

**Running Notes**  
**Presidents' Forum**  
**Roma, Italy**  
**13 June 2005**

**Morris Review**

1. Impact across borders
2. Past attempts to address similar issues
3. Can the profession afford to sit back and wait?
4. Israel: reforms are under way
  - a. New pension schemes are DC type
  - b. Financial market reform by government: actuaries are mentioned for first time
  - c. Morris review has been noted
5. Japan: Morris review is being studied
6. France:
  - a. Hard to say if there will be a move towards an Anglo Saxon way of doing things.
  - b. Translation of Morris at least the recommendations
7. India:
  - a. Many of its members belong to Institute and Faculty
  - b. Report from C. Daykin
  - c. Peer review introduced
  - d. Bringing in of lay persons in the system
  - e. Taking lessons on the discipline system
8. Mexico:
  - a. Social security issues: funding
9. Norway:
  - a. Highly regulated
  - b. Actuaries try to be heard by regulators
10. Sweden
  - a. Question: Lack of trust?
  - b. Answer: As a result of recent financial failures. Impact on many professions.
11. Ireland:
  - a. We want to solve the problem before it becomes a problem.
  - b. We tried with peer review in recent past.
  - c. Morris is very relevant for us.

## 12. Canada

- a. Fix it before someone else fixes it for you
- b. Have peer review and semi-independent discipline system
- c. Are talking to accountants
- d. Are looking at outside members in the system

## 13. United Kingdom

- a. Understanding gap between actuaries and clients (pension trustees and insurers directors): communication skills; more education on the work of actuaries; work of actuaries need continuous scrutiny

## 14. Poland

- a. Morris will have influence
- b. Close oversight is an issue for a small organization

## 15. Communications include listening better

## 16. USA

- a. Principles are universal
- b. Public responsibility
- c. Public perception:
- d. Press coverage: how damaging?
  - i. A: initially more biased than the Morris report
  - ii. Our warnings: from private to governments to public
  - iii. Roles for profession and for individual actuaries
  - iv. Lunches with journalists

## 17. Germany:

- a. Different situation: management is responsible for the statements; auditors oversight on work of actuary; possible change in reporting of actuary

**PROBLEM OF AGEING**

- 1. developing countries specific issues
- 2. unfunded pensions
- 3. role of actuary

**SMALL ORGANIZATIONS PARTICULAR ISSUES**

- 1. Portugal
  - a. Need for lots of volunteer work
  - b. Can IAA help?

**AUSTRALIA**

- 1. Comprehensive program underway, including Morris review
- 2. Reserved roles being expanded in non-insurance
- 3. Peer review: by 2006 for statutory financial functions
- 4. Review of Code: public or third party interest

5. Major financial failures where actuary was not in a reserved role
6. Symptoms of the problem:
  1. ageing
  2. IASB
  3. BIS
  4. IAIS
  5. interaction with FASB

### **REACTIONS VERSUS FORWARD LOOKING**

1. Personal security including health, education, pensions (people in retirement are saving more than workers)

### **GOING FORWARD FOR SMALL ORGANIZATIONS:**

Education: minimum standards checked by IAA  
 Suggestion: do same for your organization

### **GOING FORWARD GENERALLY**

High school education  
 General publications  
 Include Morris review in Continuing Professional Education

### **LEBANON**

IAA should look at small organizations' needs as well as emerging organizations

Pensions: funding and accounting

### **AUSTRALIA**

Global risk assessment

### **ISSUES INTERNAL TO THE PROFESSION**

1. New fast track procedure
  - Frequency and time to response
  - Balance: capacity to react timely and demographic process
  - 20% can veto
  - The draft in progress is available to observers and members of the drafting committee.
  - Because of subsidiarity, who of IAA or its members should reply?
  - We should take the lead in making public statement; not just respond to requests.
  - Could normal due process be revisited to address some issues coming up?

2. What are the big issues? Which opportunities are occurring? A global risk assessment. Reputation of the profession.
3. Presentations of individual organizations of what they are doing presently. Have more active participation from audience.
4. Where we want the IAA to go forward? It is difficult to find binding issues. Define binding principles or have a platform to exchange? Example: minimum education standards. Other example: response to IASB. We should have professionals within the IAA for some support for more grip on texts and thoughts. Academy experience: have public policy analysts with writing and editing skills-not necessarily actuaries' forte.
5. Small organizations draw strength from the IAA. IAA draws lots of support from large associations.
6. Responsibility of large associations not to let the devaluation of the profession because of limited resources of smaller associations.

### **CLOSING REMARKS**

Issues to discuss further: fast track where we are expected to give fast answers. We all have to be more active. IAA needs a clear message of what member associations want. We have to take account of what goes on in each country.

Increased fees are an issue.

We must better explain the benefits of being a member of IAA.

We need your feedback.