



SOCIETY OF ACTUARIES

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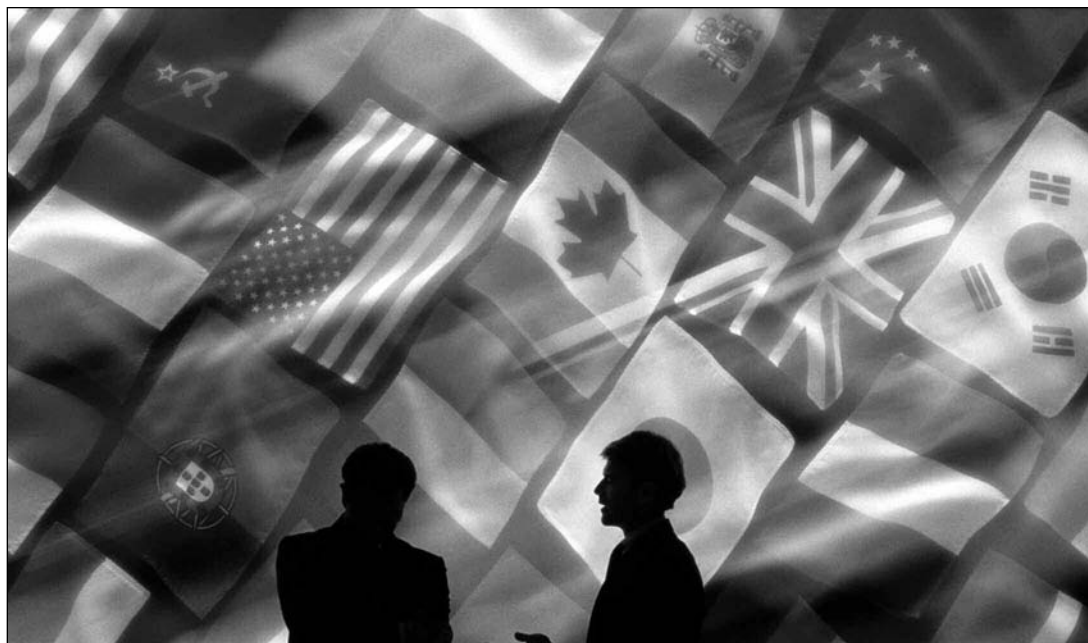
by Jean-Louis Massé

It is my pleasure to respond to a request to highlight a few major challenges currently facing the International Actuarial Association (IAA).

The first topic deals with education and examinations. The IAA has been holding discussions for some time now with various parties interested, directly or indirectly, in growing the actuarial profession internationally. The World Bank, for example, invests significant sums of money to help local economies develop and to help create financial security programs in developing countries around the world. For these programs to succeed, there is a need for local expertise and competence, as well as professionalism and ethics, in the establishment and administration of these programs. That's where, in the view expressed to us by World Bank representatives, the input of the IAA is needed to help create and grow actuarial associations in new and developing countries.

A task force composed of major players at the IAA was thus formed in November 2005 with a mission to examine the merits and the feasibility of setting up an international actuarial education and examination system. It is intended that this international system could be adopted by new (or existing) actuarial associations, if they so wish, as satisfying a number of conditions (most likely not all of them) they identify as requirements for an individual to be accredited locally as an actuary. Could a system of accreditation of universities, as exists in Australia for example, be a solution, if not in all countries, at least in major regions of the world? The obstacles to surmount are not small: many of us know from experience that it takes a small army of volunteers to run a professional education and examination system. However, the advantages are material. It may be that existing small associations,

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burdened by their current local exam systems, would gladly adopt the IAA education and examination system to free some of their precious few volunteers (because these associations are still small) to help with other aspects of the development of the profession locally, such as the creation of standards of practice, professionalism, CPD and discipline.

The task force's recommendations are on the agenda for the May 28 IAA Council meeting in Paris. Discussions are ongoing and comments are always welcome.

Our second challenge, in my view, is on the question of standards of practice (SoPs). Approximately half of the IAA's full member associations have standards of practice, while the others do not. Here again, the size of the association is usually a major impediment in developing SoPs. Some SoPs may, over time, be developed internationally and replace local standards, but I doubt that I will see this in my lifetime. SoPs are an important tool in the protection of local publics and can be an important safe-harbor for local actuaries. SoPs protect the image of the profession worldwide. We live in a world where one person coughs and, 12 time zones away, another sneezes! We live in a world that is more sophisticated, more integrated and yet more fragile than ever. The actions of one person in some remote office can suffice to bring down a long-established, multinational corporation. As a worldwide profession, we need to cover all our angles, all of the time. My hope is that associations with SoPs will be able to provide helpful guidance to those without or developing SoPs.

Our third challenge is to grow the number of our member associations. In addition to the 55 existing full-member associations, there are 21 associate members working towards meeting all the conditions for admission as a full member. The total population of the countries covered by these associations is approximately 3.5 billion people out of a potential 6.5 billion. The big country still absent is China. The IAA is working closely with its colleagues in the Society of Actuaries of China in that regard.

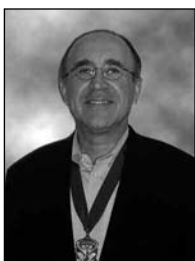
Another challenge, in my view, will be to grow the IAA's ability to serve its member associations. Currently, some 200 people meet

twice a year for three days or more each time to advance the work of the IAA committees. Financial reporting and solvency measurement for insurers have been two major projects in recent years. Pensions, social security, health and risk management are likely to grow in importance in the future. We created four new sections in the last few years: health, life, pensions and Social Security, and actuaries without frontiers. International organizations, such as the International Association of Insurance Supervisors, that were barely active on anyone's radar screen five years ago, are now busy becoming significant international players. They need our help and it is in our own interest to be ready to meet increasingly greater challenges from them. It is good for the profession. It is good for the publics we serve.

A final challenge is more organizational in nature and is a consequence of some of the others mentioned above. The IAA will need to review its governance structure; it will need to introduce more efficient means of communication; it will need more staff, including actuarial support. Its appetite for more volunteers will continue to grow. At the last meeting of the presidents' forum (this group comprises the presidents of all IAA full-member associations) in November 2005, those specific points were discussed. Reports on how to move things forward are expected for discussion at our next meeting on May 28 in Paris.

On this note, we look forward to meeting many of you at the 28th International Congress of Actuaries in Paris the week of May 28 to June 2. Many exciting sessions are being planned. The opportunity to exchange with colleagues from different countries is unparalleled in the profession and, with our world rapidly globalizing, these multinational and multicultural exchanges are becoming a must for conducting business and for personal professional development. □

Editor's Note: By the time of publication, the International Congress of Actuaries meeting would have wrapped up.



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