The IAA: What’s there for us?

Suomen Aktuaariyhdistys 31.1.2007

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Origins, mission and recognition

- Comité Permanent des Congés d’Actuaires founded in 1895
- Restructured in 1998 to serve as worldwide association of professional actuarial associations and individual actuaries.

- To encourage development of global profession
  - technically competent and professionally reliable
  - to ensure that the public interest is served

- Not-for-profit, non-political, Non-Governmental Organisation
  - on the Roster of the Economic and Social Council of the UN
  - on the Special List of the ILO
Objectives

- Develop the role and reputation of the profession
- Promote high standards of professionalism to serve public interest
- Advance the body of knowledge of actuarial science
- Further the personal professional development of actuaries
- Promote mutual esteem and respect amongst actuaries
- Provide discussion forum for actuaries and associations
- Represent the global profession with supranational bodies
IAA restricts its activities to strategies and programmes which require international co-ordination or direction, or can be handled more efficiently across national and regional boundaries.

- Does not become involved with actions at level of Member Associations or regional groups of actuarial associations, except at express invitation of such association or group.

- IAA takes measures necessary to avoid duplication or overlap with activities of Member Associations or regional groups of actuarial associations.
Membership and representation

- Full Member Associations: 55
- Associate Member Associations: 24
- Assisting develop profession in 40 additional countries
- Fully qualified actuaries: 40,000+ in 97 countries
- Institutional Members:
  - International Association of Insurance Supervisors (IAIS)
  - International Accounting Standards Board (IASB)
  - International Social Security Association (ISSA)
- Observer Member
  - World Bank
IAA Membership Requirements

For Full Member Association

• Code of Conduct
• Formal discipline process
• IAA Education Guidelines and Syllabus
• Formal process to adopt standards of practice
  ……..if and when national standards are created

For Associate Member Association

• Actuarial association not meeting all conditions above
International Actuarial Association

COUNCIL

Executive Committee
Secretariat
Strategic Planning

Statutory Committees
Audit & Finance
Nominations

Other Committees
Accreditation
Insurance Regulation
Advice & Assistance
International Education Program
IAA Fund
Member Services
Financial Risks
Pensions and Employee Benefits
Education
Professionalism
Insurance Accounting
Social Security

Supranational Relations

Sections
AFIR
ASTIN
AWF
IAAHS
IACA
LIFE
PBSS
IAA Officers and Secretariat 2007

- President: Hillevi Mannonen (Finland)
- President-Elect: David Hartman (United States)
- Immediate Past President Jean-Louis Massé (Canada)
- Secretary General: Yves Guérard (Canada)
- Executive Director: Nicole Séguin
- Manager, IT and Member Services: Christian Levac
- Project Manager, Technical Projects: Katy Martin
- Project Manager, Membership and Development: Céleste Leclerc
Council Meetings

- Held twice a year at invitation of Full Member associations
- Criteria for governance and conduct of committee meetings exist
- Full Member association entitled to 1 delegate and 1 alternate delegate on Council
- Council agenda sent 90 days in advance of meeting includes motions for decisions requiring super-majority vote
- Second Council agenda sent 60 days in advance of meeting, followed by final agenda up to date of meeting, if necessary
- Final 30-days agenda can only include non-substantial changes
Finances and Expenses

- Budget for 2007:
  - Full Member Dues: 13,50 CAD$ per fully qualified actuary
  - Expected Revenue: 920,713 CAD$
  - Expected Expenses: 917,500 CAD$

Secretariat: 26.7%
Statutory Meetings: 18.0%
IAA Fund: 10.9%
Committee Support & Expenses: 6.1%
Representations & Gifts: 4.5%
Rent & Other Office Expenses: 6.4%
Internet & Communications: 23.4%
Insurance & Other Services: 5.0%
Communication and Tools for Members

- Communication is electronic: List servers / discussion groups
- Committee delegates and interested persons can join various list servers to participate / monitor work of committees
- IAA Members’ Website contains:
  - specialized online translation tool in 8 pairs of languages
  - specialized search tool
- Guidelines adopted to facilitate participation of non-native English speakers in work of IAA
Committee Participation

- Full Member Associations entitled to one representative (delegate) on most committees – Diversity is desirable

- Committee chairs and vice-chairs can also represent their association as a delegate

- Role of Committee Members:
  - active participation in committee work, discussions, meetings
  - keep home association informed of committee developments

- Delegates assume own travel costs
Committees – Leaders

- **Accreditation**
  - Juan Carlos Padilla (Mexico)

- **Audit and Finance**
  - Curtis Huntington (United States)

- **Advice & Assistance**
  - Stephen Handler (South Africa)
    - China Subcommittee: Estella Chiu (Hong Kong)
    - Latin America Subcommittee: Luis Huerta (Mexico)
    - IAA Fund Subcommittee: Stephen Handler (South Africa)

- **Education**
  - Carla Angela (Italy)

- **Executive Committee**
  - Hillevi Mannonen (Finland)
    - Strategic Planning TF: David Hartman (United States)

- **Financial Risks**
  - David Kingston (Ireland)
    - TF on Financial Economics: Charles Gilbert (Canada)
Committees – Leaders (cont’d)

- **Insurance Accounting**
  
  - Actuarial Standards Subcommittee
    - Sam Gutterman (United States)
    - David Congram (Canada)
    - Francis Ruygt (The Netherlands)

- **IAA Education Program (IEPC)**
  
  - Steering Committee
    - Alf Guldberg (Sweden)
    - Luis Huerta (Mexico)

- **Insurance Regulation**
  
  - Reinsurance Subcommittee
    - Rolf Stölting (Germany)
    - Michael Eves (Switzerland)
  
  - Solvency Subcommittee
    - Stuart Wason (Canada)

- **Member Services**
  
  - Ibrahim Muhanna (Lebanon)

- **Nominations**
  
  - Jean-Louis Massé (Canada)

- **Pensions & Employee Benefits**
  
  - Accounting Standards Subcttee
    - Esko Kivisaari (Finland)
    - Gary Hibbard (United Kingdom)

- **Professionalism**
  
  - Helen Rowell (Australia)

- **Social Security**
  
  - Robert L. Brown (Canada)

- **Supranational Relations**
  
  - Philippe Maeder (Switzerland)
Relationship Between IAA, Sections and Congresses

- IAA: association driven, focusing on professionalism, standards, representation
- Sections: scientific, research and practical arm
- Congresses: a high point for both
- Colloquia are yearly or biannually, while Congresses are every four years
- In Congress year, section colloquia are held in conjunction with Congress
- Next Congress: March 7-12, 2010 in Cape Town, South Africa
Sections of the IAA

- IAA has seven specialized sections that form an integral part of the IAA
- Sections focus on actuarial research and development in specific areas of practice
- Each Section has its own area on the IAA Web site: www.actuaries.org
- Anyone may apply to join
- Dues 40 CAD$ except for AWF 20 CAD$
Sections of the IAA (cont’d)

- 1957 ASTIN Actuarial Studies in Non-Life Insurance
- 1986 AFIR Actuarial Approach for Financial Risks
- 1968 IACA International Association of Consulting Actuaries
- 2003 IAAHS Health Section
- 2003 PBSS Pensions, Benefits, and Social Security Section
- 2003 AWF Actuaries Without Frontiers
- 2005 Life Section
IAA International Actuarial Standards of Practice

- Class 1 Compulsory
- Class 2 Voluntary
- Class 3 Recommended Practice
- Class 4 Practice Guidelines:
  - educational in nature
  - not binding
  - Usually start as class 4, can be upgraded later to class 1-3.
International Actuarial Standards of Practice (IASP)

Current

• IASP 1  On Social Security  - class 4
• IASP 2-8 On Financial Reporting for Insurers - class 4
• IAA web page LIBRARY / STANDARDS

Under development:

• Financial Reporting for Insurers
• Pensions
Guidelines for making public statements normally require 60-day exposure of proposed response and vote of Full Member associations.

When time is limited, committees can request to use Fast Track Procedure (FTP):
- Full Member associations:
  - encouraged to participate in drafting
  - can object to use of the FTP
  - no vote required
IAA External Relations – Representation as of September 2006

- September
  - IAA Fund Meeting
  - 7th Annual China Actuarial Conference
- October
  - Singapore Retirement Conference 2006
  - Society of Actuaries Annual General Meeting
  - Groupe Consultatif Annual Meeting

Warsaw, Poland
Chongqing, China
Singapore
Chicago, US
Barcelona, Spain
November 50th Anniversary and 15th Annual Conference of New Zealand Actuarial Society
Recent IAA Activities

- **Financial Risks**
  - Prepared Public Statement on IAIS Draft Supervisory Standard on Asset Liability Management
  - Formed Task Force on Financial Economics to promote the evolution of sound practices for the global actuarial profession and help manage any paradigm shift

- **Insurance Accounting**
  - Prepared responses to:
    - IASB Exposure Draft of Proposed Amendments to IAS 1 Presentation of Financial Statements: *A Revised Presentation*
    - Draft IAIS Standard on Disclosure Concerning Technical Risks and Performance for Life Insurers
Insurance Accounting (cont’d)

- Completed work on two International Actuarial Standards of Practice proposed for adoption as Practice Guidelines:
  - Embedded Derivatives and Derivatives under IFRS
  - Accounting for Reinsurance Contracts under IFRS
- Continued work on third set of International Actuarial Standards of Practice to reflect comments received during exposure period
- Continued development of an IAIS-requested paper on risk margins
- Represented the IAA, in cooperation with the IAIS and CEIOPS, at an IASB Educational Session (June 2006)
Recent IAA Activities (cont’d)

- Insurance Regulation
  - Prepared responses to IAIS on:
    - IAIS Common Structure for the Assessment of Insurer Solvency
    - Revised IAIS Guidance Paper on Risk Transfer, Disclosure and Analysis of Finite Reinsurance
  - Assembling an ad hoc working group on the Role of the Actuary
  - Developing a Best Practices paper on Internal Models to form the basis of an International Actuarial Standard of Practice on Internal Models
  - Provided input on the Practice Guideline on Accounting for Reinsurance Contracts
Recent IAA Activities (cont’d)

- Pensions and Employee Benefits
  - Exploring the possibility of an International Actuarial Standard of Practice on Pension Cost Accounting
  - Participated in a review of the World Bank paper « Old-Age Income Support in the 21st Century »

- Social Security
  - In process of updating IASP 1 - Guidelines of Actuarial Practice for Social Security Programs