



An Overview of the IAA and its Strategic Plan:

Addressing the Challenges to the Profession

2nd Iberian Congress of Actuaries

11 June, 2009

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International Actuarial Association

- IAA, founded in 1895, is not-for-profit, non-political, non-governmental organization
- Secretariat in Ottawa, Canada
- In 1998, the IAA reorganized its structure to become an association of professional actuarial associations worldwide.
- 2008: Tenth anniversary of its restructure – Decennial Report published in June



Principle of Subsidiarity

- Restricts its activities to strategies and programmes which require international co-ordination or direction
- Does not become involved with actions at national level, except at express invitation of an actuarial association or regional group
- Avoids duplication or overlap with activities of Member Associations or regional groups of actuarial associations



Membership and Representation

- 62 Full Members and 23 Associate Members
- 4 Institutional Members:
 - International Association of Insurance Supervisors (IAIS)
 - International Social Security Association (ISSA)
 - International Accounting Standards Board (IASB)
 - International Organization of Pension Supervisors (IOPS)



IAA Full Membership

- Requirements
 - Code of conduct
 - Formal discipline process
 - Formal process to adopt standards of practice
 - if and when national standards are created
 - IAA Education Guidelines and Syllabus
- Each full member association entitled to appoint one Delegate to the Council



IAA Sections

- ASTIN - Actuarial *STudies In Non-life Insurance*
- IACA - *International Association of Consulting Actuaries*
- AFIR - Actuarial Approach for *F*nancial *R*isks
- IAAHS - *IAA Health Section*
- PBSS - *Pensions, Benefits and Social Security Section*
- AWF - *Actuaries Without Frontiers*
- LIFE – Section for Life actuaries



IAA Committees and Sections

- Through its 15 Committees and 7 Sections, the IAA enhances efficiency of its member associations
- Leveraging the combined capacity of its members, it can
 - more efficiently serve the public interest
 - facilitate expansion of intellectual capital of the profession and scope, quality, availability of actuarial services
- Full Member associations appoint representatives to IAA committees which
 - serve the profession
 - propose standards
 - define syllabus and education requirements
 - prepare briefs and public statements for regulatory bodies (IAIS, IASB, and IOPS)



Strategic Planning

- To meet the new challenges of the actuarial profession and to respond to the rapidly changing environment, it was imperative to develop a new strategic plan.
- After several years of discussions, a full package of the IAA Strategic Plan, including Vision, Mission and Values statements, Strategic Objectives and Action Plans, was adopted at the Council meeting in Cyprus on November 4th, 2008.



Strategic Planning - Vision Statement

The actuarial profession is recognized worldwide as a major player in the decision-making process within the financial services industry, in the area of social protection and in the management of risk, contributing to the well-being of society as a whole.



Strategic Planning - Mission Statement

The mission of the IAA, as the worldwide organization of actuarial associations, is:

- to represent the actuarial profession and promote its role, reputation and recognition in the international domain; and
- to promote professionalism, develop education standards and encourage research, with the active involvement of its Member Associations and Sections, in order to address changing needs.



Strategic Planning - Values Statement

The IAA adheres to the values of

integrity,

accountability,

transparency,

and objectivity

when dealing with Member Associations, other stakeholders and the public.



Strategic Planning - Strategic Objectives and Priorities/Action Plans

Strategic Objective 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.

Priorities/Action Plans

1. Identify and prioritize relevant supranational organizations with whom to establish and maintain key relationships.
2. Bring key relationship bodies into contact with the relevant actuarial groups.
3. Build and maintain key relationships.



Strategic Planning - Strategic Objectives and Priorities/Action Plans

Strategic Objective 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.

Priorities/Action Plans

1. Identify and prioritize fields of practice and develop a program to support each area.
2. Create strong links with non-actuarial international organizations in “wider fields”. (links to Strategic Objective 1)
3. Promote the development of actuarial practice in Enterprise Risk Management, including the development of a global designation/credential.



Strategic Planning - Strategic Objectives and Priorities/Action Plans

Strategic Objective 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.

Priorities/Action Plans

1. Periodically review basic education standards to ensure they remain up to date.
2. Develop a recommended set of voluntary CPD guidelines.
3. Achieve a common understanding of the principles of professionalism, including code of conduct and disciplinary procedures.
4. Develop model standards of practice.



Strategic Planning - Strategic Objectives and Priorities/Action Plans

Strategic Objective 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.

Priorities/Action Plans

1. Help emerging and existing actuarial associations to develop.
2. Examine the feasibility of constructing and managing an International Actuarial Education Program.
3. Facilitate the access to information and experiences from other countries, especially for countries with a developing actuarial profession.



Strategic Planning - Strategic Objectives and Priorities/Action Plans

Strategic Objective 5

Provide a forum for discussion among actuaries and actuarial associations throughout the world.

Priorities/Action Plans

1. Encourage forums for actuaries to discuss global actuarial issues.
2. Encourage discussions between association Presidents.
3. Encourage not only worldwide, but also regional contact and cooperation among member associations.



Strategic Planning - Next Step

- Having now adopted the Strategic Plan, the time is ripe for a review of the Statutes and Internal Regulations to ensure that the IAA can become more efficient, responsive and transparent.
- A discussion paper on the governance and structure of the IAA was discussed and well supported at the Council meeting in Tallinn on May 30th, 2009.



Recent Key Activities - Public Statements

- Released “Dealing with Predictable Irrationality – Actuarial Ideas to Strengthen Global Financial Risk Management” (February 10, 2009)
- Finalized “Measurement of Liabilities for Insurance Contracts: Current Estimates and Risk Margins” (April 15, 2009)
- In the past 6 months, issued 7 public statements responding to consultation from various outside bodies such as IASB, IASCF, IAIS, OECD, and FASB
- The development of three more public statements is under way



Recent Key Activities - Standards

- Published 12 International Actuarial Standards of Practice, all of which are educational Practice Guidelines
- All but one are in respect of actuarial professional services related to the application of the International Financial Reporting Standards (IFRSs) of the IASB.



Recent Key Activities - IAEP

- Major initiative to develop an International Actuarial Education Program (IAEP)
- Program will assist member associations in providing high-level actuarial education
- Open new opportunities for students around the world by providing access to that education
- Finding a financial resource to sponsor the program is the current major issue.



The Risk Crisis and the IAA

- An opportunity to promote the actuarial profession and to educate on the important role actuaries can play in the management of risk
- An Advisory Risk Crisis Task Force was set up, reporting to the Executive Committee, to advise and provide guidance to the sub-group of the Enterprise and Financial Risk Committee, chaired by Tony Coleman.



The Mandate of the Task Force

- To develop a public statement targeting the Financial Stability Forum, the governments, the regulators and the major financial institutions
- To develop a communication program to promote the actuarial profession as a qualified major player in the management of risk in both the financial and the real sectors



The Progress of the Task Force's Work

- The first part of the mandate was completed on February 10, 2009 with the publication of the paper entitled “Dealing with Predictable Irrationality – Actuarial Ideas to Strengthen Global Financial Risk Management” and an accompanying worldwide news release.
- Work on the second part of the mandate is ongoing and will be discussed during the course of the IAA meetings in Tallinn.



Four Proposals to Prevent Future Financial Crisis

- Introduction of more counter-cyclical regulatory arrangements
- Creation of Country Chief Risk Supervisor role
- Wider use of comprehensive risk management concepts in banks and non-regulated sector
- Improved use of ERM & risk governance



Participation in Key Events Surrounding the Financial Crisis

- With the aim of promoting the actuarial profession
- Presented to the IAIS in Tokyo on February 2
- Presented to the Joint Forum on February 24
- Presented at the March 5 hearing of Observers by the Technical Committee of the IAIS in Basel, Switzerland



Initiatives Undertaken by the Member Associations

- The Institute of Actuaries of Australia
 - Issued a press release on March 9
 - Received excellent television and press coverage
- The American Academy of Actuaries
 - Issued press releases in February and March



For the Future of the IAA

- The Strategic Plan will form the direction the IAA will take going forward, in order to meet the challenges the actuarial profession now faces
- Its implementation is important for the future of the IAA
- Member Associations' active participation in the IAA activities is vital.
- Especially, the IAA would like to hear more from smaller associations.



Thank you very much
for your attention!