

**RULES OF THE AFIR-ERM SECTION
ACTUARIAL APPROACH FOR FINANCIAL RISKS/ENTERPRISE RISK MANAGEMENT
ORIGIN**

Article 1

The AFIR-ERM Section (hereinafter “AFIR-ERM”) operates in accordance with the Statutes and Internal Regulations of the International Actuarial Association (IAA).

OBJECTIVES

Article 2

The objective of AFIR-ERM is to promote actuarial research in enterprise risk management and particularly financial risk fields, to push forward the boundaries of actuarial knowledge and to promote and facilitate an international exchange of views, advice, research and practical information among actuaries and other experts involved in these fields.

- a) To this end, AFIR-ERM organizes seminars, colloquia and other meetings, and may engage in other activities such as awarding prizes, online exchanges, developing websites and publications, and establishing links to other organizations and IAA sections.
- b) AFIR-ERM also identifies topics in the areas of enterprise and financial risk which merit further research, and may seek to promote research on these topics, for example by establishing a research working party or commissioning a paper to be presented at a future colloquium or seminar.
- c) AFIR-ERM supports the publication of a scientific journal of high quality known as the ASTIN Bulletin – The Journal of the IAA. It includes papers and articles from all areas of actuarial practice.
- d) The focus of AFIR-ERM is on international collaboration in these fields. Local associations are best positioned to address issues specific to their region and should be the primary organizer of any local seminars or events on AFIR-ERM topics.
- e) Research activities should be, as far as possible, complementary to those undertaken by local associations. AFIR-ERM activities should respect the principles of subsidiarity as set out in Article 8 of the IAA Statutes.
- f) AFIR-ERM aims to provide an international forum for collaboration, exchanging and developing research and ideas on AFIR-ERM fields.
- g) Relevant information regarding the activities of the AFIR-ERM and other materials of interest to actuaries are posted on the AFIR-ERM web site (www.IAA-AFIR.org).

DURATION

Article 3

The duration of AFIR-ERM is unlimited.

CLASSES OF MEMBERS, ADMISSION AND WITHDRAWAL

Article 4

There shall be three classes of AFIR-ERM Members, consisting of Ordinary, Observer and Donor Members.

- a) The class of Ordinary Members is open to individual actuary members of IAA member associations. Qualified individuals interested in becoming Ordinary Members may submit their applications either directly to the IAA Secretariat or their respective member association.
- b) The class of Observer Members is open to student actuaries, actuaries who are not members of IAA member associations and persons who are not actuaries, provided that they are interested in following and participating in the activities of AFIR-ERM and are noted for their particular competence or interest in AFIR-ERM matters. Qualified individuals interested in becoming Observer Members may submit their applications to the AFIR-ERM Board, which may assess the application and determine whether the applications are to be approved.
- c) Donor Members are individuals, associations, organizations or companies that support financially the activities of AFIR-ERM as determined at the sole discretion of the AFIR-ERM Board. Qualified individuals and entities interested in becoming Donor Members may submit their applications to the AFIR-ERM Board, which may assess the application and determine whether the applications are to be approved.

In addition, all Ordinary, Observer and Donor Members shall be notified in writing of their membership dues, if any, and the time payable by them. If they are not paid by the deadline determined by the AFIR-ERM Board, the person's membership shall be terminated.

Article 5

Subject to Article 13, Ordinary Members shall have the right to attend, speak and vote at meetings of the General Assembly. Observer and Donor Members do not have voting rights.

Article 6

Membership of these categories may be terminated upon occurrence of any of the following:

- a) Written resignation by the member;
- b) A serious breach of the Section Rules by the member;
- c) Failure to pay any required AFIR-ERM membership dues;
- d) Death of the member; or
- e) Removal by resolution of the General Assembly.

In addition, Ordinary Membership ceases if at any time the person ceases to belong to a member association of the IAA.

AFIR-ERM BOARD

Article 7

Composition

An AFIR-ERM Board normally composed of 12 members, with a minimum of 8 and up to a maximum of 16, shall be responsible for managing AFIR-ERM.

Article 8

- a) Two of the Board members shall be Delegates appointed by the Executive Committee of the IAA. They will serve as non-voting ex officio members.
- b) The balance of the Board members shall be elected by Ordinary Members at a meeting of the General Assembly.

- c) Nominations for Board members should endeavour to provide for a balanced geographical, linguistic and cultural distribution of Board members. In addition the aim should be to promote diverse membership from various types of employment and from those with research and applied orientations. Where possible, no more than two Board members may be elected from any one country.

Elections

Article 9

- a) The AFIR-ERM Board shall seek nominees, from the list of Ordinary Members, for election to be Board members at least 60 days prior to the time of an election. Nominees with letters of support from their member association will be given preference.
- b) The Board members, with the exception of the Delegates appointed by the Executive Committee of the IAA, are elected for a term of four years. They are elected during an AFIR-ERM General Assembly meeting. The maximum number of terms for each Board member is two consecutive four-year terms, unless elected as an Officer, in which case one extra four-year term is allowed.
- c) The Delegates appointed by the Executive Committee of the IAA do not have a term of office. They shall serve for as long as appointed by the Executive Committee of the IAA.
- d) Should a vacancy on the AFIR-ERM Board arise between meetings of the General Assembly, the vacancy may be filled until the next meeting by an Ordinary Member elected by majority vote of the remaining Board members. At the next meeting of the General Assembly, a replacement shall be elected by the Ordinary Members to fill the vacancy for the remainder of the term.
- e) When an election is to be held at a meeting of the General Assembly, notice will be given in the IAA Newsletter or by electronic communication.
- f) The IAA Delegates shall oversee the nomination and election process for Board members.

Article 10

The duties and responsibilities of Board members are:

- a. To maintain his/her Ordinary membership in the AFIR-ERM Section. During the first quarter of each year, the Board member shall confirm his/her Ordinary membership to the Secretariat and the Board chair.
- b. To carry forward the objectives of the AFIR-ERM Section through discourse and collaboration and with the Boards assent;
- c. To promote the objectives of the AFIR-ERM Section with full enthusiasm, energy and integrity;
- d. To participate actively and constructively in the discussions of the Board, whether in person, by telephone, or by other form of communication;
- e. To take on their share of assignments in AFIR-ERM subcommittees.
- f. To report to the Board Chair any potential conflicts of interest between their financial or other interests and the objectives of the AFIR-ERM Section.

In addition, a Board member shall not profit from the activities of the AFIR-ERM Section Board. In providing his/her services to the AFIR-ERM Section, a Board member shall act in a manner that does not violate the precepts of his/her association's Code of Professional Conduct.

Article 11

The AFIR-ERM Section Board may terminate an elected Board members term prematurely by a two-thirds or greater vote of its total membership (excluding the member being reviewed) if a

Board member fails to abide by the duties and responsibilities set forth in Article 10 or commits another serious breach of the Rules.

The AFIR-ERM Board may terminate an elected Board members term automatically, if the Board member fails to maintain his/her Ordinary membership as set forth in Article 10a. This may include failing to pay the annual Ordinary membership fee after receiving three electronic notices of non-payment of dues from the IAA Secretariat, or ceasing to be a member of an IAA member association. Quantitative criteria for such removal include the failure to participate in at least 50% of AFIR-ERM Section Board meetings over any consecutive 12-month period or non-participation for four or more consecutive meetings commencing with meetings after January 1, 2015. Participation by telephone counts as face-to-face participation. In addition, lack of engagement in Board matters, as demonstrated by non-involvement in Board business or a record of non-participation in voting on resolutions circulated by e-mail, would be grounds for removal. It is anticipated that the Chairperson would initiate a discussion with the member prior to the vote in an attempt to address his or her lack of participation.

Officers and Subcommittees

Article 12

- a) The AFIR-ERM Board shall be appointed biennially from among its members, except the Delegates appointed by the Executive Committee of the IAA, a Chair, a Vice-Chair, a Secretary, and a Treasurer who shall be the Officers of AFIR-ERM. The IAA Delegates shall oversee the process for the election of the Officers.
- b) The AFIR-ERM Board may establish subcommittees to promote AFIR-ERM objectives, either on a temporary or permanent basis, and define their tasks. The Chair for a subcommittee shall be appointed by the AFIR-ERM Board from among the Ordinary or Observer Members; the Chair need not be a Board member. The balance of subcommittee members shall be appointed by the Chair of the subcommittee from among any Ordinary or Observer Members. The AFIR-ERM Board may, at its sole discretion, terminate subcommittees. In extraordinary circumstances, in recognition of great service to AFIR-ERM, an individual may be elected an Honorary Chair of AFIR-ERM.

Meetings

Article 13

- a) The AFIR-ERM Board shall meet at least once a year, which may be in conjunction with an AFIR-ERM Colloquium or an IAA International Congress of Actuaries.
- b) The AFIR-ERM Board may only make a decision during a meeting if more than half of the Board members are present (either physically or by phone/videoconference). The decision is then taken by a simple majority of those present, excluding IAA Delegates.
- c) A valid decision may also be taken by mail or e-mail, provided that every Board member is polled and a simple majority of the full AFIR-ERM Board is attained. The Secretary is responsible for collecting and counting the votes.

Article 14

The AFIR-ERM Board bears a general responsibility for the AFIR-ERM operations, the expenditure of funds on behalf of AFIR-ERM, colloquia, seminars and other activities. The practical organization of each activity may be entrusted to a subcommittee of AFIR-ERM or to a committee or task force of a host association. No seminar or colloquium shall be organized to fall within six months or be held in the same calendar year as an IAA Congress, unless such a seminar or colloquium is part of the Congress activities. Activities should be financed by registration fees of participants and their accompanying persons, or from any subsidies and donations from the host organization and other sources.

GENERAL ASSEMBLIES OF AFIR-ERM

Article 15

- a) Meetings of the General Assembly shall be held at such time and place and with such frequency as determined by the AFIR-ERM Board and may be held in conjunction with each AFIR-ERM Colloquium and IAA Congress, as determined by the AFIR-ERM Board. An Extraordinary General Assembly may be called by decision of the AFIR-ERM Board or at the written request of at least five per cent of the Ordinary Members.
- b) Notice of a General Assembly meeting will be given to all members by the Secretary at least 60 days in advance.
- c) Each Ordinary Member shall have the right to attend, speak and cast one vote at a General Assembly meeting. Ordinary Members may alternatively vote electronically in advance of the meetings (electronic voting will not be available for motions proposed during the meeting).
- d) Ordinary Members may also cast one vote electronically on matters to be decided by electronic voting in lieu of a General Assembly meeting, as determined by the AFIR-ERM Board.
- e) Other than voting in person or electronically, every Ordinary Member may also vote in advance by using a mailed-in ballot in the form provided by AFIR-ERM Board and in the manner prescribed by the AFIR-ERM Board from time to time (mailed-in voting will not be available for motions proposed during the meeting).

Observer and Donor Members may attend meetings of the General Assembly, but do not have the right to speak at them unless permitted by the Chair of the meeting. Observer and Donor Members do not have any voting rights.

Article 16

- a) Meetings of the General Assembly are presided over by the Chair of the AFIR-ERM Board, in his/her absence by the Vice-Chair, and otherwise by one of the IAA Delegates to the AFIR-ERM Board.
- b) The portion of a General Assembly meeting conducted for the purpose of electing Board members shall be presided by one of the IAA Delegates to the AFIR-ERM Board. If an IAA Delegate is not present at the meeting, the election may be presided over by another Board member.

Article 17

The duties of the General Assembly are to:

- a) Elect Board members;
- b) Receive the AFIR-ERM Secretary's and the Treasurer's reports and a report on the *ASTIN Bulletin – The Journal of the International Actuarial Association*;
- c) Set the membership dues; and
- d) Conduct any other business on the General Assembly agenda.

Article 18

With the exception of the matters referred to in Article 22 and Article 24 (c), resolutions adopted at a General Assembly meeting are decided by a simple majority of the votes cast.

LANGUAGES

Article 19

The official languages of AFIR-ERM are those of the IAA.

FINANCIAL MATTERS AND ADMINISTRATION OF FUNDS

Article 20

- a) The AFIR-ERM Treasurer is responsible for the financial matters of AFIR-ERM. Each year, the AFIR-ERM Treasurer must submit a budget and a report to the AFIR-ERM Board and, if it meets, to the General Assembly. The report must account for all financial transactions and for the administration of funds. The AFIR-ERM financial statements are audited annually as part of the IAA Audit.
- b) The AFIR-ERM Treasurer is responsible for the management of the assets of AFIR-ERM in compliance with the IAA Investment Policy, Guidelines and Restrictions, as approved by the IAA Council from time to time.

Article 21

- a) The membership dues of the Ordinary Members shall be payable either directly to the IAA Secretariat or to IAA member associations which shall remit all dues collected to the IAA Secretariat on behalf of AFIR-ERM.
- b) The membership dues of the Observer and Donor Members shall be collected directly by the IAA Secretariat on behalf of AFIR-ERM.
- c) The IAA Secretariat shall assist the AFIR-ERM Treasurer with the maintenance of records and preparation of accounts.

DISSOLUTION OF AFIR-ERM

Article 22

- a) AFIR-ERM can be dissolved by a vote of the Ordinary Members at a meeting of the General Assembly, with absent Ordinary Members having the facility to vote electronically in advance of this meeting. The decision is valid only if more than 80 per cent of those voting are in favour of the dissolution. A decision to dissolve AFIR-ERM is subject to subsequent ratification by the IAA Council.
- b) At its discretion, the IAA Council may discontinue AFIR-ERM as a section of the IAA. However, AFIR-ERM may continue independently from the IAA.

Article 23

In case of discontinuation, all remaining assets will be transferred to the independent AFIR-ERM association. In case of complete dissolution of the AFIR-ERM Section, the remaining assets will be transferred to the IAA, which shall create a fund to dispose of them, taking into account the objectives defined in Article 2 and the directions given by the General Assembly approving the dissolution.

AMENDMENTS TO THE RULES

Article 24

- a) Any amendments to the Section Rules must be submitted by the AFIR-ERM Board to Ordinary Members of AFIR-ERM at least 60 days prior to the date upon which the General Assembly is to take a decision.
- b) Any two Board members or upon the written request of at least five per cent of the Ordinary Members may propose changes to these Section Rules to be considered at the next General Assembly meeting.

- c) Section Rules may be amended by a vote in favour by two-thirds of the votes of Ordinary Members present and voting at a meeting of the General Assembly, with absent Ordinary Members having the facility to vote electronically in advance of the meeting, subject to subsequent ratification by the IAA Council.
- d) Section Rules and amendments take immediate effect on the date of their approval by the IAA Council.