Thank you for the kind introduction. Also, thank you for inviting me to attend the Congress. It is my great pleasure to visit this lively city of Bilbao for the first time in my life, and I am personally very grateful to you and your colleagues for your warmest welcome and hospitality to make my stay as comfortable as possible.

Honoured guests, and dear colleagues, I am privileged and honoured to be given this opportunity to speak on behalf of the International Actuarial Association – the IAA – in my capacity as its President. On behalf of the IAA, I would like to express my sincere appreciation to everyone who has made all the efforts to make this second Congress possible.

Speaking of congress, the IAA holds an International Congress of Actuaries – the ICA – every four years. The last ICA was held in Paris in 2006 and I would like to encourage all of you to attend the next ICA in Cape Town, South Africa in March of 2010, and after that in Washington, DC, in the spring at cherry blossom time in 2014.

Now, for those who may not be familiar with the IAA, let me spend a few minutes to give a brief outline of the IAA and its activities. The IAA, founded in 1895, is a not-for-profit, non-political and non-governmental organization with its Secretariat in Ottawa, Canada. In 1998, the IAA reorganized its structure to become an association of professional actuarial associations worldwide. Last year, the IAA celebrated its 10th anniversary of its restructure. To commemorate the occasion, the IAA published the Decennial Report – A Profession Poised for the Future, which is available on the IAA website.

In order to understand the IAA, it is very important to understand the Principle of Subsidiarity, which are:

- The IAA restricts its activities to strategies and programs which require international co-ordination or direction.
- The IAA does not become involved with actions at national level, except at express invitation of actuarial association or group.
- The IAA avoids duplication or overlap with activities of Member Associations or regional groups of actuarial associations.

The IAA will never interfere activities of a local association. In other words, if you need any help from the IAA on your internal matters, you need to raise your voice and explicitly ask for help.

There are currently 62 full member associations plus 23 associate member associations. There are also 4 institutional members of the IAA: the International Association of Insurance Supervisors (IAIS), the International Social Security Association (ISSA), the International Accounting Standards Board (IASB), and the International Organization of Pension Supervisors (IOPS).
In order to obtain full membership of the IAA, an actuarial association needs to satisfy several criteria, including:

- The association must have a code of conduct in place.
- The association must have a formal discipline process in place.
- If the association adopts standards of practice, it must have in place a formal process for adoption.
- The association’s fully qualified actuaries need to have successfully completed an education program compliant with the IAA Education Guidelines and Syllabus.

I am happy to note that the Iberian region has produced three full member associations of the IAA, namely Instituto de Actuarios Españoles, Col.legi d'Actuaris de Catalunya and Instituto dos Actuários Portugueses.

Each full member association is entitled to appoint one Delegate to the Council and to each Committee, with the exception of a few special Committees.

Other than Committees, the IAA has seven Sections under its aegis. They are, in order of creation, ASTIN, IACA – the International Association of Consulting Actuaries, AFIR, IAAHS – the IAA Health Section, PBSS – the Pensions, Benefits and Social Security Section, AWF – Actuaries Without Frontiers, and the most recently created Life Section.

It is through its Committees and Sections that the IAA helps enhance the efficiency of its member associations in developing and optimizing the use of the pool of scientific knowledge of the global actuarial profession. By leveraging the combined capacity of its members, it can more efficiently serve the public interest and facilitate the expansion of the intellectual capital of the actuarial profession and the scope, quality, and availability of actuarial services. As I mentioned, it is the full member associations that appoint the representatives who are voting members of the fifteen Committees, plus many subcommittees and task forces that serve the profession, propose standards, define the syllabus and education requirements, and prepare briefs and public statements for international regulatory bodies like the IAIS, the IASB, and the OECD. Member Associations of the IAA are called upon to participate and contribute to the global effort.

Since its restructuring in 1998, the IAA has steadily made its presence felt more in the global financial community. But, facing the rapidly changing environment, just maintaining the status quo is not sufficient by any means. In order to be a viable organization in the future, the IAA need to meet the new challenges and respond to the changing environment, which is why the IAA began discussing the development of a strategic plan.

We have been working vigorously on the development of the plan for the past several years, and I am pleased to announce that it was finalized last year. A full package of the IAA Strategic Plan, which was adopted at the Council Meeting in Cyprus on November 4th, 2008, consists of Vision, Mission and Values statements, Strategic Objectives and Action Plans/Priorities.

Here, let me quote the Vision, Mission and Values statements.
First, the vision statement reads this way:

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. This statement represents what the IAA would like to be at some point in the future, say in five years from now.

The next statement is the mission statement. Mission is what the IAA is currently doing or believes it should be doing to achieve that vision.

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.

Later, I will talk about the current key activities of the IAA and you will see this statement is well incorporated into them.

Values are defined as qualities which are desirable or worthy of esteem for their own sake.

The IAA adheres to the values of integrity, accountability, transparency, and objectivity when dealing with Member Associations, other stakeholders and the public.

The final step in the strategic planning process was to identify strategic objectives and action plans and develop a road map of strategies and actions to achieve the vision and mission on a sustainable basis.

We indentified the five Strategic Objectives and developed Priorities/Action Plans under each Strategic Objective. In the next five slides, I will just quickly go through the five Strategic Objectives.

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.

Various committees within the IAA have been fine-tuning their activities taking the strategic objectives into due consideration, although most of their activities already have reflected more or less what the strategic objectives stand for.

The next step the IAA will take is the review of its governance structure. A discussion paper was prepared by the Task Force on Strategic Planning and it was discussed at the Council meeting in Tallinn, Estonia on May 30th, 2009. The paper was generally well received and supported by the Delegates of the IAA Council, and when the recommendations laid out in the paper are implemented, I strongly believe that the IAA will become a more efficient, responsive and transparent organization.

In order to highlight the variety and importance of its roles, let me talk about the recent key activities that the IAA is coordinating for the benefit of its members. Most of them have started prior to the adoption of the Strategic Plan, but as I indicated earlier, they are well in line with the Strategic Plan.

This slide highlights the recent publications of public statements by the IAA. This year, the IAA published two important public documents. In February, responding to the global financial crisis, the IAA released the paper entitled “Dealing with Predictable Irrationality – Actuarial Ideas to Strengthen Global Financial Risk Management.” I will talk about it later.

The second document is the paper entitled “Measurement of Liabilities for Insurance Contracts: Current Estimates and Risk Margins.” The project of developing this paper was originally launched at the request of the IAIS in 2005. I believe this paper will provide a major input into the work of the IAIS and the IASB in their discussion on the measurement of liabilities for insurance contracts.

The next slide is on the International Actuarial Standards of Practice developed by the IAA. The IAA has published twelve International Actuarial Standards of Practice, all of which are educational Practice Guidelines and most of them, but one Standard, are in respect of actuarial professional services related to the application of the International Financial Reporting Standards (IFRSs) of the IASB.

In 2006, the IAA started a major initiative to develop an International Actuarial Education Program (IAEP). This program is intended to assist member associations in providing high-level actuarial education and to open new opportunities for students around the world by providing access to that education.
Next, I will spend a few minutes by describing what the IAA has done to respond to the global financial crisis.

The current ongoing financial crisis has been deeply affecting not only the financial industry but also the entire world. Witnessing the crisis, one would wonder whether such a crisis could have been prevented if the expertise of actuaries had been applied to the wider financial fields and utilized effectively in the decision making process of financial institutions. This is a hypothetical question to which we might never find an answer, but we firmly believe that the actuarial profession is a profession which is equipped with just the right set of technical skills and professional discipline to better deal with financial risk management within any kind of institution. In other words, the risk crisis represents a great opportunity to promote the actuarial profession and to educate on the important role actuaries can play in the management of risk.

Thus, an Advisory Risk Crisis Task Force was set up to advise and provide guidance to the sub-group of the Enterprise and Financial Risk Committee of the IAA, chaired by Tony Coleman.

The mandate of the Task Force was two-fold:
- to develop a public statement targeting the Financial Stability Forum, the governments, the regulators and the major financial institutions and,
- 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 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.

As one of the highlights of this paper, the IAA has proposed four measures to be taken in order to prevent future financial crisis, which are:
- 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

The paper was presented to the IAIS and the Joint Forum with the aim of promoting the actuarial profession.

Also, thanks to the initiatives taken by the member associations such as the Institute of Actuaries of Australia and the American Academy of Actuaries, the paper received an excellent media coverage, making the presence of the IAA and the actuarial profession felt more by the world outside the actuarial community. The most significant news is that the four recommendations that the IAA made in the paper are reflected in the proposals adopted by the G20 in April. This is just a testimony about the role and influence of the actuarial profession and an indication that we are on a right track to realize our Vision.
Summing up, it will not be an easy task to accomplish the Strategic Plan by any means. But it is important not only for the future of the IAA, but also for the society in general. Simply put, the IAA has the obligation to “contribute to the well-being of the society as a whole” by implementing the strategic objectives to achieve the vision and mission as stated in the Strategic Plan.

Lastly, let me stress that any goals that the IAA would like to achieve could not be accomplished without the firm support of the local actuarial associations and the voluntary effort of their individual members. Local meetings such as this Congress are quite important, not only to the local associations, but also to the IAA because they can greatly contribute toward enhancing recognition of the actuarial profession locally and raising the level of the local associations and their members, which the IAA must heavily rely on.

I strongly encourage every participant to make the best use of this opportunity of exchanging your opinions and ideas with your international colleagues and, not only passively listen to the presentations and lectures, but also actively engage in discussions.

Again, thank you very much for inviting me here, and also thank you very much for your attention.

Katsumi Hikasa
President, IAA