

**RECORD OF SOCIETY OF ACTUARIES
1995 VOL. 21 NO. 4A**

**IF IT'S MONDAY IT MUST BE BRUSSELS! HIGHLIGHTS OF THE
INTERNATIONAL ACTUARIAL ASSOCIATION (IAA) CONGRESS**

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This "travel log" report will cover the highlights of the IAA centennial meeting in Brussels. Participants in the congress will share the actuarial content of this international program as well as some of the cultural and social aspects. There will be a discussion of developments with respect to the proposed International Federation of Actuarial Associations (IFAA).

MR. WALTER S. RUGLAND: We're going to reminisce about the time we spent in Brussels and tell you what we experienced.

MR. ROBERT J. DYMOWSKI: The interesting thing about IAA meetings is that they always give you souvenirs or remembrances. This time it was a handsome book about Brussels. The accompanying persons got attractive shopping bags, and each person got an adequate raincoat, which actually came in handy.

MR. WILLIAM J. BUGG, JR.: There were tours of the city on Saturday and Sunday. I particularly liked the Grand Place. It's a square in the old part of the city that usually has many activities going on. A band was playing on our first Saturday. A special race was also going through the streets and walkways, where waiters and waitresses ran with a bottle of wine and two filled glasses.

On Sunday evening there was a get-together reception for all of the attendees at the Royal Museum of Fine Arts of Belgium.

Monday was our opening session at the Royal Concert Hall. We were welcomed by the heralding of hunting horns. Our opening speaker was the president of the Belgian Association of Actuaries. He had welcoming remarks, and then we heard a keynote speech from Viscount E. Davignon. Four professors were recognized and granted gifts for their contribution to the global actuarial community.

We had sessions on Monday, Tuesday, Thursday, and Friday in the city's conference center which was a nice facility. On Thursday we broke out for separate sessions. I went to one on longevity risk and mortality statistics. Dave Holland was on that panel.

MR. DYMOWSKI: There was a debate on Friday. It was a good format. Four actuaries were panelists and a newspaper reporter served as the moderator. Issues were presented that were discussed by each of the panelists, and then everybody in the audience had an opportunity to vote on each issue by using an electronic tabulator. Some topics related to elements considered to be the most significant in actuarial education. For example, choices of things such as mathematics, business-related issues, or computers were most important. Others related to the kinds of professional

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standards that should be adopted, particularly in the eastern European countries where the economies are being reestablished.

MR. BUGG: The majority of the presentations were made in English, but simultaneous translation was available in German, French, Spanish, and Japanese. Some of the presentations were made in French as well. In fact, some of the speakers, being gifted in both languages, presented their presentations partly in English and partly in French. Each one of the auditorium seats had headphones available.

MR. DYMOWSKI: The name badges had different colored circles for different languages and, of course, some of the Europeans had as many as three circles. The predominant language or the first language would be a large circle and then small circles would be used for a second language. Some people had circles of the same size in several colors.

MR. BUGG: The closing session was held on Friday. The president of the IAA, Andre Lamens, and the president of the congress, Willy Lenaerts, were key participants.

There were numerous opportunities to get together with other people. For example, each day there was a lunch. There was also plenty of time for discussion between sessions.

MR. RUGLAND: This was an innovative congress. It was not a totally traditional format, and I believe the British are planning much more innovation in 1998. There is a realization that the traditional forum is becoming outdated. It consisted of mass meeting presentation of prepared academic remarks.

MR. DYMOWSKI: An IAA congress gives you an opportunity for exposure to multi-disciplined discussion, and there's no distinction made in terms of practice activity. Actually, we are the only territory that has separate organizations for life and nonlife actuaries.

MR. BUGG: On Monday evening, local companies invited some of the attendees to functions. One function was held on a ship. It gave many the opportunity to meet local officials. On Tuesday evening, there were two cultural events: an opera and a symphony concert. After both, there was a reception in the venue lobby. On Wednesday, there were sightseeing tours of various towns in Belgium. I happened to go to Bruges.

MR. RUGLAND: Bruges is a required visit for tourists in Belgium. It's one of the best preserved medieval cities in Europe, largely because the commerce disappeared in that era. Because it was in limbo for several centuries due to lack of money for building, it's now one of the best preserved.

MR. BUGG: On Thursday, there was a reception after which we went to a pageant, the Ommegang.

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MR. DYMOWSKI: The pageant was in the Grand Place. It goes back 600 years. There was a procession in costume into the square, and one of the highlights was stilt walkers. After the procession, a series of performing groups was presented.

MR. BUGG: The congress dinner was on Friday. It was at an interesting site, the Caves of Cureghem.

MR. RUGLAND: One hundred years ago, the actuaries in France and in the U.K. thought it might be a good idea to try to get together and discuss problems and items of common interest. So they talked to someone in Belgium about the idea, and the Belgian actuaries agreed to arrange it. That way both the French and the British would come. The foreign minister of the Belgian government sent invitations to the secretary of state in the U.S. and to the foreign ministries in France, Germany, and the U.K. and included a call for an assembly of actuaries to talk about items of common interest. We have looked throughout the archives of the state department to see if we can find the letter that came from Belgium. We haven't found it, but the other ones have been found, and copies are now in the archives of the IAA.

A congress was arranged in Brussels in September 1895 for actuaries from the four countries and others in Europe. They resolved there should be a committee to carry forward the idea of a congress being convened every four years. That's really what's happened except for during years of war. One was scheduled for St. Petersburg in 1917, which was not held. That's how we know there was a Russian actuarial profession.

Congresses have been held around the world. The committee became the International Actuarial Association and is described as an organization of individual actuaries who, if they meet the requirements of membership of their home territory, are eligible to become members. In between congresses, a council meets each year to make sure that the congress planned for the next period is on track. Over time the council has become a steering committee for the assembly of actuaries from around the world. In many countries, the delegates to the council have been designated by the national actuarial association. In Canada, the delegates are designated by the CIA. In the U.K., the delegates come from both Scotland, who represent the Faculty of Actuaries, and England and Wales, who represent the Institute of Actuaries. There are delegates from Ireland and Germany. France has two actuarial associations, and for many years this was the only time they ever got together and agreed on anything. The U.S. has six delegates.

When Mo Chambers and I were getting ready to become presidents of our organizations (Mo of the CIA and I of the SOA), we went to the congress which was held in Montreal in 1992, and recognized that North American organizations were not in the mainstream with respect to the IAA. So Mo and I went to London along with Dave Flynn, who was our counterpart in the Casualty Actuarial Society (CAS), and talked to the leadership of the U.K. profession about more coordinated activity among the world's actuaries.

MR. MORRIS W. CHAMBERS: We had a very broad-ranging discussion for two days with people from the Institute and the Faculty. As had been the case when we were in Montreal, we found that there were a number of mutually recognized issues.

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MR. RUGLAND: It was my naive belief at that time that because more than half the actuaries were in North America and the rest of the world needed actuaries, we had an opportunity. There were strong actuarial organizations in several countries, but not strong ones in all countries. One of the issues that we had to face was the quality of the actuarial work that would be done throughout the world if people began to cross borders. This concerned me because we have rigorous requirements in North America for the high quality of work and integrity. I wanted to be sure that clients throughout the world would give us credit for the quality and integrity we offered. The only way to do that was to talk to the IAA leadership to see if we could have the IAA suggest standards of quality, guides to professional conduct, and an approach to assure the public that when actuaries did work, it could be relied upon wherever they did it. That meant there needed to be a self-governing or a consistent government governing approach to actuarial practice.

My view was that if we had actuaries in North America who wanted to practice somewhere else in the world, they should have access to that practice, and they should be able to get credit for the quality of the work that they do. I admit that's somewhat naive, but I still think it's appropriate.

So we went to Brussels and found out that the IAA is a membership organization. It doesn't really have any authority from anyplace. It's just put together to run congresses, and the goal is for every actuary around the world to be able to be a member. The dues are about \$10 a year, and you can't do much with that kind of money.

So, working with Paul McCrossan, Mo's predecessor as CIA president, John Martin, who was president of the Institute of Actuaries, and Chris Daykin, the current Institute president, we began to talk about the idea that within the context of the IAA, we would see if we could create an assembly of associations to match up with the assembly of actuaries.

The rules of the IAA allowed the IAA council to establish sections, and two sections had been established. One is ASTIN, which is the section that deals with nonlife insurance problems. It has been successful, meets regularly, and is an active group at the leading edge of many of the nonlife actuarial issues. A few years ago, a separate section was established to deal with financial risk, the applicable federal interest rate (AFIR). It was led by the French who have many actuaries working in banks who wanted to have an international forum where they could talk about financial issues. Many of you went to the AFIR colloquium in Orlando in 1994.

So the idea was to get a section established under the auspices of the IAA that would be an assembly of associations. It needed to be a group that associations could aspire to join if they, in fact, were not at the mature stage. Over the course of the last two years, many of you have read pieces in *The Actuary* and elsewhere about the development of this proposed section. The working party was called the "McCrossan Group," a name that would not get anybody defensive. It then it became a steering committee of the IAA council.

One of the highlights of my time in Brussels this year was at the council meeting of the IAA on the first Saturday. While Bill Bugg was out on his tour, the council established a section called the IFAA. Prior to that council meeting, there had been some

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heavy discussion in the ironing out of final political issues as to how much power this group should have and what the rights are of the individual associations relative to it. Some were having trouble with the word Federation. It seemed to connote too much power. So we changed the word to Forum. All the documents stayed the same but the name was changed. Unanimously, the council on that Saturday approved the establishment of the IFAA section.

The next day, designated people from each association around the world wishing to be a part of the IFAA met and formally established the section. The founding rules provided for the president of the IAA to appoint the first chairperson, and he appointed Paul McCrossan. The delegates elected Chris Daykin as the deputy chairperson, established the rules of operation, and established the method of voting.

So, as a centennial gift to the profession, this congress, through the activity of the council, has initiated a whole new dimension of internationalism among actuaries. There is now not only the IAA but the IFAA, which will allow actuarial organizations to interface directly and deal with issues such as professional conduct, discipline, and basic standard of practice processes.

What I hold out the most hope for is work at defining the basic tenets of actuarial education; there is commitment to do this. If down the road we can have an agreed-upon definition of the fundamental education components of actuarial science throughout the world in the universities or in the examinations of various associations, we will have a profession that is unique in that its core is universally recognized.

The congress was a special event for Belgium. There were banners all over the city. They had the city's attention, boasted that Brussels was the world home of actuaries, and we were all coming home.

MR. DYMOWSKI: This was the first congress I attended. I had been told that every actuary should go to a congress at least once in his or her career because it would make you feel good about being an actuary. I saw what this meant when I was there.

It is an interesting experience to be surrounded by so many different actuaries. An equal number of actuaries are attending this Boston meeting, but we have a lot more in common here because we're all dealing with U.S. or Canadian issues. We're all speaking English. There you're in an environment of people who are speaking different languages, but you realize that the papers being discussed have many common issues, especially with regard to professionalism. You get a good sense of the intellectual base of the profession and its breadth. We tend to sometimes get narrow in our interests here. My own work for more than almost 30 years has been related to health insurance.

Fifty countries were represented, with a total of 1,110 participants registered at the meeting. There were about 600 accompanying persons. In terms of the distribution, the largest delegation was from the U.K. with 166. Belgium had 91. Japan was third at 82, and that delegation was prominent, obviously interested in all the issues. Germany was fourth with 74, Switzerland was fifth with 68, and the U.S. was sixth with 55. Canada was 13th with 39 people. Countries that were represented by one

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person included Zimbabwe, the Ivory Coast, the Philippines, Iceland, and the People's Republic of China. Twelve attendees were from Taiwan.

MR. BUGG: Some were there from eastern Europe: Poland, Hungary, and the Czech Republic.

MR. DYMOWSKI: I was curious about the backgrounds of the U.S. and the Canadian participants. For the U.S. it was almost evenly divided: 20 were from insurance companies, 22 were consultants, and the rest were scattered through various categories. For Canada it was much more company-oriented; 27 of the 39 Canadians were affiliated with insurers, and five of the remainder were academics.

The academic characteristics of many participants were easily observed, particularly among the European attendees. Papers were mostly academic. Often authors were affiliated with the universities and involved in research, which is not surprising, given that in many of those countries the qualification process involves establishing credentials at a university, and many actuaries are visiting professors.

There were 78 papers in various categories. Twenty-four papers were submitted under the issue of modeling collective contracts, both pension programs and broader issues. Sixteen papers addressed future strategic objectives for reinsurers. Thirty-four papers were under the topic of asset/liability management, clearly the most popular issue. Four papers discussed industrial risks.

I understand that in 1998 the intention is to request any type of paper, and the organizing committee will use its discretion in terms of how they are to be organized for discussion.

I developed the ratio of papers submitted by a country's representatives to the number of participants attending. The U.S. ratio was 3.6%; the highest was Spain with 35.7%.

The structure of the meetings was geared around large sessions with discussion of the specific topic's papers. A secretary of the session would outline the papers, give summaries, and draw common threads from the papers. Then there would be an opportunity for authors to make brief presentations. When there are 1,100 people in the audience, it's difficult to have spontaneous discussions. You had to register in advance if you wanted to discuss. Based on indications of how many people were going to discuss, a time allotment was given. It's an interesting process, but there's not much back-and-forth discussion.

The social program was excellent. The Belgians certainly went out of their way to extend hospitality. I certainly recommend going to meetings such as these.

MR. RUGLAND: The next international congress, instead of being four years from now, will be in three years. The reason is that the Institute of Actuaries in Great Britain has its 150th anniversary in 1998. The congress will be in Birmingham because that's the only place in the U.K. that can handle a group of 1,000 people and have as many breakout sessions as they're planning to have. Birmingham is probably Europe's finest conference center. It has good new hotels and is in the middle of Britain so

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people can travel easily. We'll be much more together there than we traditionally have been at congresses.

MR. CHAMBERS: This was the second congress I have been to. It probably would have been the first, except that the previous one that I was at was in Canada. I think they're great. The opportunity to meet with your colleagues from other cultures and other countries, and find that they have similar interests, similar issues arising, and similar problems is enlightening. It's encouraging. The collegiality of it all is inspiring.

As Walt said, he, Dave Flynn, and I were involved in an innovation in November 1992 when we visited Brussels to talk to the leaders of the IAA. At that time, the idea of an international organization of actuarial associations was little more than a germ. I think the three of us knew that something was needed. We weren't sure where or how to get it, but we thought initially that because there is an international organization, maybe that's where to get it started. My own view, coming away from that meeting, was pessimistic relative to success through the IAA. But, with a great deal of effort on the part of people such as Walt, John Martin, Chris Daykin, and Paul McCrossan, during the past two-and-one-half years, it has come to pass. I think it's the best thing that could happen to the profession. Because of it, I have even more pride in the profession.

The IFAA organization is up and running. Applications have been received from 42 actuarial organizations around the world. There are three levels of participation. The full membership is based on the code of conduct that has been established by the Groupe Consultatif, 17 actuarial organizations from within the European union. The organizations that have applied for full IFAA membership either have such a code in place or are committed to put such in place within a year.

The next level of membership is associate member in which there's an expectation of adopting such a code in three years. Then there's observer status in which there isn't a near-term expectation of establishing a code of conduct. It's an inspiring development and I think bodes well for the future of the actuarial profession globally.

FROM THE FLOOR: You suggested earlier the possibility of having American actuaries going abroad to work, and you would hope their credentials would follow them overseas. How do you feel about actuaries from outside North America coming here and working?

MR. RUGLAND: If North American actuaries are able to go there, we have to open the door and allow people to come here. That's why it's so important that we have a system where we can be confident in the basis from which they come. Right now we don't have that, except for actuaries who come here from the U.K. and Australia/New Zealand.

It's clear, even in North America, that there are two levels of qualification. One is that you essentially give evidence that you have an understanding of actuarial science, and the second level is that you understand the application of actuarial science within the territory and discipline in which you're working. That's why, for example, the CIA doesn't have a problem with you being an actuary in Canada. It's only when you start

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signing things that you must be a Fellow of the CIA and meet requirements for assurance that you understand application of actuarial practice in Canada. That model, I think, has to be developed around the world.

My thought is that we can't export actuaries until we're willing to import, and to import we must have assurances that the quality that comes in is consistent with the quality we would expect here. I think there's much more of an advantage to North America in exporting than there is in our opening up for importing.

FROM THE FLOOR: Could you address the issue of the relative importance of the profession in different countries? Obviously, there are many academic actuaries in Europe, but how prominent is the profession compared with that in the U.S. and Canada? It seems to be much less prominent. Considering that and the differences in cultural and business traditions, how realistic do you think it is to find a core of standards that would be common to all these countries that would also be specific enough to resemble something such as our code of conduct?

MR. CHAMBERS: Obviously, the influence or the view of the actuarial profession varies throughout the world. In eastern Europe there was an actuarial profession prior to the World Wars in a number of countries, and there is activity in rebuilding underway. So I would see that as an emerging profession. The same emergence is true of Southeast Asia; there is interest in developing the profession in that part of the world along with the burgeoning economies. There are established actuarial professions in Peru, Chile, Argentina, and the Caribbean. There is scattered activity in Africa, with the exception of South Africa, where actuaries are well known. From the standpoint of prominence, obviously in the emerging countries there's little knowledge of it.

On the other hand, in our neighboring country of Mexico, the actuarial profession is viewed as perhaps one of the most highly respected professions in the country. Actuaries in Mexico have a strong influence at the highest levels of government and business. The actuarial students in Mexico are viewed as being the elite of the university population.

MR. RUGLAND: Some government cabinet members in Mexico are actuaries. I think the respect of actuaries is measured by the recognition that the business community gives them, how much influence they have in terms of society issues, and whether the person on the street knows what an actuary is. By and large, those countries that have had the British influence in establishing the business structure, respect and deal with actuaries at a higher level than what we experience in the U.S. I think in France the actuaries are probably in a similar position to what they are in the U.S. Hans Gerber from Switzerland is here; what do you think?

MR. HANS U. GERBER: In Europe we have many countries and many different ways in which actuaries influence and are recognized. The British system is one model. In other countries, such as Holland, for example, to become an actuary you have to go to the University of Amsterdam and get a degree in actuarial science. I'm in Switzerland, and the actuarial profession is not well recognized.

I should also add that I think the model in Europe is to have two stages of actuaries. In one stage there is what we call the graduate actuary, and in the other we call it the

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full actuary. The full actuary status requires professional experience and also demonstrated expertise in a particular area.

MR. RUGLAND: I think a good example of that is Germany. All the countries of the European union came together, and the actuarial organizations in those countries got together through the Groupe Consultatif. There was a notion that if they were all together and were unanimous in their positions, they could influence the people writing the rules for the European union. That really has happened. But in the process, they came up with a notion that they should have a common code of conduct, and many of the countries didn't know what that meant. Some of them had implicit codes of conduct but hadn't written them down. Some of them, such as Germany, had essentially several actuarial organizations all of which were essentially university alumni organizations. Now, all these organizations have come together and created a full actuarial association in Germany that deals with the European union, establishes the code of conduct, and has created criteria for membership that is beyond the level of university graduate. They did that to maintain their professional position in the European union. They looked at the British and resolved to be equivalent. The same will happen elsewhere, given the IFAA influence.

MR. NIELS H. FISCHER: I enjoyed the congress for many of the reasons you mentioned. We got to know actuaries. I was taking pictures, as I was all week, at the final banquet, and I took a picture of one couple and asked for a business card so I could send them a copy. He said, "You have a Danish name." I said, "Yes." He said, "Have you been to Denmark?" I said, "As a matter of fact, we're taking a train there tomorrow." So he said, "When you're there, I'll call you at your hotel, take you out to dinner, and show you the country." On Sunday we were picked up and given a tour and visited his home outside Copenhagen, which is about 300 years old. Then we had dinner at Tivoli, all out of a professional friendship, because we spoke a few words. There are nice people to meet at congresses. We enjoyed it.

MR. RUGLAND: Whenever there are landmark events, such as a centennial, people come bearing gifts. A fund in the IAA, called the International Education and Promotion Fund, provides funding to help developing countries build their actuarial profession. In honor of 100 years of the IAA, the SOA gave a gift of \$50,000 to that fund. The CAS and the AAA also contributed to the fund. The CIA did something even bigger.

MR. CHAMBERS: I don't know that it was bigger. We hope it's more long-lasting. The CIA, of course, had hosted the congress in 1992 in Montreal and fortunately had a surplus at the end of the congress amounting to what's now about \$130,000. In recognition of the IAA's centennial, the CIA has committed that money to a fund, the earnings from which will be used to finance and promote the education of actuaries in eastern Europe and other developing areas. If possible, we intend to bring potential future leaders of the actuarial profession in those countries to Canada for training. Canada, I'm proud to say, has a highly developed university training program for actuaries, although it's not of the sort where upon graduation you're an actuary. In Canada it prepares students for the rigor of becoming an actuary. Canada's university programs are successful, and we intend to utilize them to help the profession in developing nations.

