

Presidents' Forum

Los Angeles, United States — May 24, 2012

List of Participants

[See attached](#)

Welcome and Introduction

IAA President Desmond Smith welcomed all attendees. This was followed by an introduction from each participant.

The draft minutes from the meeting held in Zagreb, Croatia were approved as presented.

Desmond handed over to Dave Sandberg, who introduced the agenda.

1. Howard Kunreuther, from the Risk Management and Decision Processes Center of the Wharton School, University of Pennsylvania, made a presentation on [A Framework for Risk Management of Extreme Events: Evidence from Firms](#).
2. James Moore, Managing Director of PIMCO, presented on Risk Management in the Face of Unprecedented Capital Markets Uncertainty—[Living In “Interesting Times”](#).
3. Rajish Sagoenie, President of the Het Actuariel Genootschap, and Ad Kok, Chair of the International Committee, presented the [Interactive Discussion Session: Actuary 3.0](#).

After the three presentations, the following remarks were made:

- In Europe, actuarial training should be broader rather than concentrating on technical skills.
- When risk management processes are reviewed, it is important to recognize the fundamentals of your business.
- The Mexican association has been working on an insurance plan to deal with catastrophes. One important topic on Catastrophic Risk Management (CRM) is that costs can be minimized as well as the risks.
- Complacency can be a problem, with people purchasing insurance after the event, rather than before, or, if insurance is purchased and no claims are made for a while, it is cancelled and seen as a bad investment.
- Perhaps an autopsy could be carried out on failed companies.
- There is no incentive for companies to take protective measures. If few companies are not taking protective measures, those who do will not appear to be so profitable.

- With regard to protective measures, the media does not report in a way that appeals to the public.
- Protection does not always pay.
- Inflation for the next few years will be muted, but rates will rise again.
- There are concerns regarding legislation in Europe.
- The training of actuaries needs to be improved in order to develop better communication skills.
- The image of an actuary needs to be improved upon. Actuaries do not have the image of other professions.
- Actuaries used to be sought after for their judgment rather than their number-crunching ability.
- Opportunities for actuaries in South Africa lie outside the traditional areas of life and pensions; they lie in the non-traditional areas of enterprise risk management and investment.
- In the University of the West Indies there is a program for actuaries. However, the Caribbean only has a few traditional jobs to offer the graduates each year, with the remaining graduates needing to find other work. Even general insurance companies do not hire actuaries in the Caribbean. How can associations keep these people and encourage them to become experts within the profession? Can the IAA work on this?
 - Maybe the IAA could have a class of member that is encouraged to attend our meetings, even if they are not studying for exams.
 - Employers are not aware of the benefit of employing an actuary, so they believe that it is not necessary to do so. The IAA could work with employers to make them aware of the qualifications.
- In Russia, actuaries calculate figures, but actuaries from the UK are employed for making judgments. In the future, there should be equal understanding of the capabilities of an actuary. The work on professional standards being undertaken by the IAA should be accelerated.
- Global branding of the actuary is important and something on which the IAA should focus. Actuaries are becoming better known for the reports they produce rather than the items mentioned in the report, i.e. simplification and insight is needed rather than complexity.
- The true nature of risk needs to be addressed, which should be explained in a more simplified way in order for a lay person to understand.
- Actuaries should move back into traditional areas. It is rare to find actuaries running companies; they are now advisors rather than decision-makers. In Europe, something is changing; actuaries are coming back to the boardroom. The IAA work on branding should help with this.
- In Mexico, a lot of actuaries are working on the risk function of banks, stock brokerage firms and in the government, developing standards of practice for areas other than insurance. They are working on making professionalism a more substantive part of the actuarial profession.
- One of the factors contributing to the loss of the position of leadership in many of the traditional roles is that actuaries have become cataloguers of options that management can take as opposed to advocates for a direction.

- The basics of the profession if very important. There must be an appropriate balance between technical knowledge and the business advisory role actuaries must play. The foundation of our profession, maths and economics, must not be forgotten. This is similar to being able to view the landscape and thus having the ability to see the big picture from the top of the CN Tower of Toronto: this needs a very solid foundation of the building and without the proper foundation, an actuary would not be able to build the advisory role and the communication power. At the same time it must also be acknowledged that the actuary needs to aim for the top and give advice based on what is down there and what can be seen and understood from the top. Thus it is important to understand and enforce the appropriate balance between the foundation, the technical knowledge, experience and skill, and the integrative advisory role supported by proper communication.
- The IAA should consider changing the syllabus by reducing the minimum technical level and encouraging some soft skills. The current standards restrict the ability of people to take risks, which is necessary in some areas, but care should be taken not to overdo the standards and regulations. The society in South Africa recently re-wrote its Code of Conduct to remove anything that would stop people entering into a new area, providing they applied some fundamental, important behavioural skills. They are being given the tools and permission to take risks, but the education now needs to begin. This could take from 10 to 20 years.
- The IAA could provide master classes, a continuous stream of information reporting successes in the actuarial field.
- Maybe CEOs should be given some actuarial training. This would not necessarily be suitable for all countries.
- Publications even for beginners are too lengthy and complicated.
- The IAA can help with the building of the strategy, but the members of the associations are the ones who come face-to-face with employers.
- A suggested publication for actuaries to read is *The Power of Habit*.

IAA President Desmond Smith informed the Presidents' Forum that the IAA's ability to contribute regarding the execution of the branding strategic objective is very limited, due to the situations in various countries. This will be a joint effort with the member associations. The branding will need to fit the local circumstances and the IAA will assist the smaller associations as needed.

4. The following topics were suggested for the next meeting in Nassau:
 - Presentation by association presidents on their feedback on a survey being developed by the ERM committee. The subject of this essay-style survey is the status of risk management. Dave Sandberg and Cathy Lyn will liaise with Dave Ingram, Chairperson of the committee, regarding the feedback from associations.

It was suggested that the financial survey that was carried out four years ago be re-circulated to member associations, as situations may have changed. Due to the volume of work involved in collating this information, the feedback from this survey will be presented at the IAA Council and Committee meetings in the Netherlands in 2013.

A general remark was that, although external presentations were interesting, they should be limited to one on the agenda. It was also suggested that the agenda be shorter.

5. Adjournment

There being no further business to discuss, the meeting was adjourned at 6:00 p.m.

LOS ANGELES

PRESIDENTS' FORUM ATTENDANCE ROSTER

LISTE DES PARTICIPANTS AU FORUM DES PRÉSIDENTS

AUSTRALIA

Institute of Actuaries of Australia
David Goodsall, President
Melinda Howes, Chief Executive Officer

BRAZIL

Instituto Brasileiro de Atuária (IBA)
Ricardo Frischtak, Director for Pension Funds

CANADA

Canadian Institute of Actuaries
Jim Christie, President
Simon Curtis, President-Elect
Michel Simard, Executive Director

CARIBBEAN

Caribbean Actuarial Association
Cathy Lyn, Immediate Past President

CHINESE TAIPEI

Actuarial Institute of Chinese Taipei
Hong-Yi Yang, President

COLOMBIA

Asociación Colombiana de Actuarios
Rodrigo Silva, Treasurer

ESTONIA

Eesti Aktuaaride Liit
Tarmo Koll, President

FINLAND

Suomen Aktuaariyhdistys
Barbara D'Ambrogi-Ola, President

FRANCE

Institut des Actuairees
Thomas Béhar, Past President

GERMANY

Deutsche Aktuarvereinigung e. V. (DAV)
Rainer Fürhaupter, Executive Vice President

HONG KONG

Actuarial Society of Hong Kong
Stuart Leckie, Council Member

HUNGARY

Magyar Aktuárius Társaság
Gábor Hanák, Past President

IRELAND

Society of Actuaries in Ireland
Philip Shier, Past President

ITALY

Istituto Italiano degli Attuari
Riccardo Ottaviani, President

JAPAN

Institute of Actuaries of Japan
Junichi Noro, President
Tsutomu Igarashi, Chairman
Yosuke Nakano, General Secretary

Japanese Society of Certified Pension Actuaries
Toshiaki Uetani, Secretary General

MEXICO

Colegio Nacional de Actuarios A. C.
Jesús Zúñiga, President

Asociacion Mexicana de Actuarios
Luis Alvarez Marcén, President

NETHERLANDS

Het Actuarieel Genootschap
Rajish Sagoenie, President
Ad Kok, Chair of International Committee
Jaroen Breen, Manager

NEW ZEALAND

New Zealand Society of Actuaries
John Smith, Secretary

PORTUGAL

Instituto dos Actuários Portugueses
Maria de Nazaré Barroso, President

PUERTO RICO

Academia de Actuarios de Puerto Rico
Michael Smith, President

RUSSIA

Russian Guild of Actuaries
Vladimir Novikov, President

SOUTH AFRICA

Actuarial Society of South Africa
Themba Gamedze, President
Peter Temple, President-elect
Emil Boeke, Chief Executive Officer

UNITED KINGDOM

Institute and Faculty of Actuaries
Jane Curtis, President
Derek Cribb, Chief Executive

UNITED STATES

American Academy of Actuaries
Dave Sandberg, President
Cecil Bykerk, President-elect
Mary Downs, Executive Director
Keith Jones, Legal Counsel

American Society of Pension Professionals & Actuaries
Joseph Nichols, President

Casualty Actuarial Society
Patricia Teufel, President
Gary Josephson, President-elect
Cynthia Ziegler, Executive Director
Todd Rogers, Director of Finance & Operations

Conference of Consulting Actuaries
Patricia Rotello, President-elect
Rita DeGraaf, Executive Director

Society of Actuaries
Brad Smith, President
Tonya Manning, President-elect
Greg Heidrich, Executive Director

INTERNATIONAL ACTUARIAL ASSOCIATION

Desmond Smith, President
Kurt Wolfsdorf, President-Elect
Dave Ingram, Chair, Enterprise and Financial Risk
Nicole Séguin, Executive Director
Carla Melvin, Executive Assistant