

Revised January 30, 2006

Minutes
Presidents' Forum Meeting
November 20, 2005 – 8:30 a.m.
Rio de Janeiro, Brazil

IAA President, Alf Guldborg, welcomed all participants to the second meeting of the Presidents' Forum in this format. He invited all present to introduce themselves; the list of participants is attached to these minutes.

IDENTIFICATION OF PRIORITIES FOR THE ROUND TABLE

Participants were invited to give a brief synopsis of strategic issues facing their association at this time and to identify topics they believe the IAA should be addressing. Some of the comments made include the following. Points for consideration by the IAA appear in **bold** text.

- Even before the Morris Review was initiated, the UK had started a review of the profession. Their conclusions from this review are pending the completion of the consultation phase with their membership and employers of actuaries. Throughout these consultations, the constant message has been that employers are very impressed with the technical skills of actuaries, however they are looking for actuaries with good business skills. **This raises the question of whose role it is to add on to these skills.** The strategic review of the role of the actuary in the UK is not complete, but it is clear that the value of actuaries needs to be increased. In this respect, **the IAA should also demonstrate that it adds value to the individuals and to member associations.** The UK has also been consulting the younger actuaries to determine where the profession should be going.
- Because the IAA is primarily an association of associations, individual members of member associations do not necessarily fully understand the need for the IAA. **This raises the question of improving communications on the role and need for the IAA.**
- How can the IAA assist its members, taking into consideration the differences in the resources of larger and smaller associations? **For example, could the IAA introduce a discipline board to assist smaller associations in dealing with their discipline cases?**
- The Canadians are currently concentrating on the governance of the profession and, in this respect, have created an actuarial oversight council whose membership will comprise non-actuaries. They are also introducing non-actuaries to the discipline process.

- The Canadian Institute has been advocating the role of a chief actuary in the public health system.
- The profession is facing some serious issues in the United States. They have received the same type of feedback as the UK from employers re business skills. **The resources of the profession should be optimized to avoid having 50 organizations conducting the same types of analyses.**
- Issues facing the Australian association include the implementation of Part 3 education program, CPD, external peer review, governance and regulatory review (professional conduct), establishing new research centers, and intellectual base. Their field strategies include developing new practice areas such as banking and risk management.
- **It is important that the IAA operations be such that it can react quickly to external requests.**
- The smaller associations in the IAA face some of the same issues, such as:
 - lack of finances and human resources making it difficult to participate in the IAA work
 - serious shortage of actuaries to support the needs of regulators
 - difficulty in developing standard setting or disciplinary processes, although some smaller associations have appointed actuaries from other associations to their discipline boards
- The CAS' focus is on education and research in the property and casualty (P&C) area. They are investigating how to assist other organizations with their P&C content. They have formed a joint section with the SOA on enterprise risk management.
- On the education and governance side, the CAS has implemented a process for improving educational material by introducing study notes. They currently do not have continuing professional development (CPD) requirements, but this is under consideration.
- There is a serious concern in Denmark that the actuarial profession will disappear. A sign of this is that, contrary to the practice of many years ago, newly appointed CEOs of insurance companies are rarely actuaries.
- **The IAA should consider developing a marketing document and introducing virtual education centers.**
- **What can the IAA be doing to market the profession globally?**

- **How can younger actuaries be given a voice and a place within the IAA?**
- The IAJ has introduced CPD requirements whereby 50 hours per year will be the standard. The result is not very satisfactory. They are also collaborating with universities on education.
- Not convinced that all actuaries should have the same education or the same view on matters.
- For several years now, India has been holding global conferences of actuaries, sponsored by the IAA. Therefore, their young actuaries become familiar with the IAA early on.
- **The IAA should have the capacity to see how the profession is moving and to so inform its members.**
- Sweden has seen a significant decrease in the number of students in actuarial mathematics at the university level. Although there has been an increase of members in the Swedish association, very few aspire to become a qualified actuary.
- Is the IAA's claim of being a global profession a self-professed one? Are member associations identifying themselves as Member of the IAA?
- **The focus of the IAA should be to serve the members' needs, both the organizations and practicing actuaries.** If we are going to serve the needs, we need to know what they are.
- The application of the principle of subsidiarity, which was first introduced into the Statutes in 1998, may need to be revisited. There is nothing in the Statutes preventing a smaller association from seeking assistance from the IAA.
- The IAA has been trying to promote the importance of the core body of knowledge. The information exists, but it has not found a way to share it with its members. One way of communicating this could be through sections and individuals, but not that many actuaries belong to the sections. This calls for a means for effectively communicating with all individual actuaries.

ROLE AND OPPORTUNITY FOR THE IAA: THE POSITIONING OF THE ACTUARY IN SOLVENCY II

At this stage, Ad Kok of the Netherlands was invited to make a presentation on this topic. A copy of his presentation is available online.

GLOBAL EDUCATION AND ACCREDITATION SYSTEM

Chris Daykin followed with a presentation on a global education and accreditation system; a copy of this presentation is available online.

NEW LIFE SECTION

Malcolm Campbell was invited to make a presentation on the creation of the IAA's newest section, the Life Section. This presentation is also available on the Web site.

IAA DRAFT REPORT OF THE TASK FORCE ON STRATEGIC PLANNING

Jean-Louis Massé referred to the draft report of the IAA's Task Force on Strategic Planning which was sent in advance of the Council meeting and which was on the agenda for discussion here in Rio. He introduced Jim MacGinnitie, outgoing chair of the Task Force, who was invited to help with the discussion of this item.

Some of the comments made during the discussion include the follow:

- The document is very general. Consideration should be given to including timelines/deadlines in order to give some sense of where we are going.
- There was a sense of frustration at the amount of routine material on the Council agenda and it was suggested that the Council meetings be reformatted.
- The discussion of strategy and structure has been kept separate, yet in the document, strategy and structure are combined. These two issues should probably be separated so that the structure does not constrain the strategy. Once the strategy is determined, it will become clear what the structure should be.
- The North American Actuarial Council (NAAC) started a strategic planning process at its October meeting with the aid of a facilitator. In one year's time, they will attempt to reach more conclusions and to identify the next steps.
- The IAA needs to find a way to gain more value out of its meetings.
- The IAA needs to think about the respective roles of the Forum and the Council. The associations control the IAA through the Council. If we have fewer committees to reduce the costs of the IAA, maybe we can revisit the decision making powers of the Council, EC and Presidents' Forum. It would be important to perform a risk assessment of the IAA and to obtain views on the perception of the roles of the Presidents' Forum and of Council.
- One participant commented that he saw the Presidents' Forum as a strategy group and Council as a management group.
- Sovereignty is an issue because many associations are not willing to grant sovereignty to the IAA. However, we are a small profession and we must stick together.
- The role of the EC should be changed to provide for a more powerful EC with a different composition. Do not necessarily need one representative from each committee, but need representation from member associations, small and large.

- We could be more efficient as a profession if we identified ways to better coordinate resources.
- Determine how global the IAA wants to be and whether this view is shared by all member associations.

ROUND TABLE ON STRATEGIC ISSUES FOR THE PROFESSION

Participants and observers were divided into groups with a view of attaining the greatest diversity as possible between geographic location, language, size of association, etc. These groups were then asked to break out to discuss strategic issues facing the profession and to return to the main table with their identified priorities. The reports are as follows.

Table 1

1. Education and CPD
 - extend what exists to actuarially developing countries
 - rename IAA Education Committee “Education and CPD Committee”
 - initiate review of core syllabus
2. Risk Management
 - need to exercise thought leadership
 - CPD should be developed in risk management
 - strategic partnering with ERMI/GARP/PRMIA
3. Governance
 - branding and positioning: actuaries should not be seen as mathematicians
 - need for transparency
 - buy in and involvement from member associations
 - gather views of other bodies, i.e., IAIS

Table 2

First step was to identify stakeholders

- global: international regulators/bodies (IASB, IAIS), emerging actuarial countries, individual actuaries, employers
- local: individual actuaries, local organization (autonomy), employers

Second step was to address needs and values

- how to add value: develop and market the product
- learning by engaging in discussions within the IAA
- standards (practice, conduct, education, CPD)
- mentoring developing countries re organization and administration
- mobility across countries, disciplines and industries

Key actions:

1. Strategy completion

- focus strategic development work being done by identifying key stakeholders for the IAA (member associations; individual members, employers, clients)
 - identify the needs and ways the IAA can add value
 - there is a clear need in actuarially developing countries for the IAA's help in developing the profession
 - for the more developed economies, the need for the IAA is more for coordination and interaction with international bodies, i.e., IAIS, IASB
2. Risk management/banking
 - coordinate the flow of information as the practice develops
 - provide international interface with the regulators (IAIS), quasi regulators, and rating agencies
 - focus on the relevance of the IAA (what does an actuary of the IAA mean?)
 3. Brand development
 - local/global, governance issues, discipline issues
 - product development (research, education, CPD, standards, guidelines)
 - marketing
 - threats to the brand

Table 3

1. Find a way to better maximize resources
 - chief staff officers should meet more frequently to identify opportunities for joint efforts which could result in resource savings and staff collaboration
 - pair smaller associations with larger associations so that they can share experiences as they grow and learn from the more developed association; could initially be a sharing of resources
 - consider introducing mentor program
 - use the IAA to show these successes
2. Increase the perceived value added by the IAA for individual members
3. Grow the profession in risk management
 - form a subgroup of interested organizations to start strategizing on this
 - clear need to educate the average actuary who does not understand these issues
 - find a way to maintain contact with students who move on to another profession
4. Global education project
 - more needs to be done to get member organization input into this
 - create a list server to get buy in

Table 4

1. Non actuaries filling actuarial functions

Action: define actuary; review education process and identify how we can produce more brilliant actuaries; emphasize the profession; develop value proposition; define value added; recognize opportunities, i.e. ERM; market the profession (brand); get word out to employers that actuaries are necessary

2. Globalizing the profession

Action: make sure actuaries are recognized for what they can do in the economy; define what is necessary to be a qualified actuary and define an actuary on a country by country basis; mutual recognition is a key element

3. Opportunities: banking and financial markets

Action: ERMI is what actuaries should have been talking about five years ago; identify opportunities with banking and investments; conduct a situation analysis then identify opportunities

Table 5

1. Operational effectiveness

- eliminate duplication of effort internationally and nationally
- identify global issues and address them
- look at the process structure and relationships between international and national associations

2. Relevance of the IAA

- demonstrate the value of the IAA, both to member associations and to individual members
- need involvement of more members and of younger members
- need diversity within the IAA
- how can the IAA better communicate with member associations

Action: Member Services Committee (MSC) has been charged with looking at some of these actions to improve the process and content of communications. There is a need to rethink events such as congresses and colloquia. The Secretary General has undertaken to produce a first draft of the institutional memory of congresses. The MSC is considering the idea of a forum for younger members.

3. Image

4. Education

Conclusions

After listening to the reports given by each table, participants identified the most pressing issues as follows. For each topic, the individual whose name appears in brackets volunteered to lead this effort with an interim report due at the meeting in Paris in May 2006.

- Banking and Financial Management (Paul Braithwaite, United States)
- Risk Management (Tony Coleman, Australia)
- Education and CPD (Chris Daykin, United Kingdom)
- Branding and Marketing (Bob Beuerlein, United States)
- Operations and Governance (Andrew Gale, Australia)
- Value Added (Michael Pomery, United Kingdom)

Topic champions were asked to submit interim reports in advance of the meeting in Paris as these reports will form an important basis for the future work of the IAA.

Alf Guldberg thanked all participants for an active and interesting meeting and invited them to provide feedback on the desired format of future Presidents' Forum meetings.

The agenda having been exhausted, the meeting was adjourned at 5:30 pm. It was agreed to hold the next meeting on the morning of Sunday, May 28 in Paris, prior to the Council meeting.