about their work on social security, followed by John Woodall of ILO.

The afternoon was focused on microinsurance, with presentations by Craig Churchill of the ILO Microinsurance Innovation Facility, Peter Wrede of AKAM, and Howard Bolnick as Chair of the Microinsurance Working Group.

The following day had a detailed working session for Howard Bolnick with Craig Churchill and Mary Yang of the ILO Microinsurance Innovation Facility, and separate meetings for Paul Thornton and Ken Buffin with Michael Cichon, Director of the Social Security Department at the ILO and Yannick D'Haene, the Director of the Social Security Observatory at ISSA. A major issue for these organizations is the training



of social security actuaries and we have agreed to consider how we can best assist.

Paul Thornton, Ken Buffin and Roland Van den Brink also had a meeting with Juan Marchetti, Secretary, and Helen Styllianou, Chair of the Financial Services Committee of the WTO, with the purpose of ensuring that references to actuarial services in the General Agreement on Trade in Services as related to financial services remain appropriate.

On the third day, Paul Thornton was joined by Philippe Maeder in a meeting with Francois Vilnet, Chairperson, and Patrick Liedtke, Secretary General of the Geneva Association. This meeting was used to improve mutual understanding of the aims of our organizations and also to note differences of emphasis on the involvement of the insurance sector in global systemic risk. The Geneva Association is a research-based organization funded by the global insurance industry with an extensive range of publications on insurance and related topics.

The purpose of such outreach is to deliver one of the IAA's key strategic objectives, namely to:

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

The visit was considered highly successful in strengthening and extending our relationships with these influential bodies. Given the number of international organizations in Geneva, the event is likely to be repeated next year.

Presentations given by [Alvaro Castro-Gutierrez](#) & [Howard Bolnick](#) are available online.

Past President Katsumi Hikasa addresses China Actuarial Association (CAA) Annual Conference

Immediate Past President, Katsumi Hikasa, travelled to Nanjing, China end of September to participate in the annual conference of the CAA and to deliver an [opening speech](#) on behalf of the IAA. His presence was most welcome, particularly as the CAA is in the final stages of applying for Full Member status in the IAA.

President visits Ireland

Paul Thornton was invited to give a talk to the Society of Actuaries in Ireland on September 21. The meeting also included a presentation by Bruce Maxwell, as Chairman of the Groupe Consultatif, and was introduced by Philip Shier, who Chairs the Groupe's Pensions Committee and is Chairman of the International Committee of the SOAI. Paul and Bruce had shared a similar platform when they were Presidents of the Institute of Actuaries and Society of Actuaries in Ireland about ten years ago and were keen to repeat the experience!

Members of the SOAI are very active in both IAA and Groupe affairs and a good discussion ensued.

Presentation to the IAIS Implementation Committee

Bob Conger, Chairperson of the Advice and Assistance Committee and IAA Delegate to the AWB Section, had the opportunity to attend the IAIS Triannual meeting in Bahrain in June 2010, specifically to participate in the meeting of the IAIS Implementation Committee. The Implementation Committee has a charge that roughly parallels that of the IAA A&A Committee. The IAIS Implementation Committee supports emerging markets in establishing sound insurance regulatory and supervisory systems and also prepares training materials and organizes



training seminars for insurance regulators and supervisors. This was viewed as a worthwhile initiative and steps are being taken to continue developing our relationship in this area with the IAIS.

Professionalism – A key element for ruling actuarial activity



José Luis Lobera, Chairperson of the Latin America Subcommittee, [presented](#) on behalf of the IAA at the 8 Congresso Brasileiro de Atuária & Pan-Americano de Atuária on the very important topic of professionalism. The event took place in Rio de Janeiro, Brazil in August.

Meeting with the Chairman of the International Accounting Standards Board (IASB)

In August, President Paul Thornton led a small delegation to meet Sir David Tweedie, Chairman of the IASB. Sir David is an Honorary Fellow of the Institute and Faculty of Actuaries, with whom Paul's involvement dates back to the 1998 revision of International Accounting Standard (IAS) 19, *Employee Benefits*.

Accompanying Paul were Esko Kivisaari, Chair of the IAA Pensions and Employee Benefits Committee and Gary Hibbard, Chair of its Accounting Subcommittee.

After first describing the IAA Strategic Plan and the recent governance changes, Paul referred to some particularly relevant developments including the Standard Setters Roundtable, the work on developing an International Actuarial Standard of Practice (IASP) on International Financial Reporting Standards (IFRS), the Task Force on Convergence of Actuarial Standards, the CERA designation, the IAA publications on the Global Financial Crisis, the recent and forthcoming monographs on Stochastic Modeling and Systemic Risk, and the current effort in developing a monograph on discount rate related issues.

The discussion ranged across a wide variety of topics, including;

- **IASB overall work plan** - The IASB has had to prioritise its work over the period to June 2011 and is focusing on completion of only four major projects: Financial Instruments, Leases, Revenue Recognition, and Insurance Contracts. After June 2011 there will be a new Chairman and Board and a fresh Work Plan will be agreed in early 2011 focusing on a limited number of topics. An important development in the IFRS governance is the creation of a Monitoring Board to enable the 120 countries involved to oversee the IASB trustees.
- **Pensions** - the IASB's short term focus could be on disclosure rather than measurement.
- **Insurance** – the IASB looks to the actuarial profession for guidance on topics such as the liquidity premium and risk-adjustment.

We also noted **actuarial activities outside insurance and pensions**, such as financial instruments, risk management, and health care related issues. In fact we have responded to more IASB papers on Financial Instruments in the last three years than on Insurance.



Islamic Finance

Islamic Finance and its application to insurance, known as Takaful, represents an emerging challenge for the actuarial profession to demonstrate compatibility between Shariah and actuarial principles and to provide assistance to practising actuaries.

The IASB has mentioned to us their interest in this area, and it features on the IAIS agenda. The IAA thus needs also to respond to regulatory and supervisory issues as well as financial reporting aspects.

The Shariah legal context is internally complex and different from the civil code and common law traditions that most of us are more familiar with. As well as demonstrating compatibility of actuarial principles with Shariah for the benefit of practicing actuaries there is a need for us to address the technicalities so that supervisors and regulators as well are properly equipped to define and enforce the prudential framework.

Consideration is also needed of the asset constraints in matching assets with liabilities and the acceptability of specific product applications, and our contribution needs to be comprehensive and articulated in a way that is persuasive to a large proportion of Muslim clerics. The language is an issue, for example terms used by the IASB such as “discounting for time value of money” and “investment returns” may not be appropriate for Shariah-compliant financial products and there is a need for the “discounting” concept to be expressed in acceptable language.

Please contact our Secretary General [Yves Guérard](#) if you are interested in helping to identify and address the issues or wish to nominate someone else.

Fast track procedure (FTP)

[IASB Exposure Draft on Revenue from Contracts with Customers](#)

The response is being prepared by the Insurance Accounting Committee under the chairmanship of Sam Gutterman.

Deadline for objection to use of FTP: October 17, 2010

[IASB Exposure Draft on Insurance Contracts](#)

The response is being prepared by the Insurance Accounting Committee, chaired by Sam Gutterman.

Deadline for objection to use of FTP: November 25, 2010

Recent IAA public statements

Submissions issued since December 2009

September 18: Comments on [IASB Exposure Draft on Measurement Uncertainty Analysis Disclosure for Fair Value Measurements](#). *The response has been prepared by a task force of the Insurance Accounting Committee, chaired by Sam Gutterman.*

September 6: Comments on the [IASB Exposure Draft on Defined Benefit Plans – Proposed Amendments to IAS 19](#). *The comments were prepared by the Pensions and Employee Benefits Committee, chaired by Esko Kivisaari.*

August 29: Comments on the draft [ICP 13 Standards / Guidance on Reinsurance and Other Forms of Risk Transfer](#). *The comments were prepared by the Reinsurance Subcommittee, chaired by Michael Eves.*

July 23: Comments on the [IASB Exposure Draft on A Conceptual Framework for Financial Reporting: The Reporting Entity](#). *The comments were prepared by a task force of the Insurance Accounting Committee, chaired by Sam Gutterman.*

July 16: Comments on the [IASB Exposure Draft on Fair Value Option for Financial Liabilities](#). *The comments were prepared by a task force of the Insurance Accounting Committee, chaired by Sam Gutterman.*

June 30: Comments on the [IASB Exposure Draft on Financial Instruments: Amortised Cost and Impairment](#). *The comments were prepared by a task force of the Insurance Accounting Committee, chaired by Sam Gutterman.*

May 19: Comments on the [IASB Exposure Draft on Measurement of Liabilities in IAS 37](#). *The comments were prepared by a task force of the Insurance Accounting Committee, chaired by Sam Gutterman.*



April 30: Comments on the [IAIS Consultation on Draft Standard and Guidance Papers for Solvency Purposes](#). *The comments were prepared by the Insurance Regulation Committee, chaired by Toshihiro Kawano.*

March 1: Comments on the [IASB Exposure Draft on Management Commentary](#). *The comments were prepared by a task force of the Insurance Accounting Committee, chaired by Sam Gutterman.*

January 31: Comments on the [FEE Discussion Paper on Integrity in Professional Ethics](#). *The comments were prepared by the Committee on Professionalism, chaired by Michael Pomery.*

January 21: Comments on the [IAASB Consultation Paper on Auditing Complex Financial Instruments](#). *The comments were prepared by the Insurance Accounting Committee, chaired by Sam Gutterman.*

International Congress of Actuaries 2014



Visit www.ica2014.org for the new ICA 2014 puzzle
Do you like learning about history? Do you like puzzles, especially anagrams? Then visit the website above for the new ICA 2014 puzzle – an ICA history lesson in the form of an anagram!

A sonnet was sent to the ICA 2014 organizers by an IAA representative who scouts locations for the Congress. He has been scouting locations since 1895 and he is quite tired. He is so tired that he has

gotten a bit silly. Each line of his sonnet contains the encoded name of a city where the Congress has been held, including, appropriately enough, the city that will host the next one in 2014. To read the sonnet, go to the aforementioned website and try to crack the code to identify the fourteen cities.

Hint #1: “Encoded” means anagrammed. Each city’s letters, in English, is scrambled into one or two consecutive words in each line of the sonnet. For example, not root = Toronto.

Hint #2: A list of the cities that have hosted the International Congress of Actuaries can be found on the ICA 2014 website. However, the list is not directly linked to the puzzle; you will have to explore the site to find the list.

Hint #3: ICA 2014 is scheduled for March 30 – April 4, 2014 in Washington D.C. at the Washington Marriott Wardman Park Hotel.

Submit the puzzle solution to enter a drawing to win a prize! Send the list of cities in the order they appear in the sonnet to info@ica2014.org by November 30, 2010. Of the correct entries, one will be selected at random to receive a \$250 American Express gift card. The correct answers for the puzzle and an announcement of the winner will be posted on the website in early December.

When you visit the website to look for the sonnet, look for the first ICA 2014 puzzle – a Sudoku. Also sign up for RSS feeds and the e-mail newsletter to receive ICA 2014 updates as soon as they are posted. Registration for ICA 2014 is expected to open in late 2012 or early 2013.



Committee News

Insurance Regulation Committee (IRC)

Toshihiro Kawano, Chairperson

The IRC recognizes the importance of assisting the International Association of Insurance Supervisors (IAIS) in its development of the Common Framework for the Supervision of Internationally Active Insurance Groups.

The IAIS ComFrame will:

- Develop methods of operating group-wide supervision of internationally active insurance groups in order to make group-wide supervision more effective and more reflective of actual business practices;
- Establish a comprehensive framework for supervisors to address group-wide activities and risks and also set grounds for better supervisory cooperation in order to allow for a more integrated and international approach; and
- Foster global convergence of regulatory and supervisory measures and approaches.

In order to be able to assist the IAIS in its work, the IRC has created the ComFrame Task Force whose terms of reference are available [online](#).

The task force is led by Chairperson Dave Sandberg and Vice-chairperson Andrew Chamberlain, and consists of seven additional members; the membership is expected to expand according to work requirements. The full membership can be consulted [online](#).

Social Security Committee

Rob Brown, Chairperson

Junichi Sakamoto has been appointed Vice-chairperson of the Social Security Committee, effective as of August 3, 2010. We thank him for having accepted this appointment and wish him every success in his new position.

IAA Section Activities

IACA

-Ken Buffin, Chairman

Work has continued in the following areas:

- Planning for the 2012 joint colloquium in Hong Kong, provisionally set for May 6–9 at the Sheraton Kowloon, has progressed. A task force has been established and this group has been working through the logistics for the meeting; the next stage will be to focus on the agenda and professional content. The IACA Committee would be delighted if you could note the date and venue and plan to attend the colloquium.
- 2011 action plans for the Members Services Committee and Global Development Committee have been developed.
- Ibrahim Muhanna has recently taken over as the Chair of the Global Development Committee.
- The Asia Pacific Association of Consulting Actuaries (APACA) has been successfully launched and is now actively recruiting membership – further details on APACA’s activities can be found [here](#).

IAALS

-Kurt Wolfsdorf, Chairman

The IAA Life Section has identified the following activities to take place over the coming months:

- Webinars
- Colloquiums
- Development of the ASTIN bulletin
- Development of internet services
- Prize for best Life Article



AWB

-Carla Angela, Chairman

Actuaries Without Borders (AWB) is excited to announce that requests and ideas for actuarial projects, consistent with AWB's mission, can now be submitted online as part of its redesigned website. Click on the "Request an AWB Project" button at: www.IAA-AWB.org

Also on the website, the [Past Projects](#) tab gives information on recent projects completed by section volunteers and may help provide an indication of the type of assistance offered. AWB's strategic focus is on projects having regulatory, education or microinsurance dimensions. Please note that AWB will consider all project requests and will be pleased to answer any inquiries originating from the website. Our volunteer database shows a broad mix of expertise levels including life and non-life insurance; healthcare; corporate pension plans; governmental financial security programs; microinsurance; enterprise risk management, as well as other relevant non-traditional areas of practice.

We invite you to look at our redesigned website and welcome your project inquiries. Please contact any committee member if there are questions.

The Society of Actuaries recently published an interview with Shiraz Jetha from AWB. Read the full article [online](#).

News from Member Associations

Deutsche Aktuarvereinigung (DAV), Germany

Annual Autumn Meeting

The annual Autumn Meeting of DAV and its scientifically oriented partner organization DGVM will take place on November 15–16, 2010 in Cologne. The event will start on Monday with the meetings of the German ASTIN and LIFE Sections before the AFIR and Health sections meet on Tuesday. More than 600 members are expected to participate to stay current with new developments in the most important fields of actuarial mathematics.

Salary Survey

In July 2010 the third salary survey among German actuaries was carried out. All in all, 1,662 full members and candidates for DAV membership participated and completed a detailed survey on their salary and work conditions. This represented a response rate of around 30%. In close cooperation with an institute associated to the Technical University of Munich, an in-depth evaluation of the submitted questionnaires has been undertaken. A first overview of the results will soon appear in the DAV members' magazine *Der Aktuar*.

In autumn 2010, DAV and DGVM will again initiate a range of activities to strengthen young talents' interest in insurance and financial mathematics. As in previous years, an internship programme for students of mathematics concentrating on actuarial sciences will start in October. The initiative Companies Introducing Themselves, aims at informing students at an early stage about their career prospects as actuaries. A special workshop for young mathematicians will offer deeper insights in current hot topics of the actuarial and scientific community.



Competition entries are now being accepted for the renowned Gauss Prize, the closing date for which is January 31, 2011; submissions by young researchers are particularly welcomed. The new DGVFM scholarship programme for such researchers completes the range of activities; nevertheless, the committee responsible has begun to develop further ideas to promote young actuaries.

European Actuarial Academy Education for Actuaries (EAA)

New EAA Series on Solvency II

Solvency II is moving from the conceptual phase towards the implementation phase. As 2012 is approaching, it is time for actuaries and other financial staff to prepare. The EAA, an initiative of the actuarial associations of Austria, Germany, The Netherlands and Switzerland, recognizes that there is a widespread need for education and therefore set up a course that will combine general background information on Solvency II with state-of-the-art calculation methods. The course consists of seminars and optional exams:

- Part I: The Basics;
- Part II: Capital, Reporting and Governance; and
- Part III: Calculations and Modelling.

Part I will be held in Cologne, Germany, on October 5–8, 2010. The course is aimed at both actuaries with reporting responsibilities as well as actuaries who are participating in active risk management or pricing. The lecturers will pay ample attention to the QIS 5 specifications of June 2010 and the consequences on risk measurement and management. After the course the participants will know what general requirements Solvency II sets on insurance companies and how value and risk are measured. They will be able to estimate how it will influence their own company and see if their knowledge of accounting or finance is up to the standards. Details are available at www.actuarial-academy.com.

Het Actuariel Genootschap, The Netherlands

Reuters has placed an article entitled “Long-lived Dutch might be bad news for insurers” on their [website](#)

Casualty Actuarial Society– United States

E-Forum

The Fall 2010 issue of the E-Forum features 11 papers on reserves, including the 2010 Ronald Bornhuetter Loss Reserve Prize winner, “On the Accuracy of Loss Reserving Methodology” by Tapio Boles and Andy Staudt. The E-Forum is available on the CAS [website](#).

2011 Call for Reinsurance Papers

The CAS Committee on Reinsurance Research welcomes papers on any reinsurance-related topic. Authors of accepted papers may be invited to present their work at the 2011 CAS Seminar on Reinsurance, scheduled for May 2011 in Philadelphia, Pennsylvania. Accepted papers will be published in the CAS E-Forum and will be considered for the Reinsurance Prize (currently \$2,000). Both CAS members and non-members are invited to submit proposals for papers; proposals are due by October 15, 2010. More information can be found on the CAS website.

CAS Annual Meeting Set for Washington, D.C.

The CAS is now accepting registrations for its 2010 Annual Meeting, scheduled for November 7–10 in Washington, D.C. Actuaries from around the world are encouraged to attend and take advantage of the educational sessions and networking opportunities. Visit www.casact.org/annual/ to learn more.



CAS Election Results

Patricia Teufel has been elected President-Elect of the CAS. In addition, C. K. “Stan” Khury, Ronald Kozlowski, Andrew E. Kudera and Jeanne (Swanson) Crowell have been elected to the Board of Directors. These Fellows will assume their positions at the close of the 2010 Annual Meeting. For more information on these announcements and other CAS news, please visit the CAS website at www.casact.org.

Canadian Institute of Actuaries

Global Risk Institute in Financial Services (GRi)

The launch of the GRi, to be located in Toronto, was announced on September 13 by the Government of Canada. Although funding is provided by the federal and provincial government, the Canadian Institute of Actuaries is also among the private donors to contribute to this project.

The key five functions that will be performed by the GRi are:

- Developing leading-edge thinking and practical, policy-relevant applied research in the area of financial risk management.
- Providing consulting and advisory services to governments, regulators and industry.
- Providing professional risk education to senior industry practitioners.
- Partnering with academic institutions and professional organizations to train new graduates.
- Hosting international forums and conferences.

More details can be found [here](#) and [here](#)

If you have any questions, please contact Les Dandridge, Director of Communications and Public Affairs, at les.dandridge@actuaries.ca

Secretariat News



The IAA Secretariat is pleased to announce its newest staff member, [Carla Melvin](#). Carla joined the IAA in August on a contract basis and has just accepted permanent full-time employment as Executive Assistant to the Executive Director.

Carla's main responsibilities are to support the work of the Executive Director, with a focus on the Executive Committee, Supranational Relations and Strategic Planning.