



IAA Delegate Council & Committee Reports Spring 2020 Virtual Meetings

EXECUTIVE SUMMARY

The Society of Actuaries (SOA) delegation participated in the recent virtual council and committee meetings of the International Actuarial Association (IAA), with sessions scheduled from April 20 to May 12, 2020. While the virtual format of the spring meetings did reduce the number of sessions compared to the usual in-person meetings, the overall message continues to be that important collaborative work is being done by the global profession. The IAA exists to encourage the development of a global actuarial profession, acknowledged as technically competent and professionally reliable, through its support of the educational standards, research and development of the profession. The IAA currently has 73 full-member associations (FMAs) and 28 associate-member associations (AMAs) for a total of 101 members.

The SOA has been a longtime member of the IAA and has representatives on key IAA committees. The SOA supports the mission of the IAA, particularly as it relates to building a strong global actuarial profession and serving as a forum for discussion and idea sharing among actuarial associations. Being an FMA and actively participating in IAA council and committee meetings allows the SOA extensive opportunities for networking with other international actuarial organizations. This happens both through the IAA meetings and events and through SOA-organized bilateral meetings held with other actuarial organizations. Additional opportunities for the SOA to engage occur with groups that take the opportunity of the IAA meetings to hold meetings, such as the Chartered Enterprise Risk Analyst (CERA) Global Association (CGA) Board.

The following report summarizes the responsibilities and key actions of the IAA committees on which SOA representatives serve as reported during the spring 2020 virtual council and committee meetings. This report has been prepared for SOA members so they better understand how the SOA is engaging with the international actuarial community and as a means for sharing key decisions and information of interest to our members. We encourage members to focus on the committee reports related to their area(s) of practice. Additionally, we expect members will find the report on the meeting of the IAA Council, the governing body of the IAA, to be of interest.

[Recordings for many of the sessions](#) are available on the IAA website.



SPECIAL THANKS

The SOA gives special thanks to all of our dedicated volunteer delegates, whose work and participation during the Spring 2020 IAA virtual meetings made this report possible.

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IAA Council

The council is the governing body of the IAA in relation to achieving the IAA's vision statement and mission statement through the strategic objectives set out in the strategic plan adopted by the council from time to time.

The IAA council meeting was a mix of routine business items and decisions on the structure of the IAA of the future. IAA President Tonya Manning presented an overview of the IAA Executive Committee's 2020 goals and the progress that has been made thus far. Of the six goals covered, the most important goals to the SOA are supporting the first year of the newly-created Strategic Planning Committee (SPC) and implementing the reorganization and structural changes, as approved by Council at this meeting. The SPC creation was approved by council at their Tokyo meeting in December 2019 and gives FMAs a more direct way to guide the strategy of the IAA. It will make recommendations to the council on new policies, initiatives, standards and other matters requiring council approval. The initial allocation of SPC voting member seats was done through a random selection process in mid-December 2019, and the SOA received a seat on the SPC for a four-year term.¹

The most important council agenda topic was the SPC's proposed recommendations to restructure the IAA from the "bottom-up." Council voted to approve all recommendations. As discussed in past reports, ongoing discussions regarding the organization of the IAA ultimately led to the creation of the IAA Renewal Task Force (RTF) at Council in December 2018. The RTF's proposed "top-down" governance changes were approved by Council vote in Tokyo this past November. The most important governance update was the creation of the SPC. Beginning in 2020, the RTF was disbanded and the SPC took over the "bottom-up" structural changes that were recommended for approval at the Spring 2020 meeting. The most important changes recommended and approved by council were the creation of the Advance Committee, the elimination of some IAA entities (committees, working groups and task forces) and the restructuring of others to a newly created Forums structure. The SPC noted that each entity within the new IAA structure would have a clear purpose:

- *Committees = managing entities* (providing full range of activities including oversight to other IAA entities or activities)
- *Task Forces = doing entities* (delivering on key IAA objectives; actions will be limited by objectives and/or time)
- *Forums = sharing entities* (facilitating the sharing of knowledge and expertise between FMAs)

¹ Other SPC members confirmed are the Institute and Faculty of Actuaries (IFoA), Deutsche Aktuarvereinigung e. V. (DAV, Germany), Casualty Actuarial Society (CAS), Instituto de Actuarios Españoles (Spain), Conference of Consulting Actuaries, Actuaries Institute Australia, Institut des Actuaire (France), Aktuarvereinigung Österreichs (Austria), Colegio Nacional de Actuarios A.C. (CONAC), Actuarial Association of Sri Lanka, and Singapore Actuarial Society.



The new Advance Committee will provide oversight to the Forums and report to the Executive Committee. It will also be tasked with developing criteria for setting up and disbanding Forums for proposal to the Executive Committee for approval.

The [full agenda and meeting materials](#) are available.

Advice and Assistance Committee (A&A)

The A&A Committee supports the development, organization and promotion of the actuarial profession and actuarial education in areas of the world in which the actuarial profession is not present or is not fully developed, by providing advice and assistance, when requested, to member associations, to associations seeking to become members of the IAA, and to those wishing to establish new associations or strengthen existing associations.

The A&A Committee discussion focused on regional updates from its subcommittees. The Africa subcommittee provided a brief update on their efforts to create a network of African associations to encourage communication and collaboration within the region. They also noted that the 6th Annual African Actuarial Congress originally scheduled for March 18–20, 2020 in Ghana was postponed with considerations being given to a virtual format and event rescheduling to September 2020.

The Asia subcommittee reported that a virtual one-day professionalism seminar is being planned, and additional assistance and focus is currently on Southeast Asia in conjunction with the Singapore Actuarial Society for additional training opportunities. Sri Lanka representatives have also reached out requesting International Financial Reporting Standard (IFRS) 17 training.

The Eurasia and Middle East subcommittee expressed that vast differences exist between the countries they assist and so their needs also vary greatly. Overall, there are three areas where assistance has been requested: education and compliance with the IAA education syllabus, guidance on governance of associations, and regulator relationships.

The [full agenda and meeting materials](#) are available.

Education Committee

The Education Committee is responsible for encouraging and promoting the development, maintenance and enhancement of appropriate standards of actuarial education and continuing professional development (CPD) internationally.

A number of topics were discussed over the course of the two-part Education Committee meeting this spring. The committee heard a presentation on continuing professional development (CPD) requirements in Macedonia and discussed what decisions various FMAs were making with respect to actuarial education and examinations during the coronavirus (COVID-19) pandemic. A small group of committee members were tasked to design a survey for FMAs to get feedback regarding this topic.

After review of the Actuarial Association of Europe's (AAE) updated syllabus, it was found to meet or exceed the IAA syllabus requirements. Additional IAA FMA syllabi reviews are to be completed by small groups of assigned committee members. In addition to discussion of syllabi reviews, the committee began a fulsome discussion around the IAA education syllabus and their responsibilities and abilities as a committee in relation to the syllabus. Discussions on this topic will continue at future meetings.

The full agendas and meeting materials are available for [part 1](#) and [part 2](#) of this meeting.

Enterprise and Financial Risk Committee (EFRC)

The Enterprise and Financial Risk Committee considers, from the point of view of the actuarial profession, matters relating to investment and financial risk, to report to the council and to recommend initiatives.

SOA delegate Kathy Wong presented the first draft of the task force work on the chapter covering failures in the enterprise risk management (ERM) *Risk Book* and feedback was positive. Additional case studies of failures will be provided by various volunteers, with a suggestion for the task force to look for specific examples of actuarial failures. The plan is to produce a revised draft chapter by summer 2020 and begin the approval process to get final approval on the chapter by the end of 2020.

In April 2020, the EFRC started an initiative to look at the impacts of COVID-19 on insurers and preliminary findings were presented during their meeting. Committee discussion was focused on the extent to which insurers' risk management processes anticipated the type of pandemic scenarios they are currently witnessing. While most insurers do look at scenarios involving pandemics and severe economic downturns, they may not do so in a collaborative way nor do they view each at the level of severity many countries are experiencing. It was observed that the COVID-19 pandemic has quickly shown how interconnected the world truly is. Next steps for this initiative subcommittee are to gather more data related to potential actions insurers need to take for the future based on current knowledge, new learnings about the operational risk of work-from-home arrangements, and the potential risk of political or legally mandated coverage beyond contractual obligations.

In a related discussion, the EFRC noted that actuaries need to be included in government discussions on various COVID-19 decisions. It was suggested that the IAA could do active outreach to various supranational organizations to promote the assistance of actuaries during this pandemic.

The Own Risk and Solvency Assessment (ORSA) subcommittee of the EFRC and Insurance Regulation Committee also met virtually this spring. They maintain a summary of international ORSA regulatory requirements, and the group concurred that ORSA has stabilized in most jurisdictions. No updates to the summary were noted. The subcommittee also had gathered information on regulatory requirements for ORSA relative to climate risk and provided it to the IAA Climate Change Task Force. This stems from a request from the International Association of Insurance Supervisors (IAIS) for input from the IAA on whether to require climate change risk discussion in regulatory reports.

The [full agenda and meeting materials](#) are available.

General Insurance Committee (GIC)

The purpose of the GIC is to promote the actuarial viewpoint in discussions at the international level on matters relating to general property and casualty (P&C) insurance systems and related self-insurance matters, with a particular focus on actuarial aspects. GIC promotes sharing of GI-specific knowledge, skills and standards with a global perspective.

The GIC discussed updates on various *Risk Book* chapters that have relevance to general insurance. Currently there is an initiative for a new chapter on Hazard Risk that has an outline nearing completion. Work on the outline will continue with further discussion at future meetings.

The GIC discussion mainly focused on various implications of COVID-19 on general insurance topics. Regarding general insurance-specific needs, the delayed implementation date of IFRS 17 by the International Accounting Standards Board (IASB) due to the pandemic will negate any immediate actions. Instead, the GIC is looking to create a quarterly pulse survey on the topic. There was also focus given to how COVID-19 is directly impacting general insurance, with much discussion focused on business interruption and potential for expansion of coverage beyond the insurer's intent. Other considerations commented on included workers compensation and recent legal and regulatory actions in some U.S. states. There was also discussion about the return of premium for auto insurance due to reduced exposure during lock-downs in various jurisdictions.

The [full agenda and meeting materials](#) are available.

Health Committee

The Health Committee is charged with representing the IAA in discussions at the international level on matters relating to health systems, with a particular focus on actuarial aspects. It also aims to raise the profile of health actuaries in policy debates and research on health systems, and to support, through IAA member associations, actuaries working in the health systems field, both private and public.

During its meeting, committee discussions centered on various COVID-19 topics. Members provided initiative updates that their respective FMAs were conducting to respond to the pandemic. An update was also provided on a joint IAA Health Committee and IAA Health Section virtual panel discussion on broader topics, including long-term care.

In addition, the committee heard the first results from a global survey aiming to understand where and how providers are taking on risk around the world. The intention is to use the draft report to create a joint webinar with the IAA Health Section.

The [full agenda and meeting materials](#) are available.

Insurance Accounting Committee (IAC)

The IAC seeks to promote the actuarial viewpoint in the development and application of financial reporting of insurance companies as developed by international accounting standard setters, including,

but not limited to, the estimation and review of reporting values for insurance contracts prepared in the context of IFRS.

Significant work has been done in incorporating comments into the IFRS 17 International Actuarial Note (IAN) exposure draft that has been available for the past year (IAN 100). The revised IAN is now with the IAA Professionalism Committee for review prior to distribution. There was discussion on whether review of the revised draft should be expedited or put on hold pending edits to reflect the revised IFRS 17 amendments. This discussion will be revisited on a June committee call.

There was also discussion of COVID-19 and its impact on financial reporting. The IAC had general agreement that it is simply too soon to have any definitive data but noted that it is possibly a more urgent issue for property casualty insurers than life insurers.

The [full agenda and meeting materials](#) are available.

Insurance Regulation Committee

The Insurance Regulation Committee is charged with promoting the role of actuaries in the regulation and supervision of insurers to serve the public interest, supporting the creation of international principles and frameworks for regulation and supervision of insurers to have actuarial principles realized where appropriate, and maintaining and strengthening relationships with key international organizations dealing with the regulation and supervision of the insurance and reinsurance industry.

The committee discussed various topics, including the A2ii (Access to Insurance Initiative) that focuses on helping build actuarial skills in people that can be leveraged in the supervisory community. The results of the November 2019 report by the Financial Stability Institute (FSI) on climate risk assessment in the insurance sector were also discussed, as well as other climate change projects by the Insurance Regulation Committee and ORSA subcommittee on climate-related scenario testing.

The primary focus of committee discussion was the IAIS relationship and support in the face of the COVID-19 pandemic. The IAA is preparing an open letter to the IAIS on this issue. The committee members further noted that when designing pandemic scenarios in the risk work they do, that consideration should be given to what those shocks consist of in terms of business and economic impacts as well as mortality impacts.

The [full agenda and meeting materials](#) are available.

Membership Committee

Formerly the Accreditation Committee, the Membership Committee is responsible for examining applications for membership, reviewing membership requirements and bringing recommendations forward to the council on a timely basis, including specific situations where members do not maintain compliance with the requirements of membership.

During its brief meeting, the committee reviewed compliance with IAA dues payments and annual confirmation forms of several FMAs and AMAs. There was some discussion that six FMAs have not submitted confirmation forms to the IAA for three consecutive years. A number of committee members were also selected for a handful of FMA reviews. Several FMAs have also submitted changes to their codes of conduct for the committee to review for continued compliance with IAA membership criteria.

The [full agenda and meeting materials](#) are available.

Professionalism Committee (PC)

The Professionalism Committee encourages and promotes the development, maintenance and enhancement of appropriate standards of professional actuarial education and practice internationally.

It was shared that the Actuarial Association of Europe (AAE) is preparing an actuarial practice note on professional judgement, related primarily to Solvency II and IFRS 17. The AAE did seek coordination with the PC on the IAA creating a parallel IAN, however it was decided that the AAE would move forward on their note only with collaboration from IAA representatives.

There was significant discussion around the responsibilities of the Professionalism Committee (PC) with respect to International Standards of Practice (ISAPs). A report given to the PC by a representative of the Actuarial Standards Committee (ASC) noted that the ASC views ISAPs as covering global issues that all FMAs should be considering, but they feel there is a need for an additional framework of standards. These standards would not be ISAPs but something that developing associations could use or modify to create their own standards. The PC expressed substantial concerns on this proposal, including how these new standards would be differentiated from ISAPs and if the need truly exists for such a framework.

Relatedly, the committee discussed a proposal to add the promotion of ISAPs to their Terms of Reference (ToR). Several members shared concerns with the proposal since there needed to be a clear definition to what “promotion” would mean since it could perhaps instead be a role for the Advice and Assistance Committee. The PC plans to continue discussion on this topic at future meetings.

The [full agenda and meeting materials](#) are available.

Glossary

A&A	IAA Advice and Assistance Committee
A2ii	Access to Insurance Initiative
AAE	Actuarial Association of Europe
AMA	IAA associate-member association
ASC	IAA Actuarial Standards Committee
CAS	Casualty Actuarial Society
CERA	Chartered Enterprise Risk Analyst
CGA	CERA Global Association Board
CONAC	Colegio Nacional de Actuarios A.C.
COVID-19	Coronavirus
CPD	Continuing professional development
DAV	Deutsche Aktuarvereinigung e. V.
EFRC	IAA Enterprise and Financial Risk Committee
ERM	Enterprise risk management
FMA	IAA full-member association
FSI	Financial Stability Institute
GIC	IAA General Insurance Committee
IAA	International Actuarial Association
IAC	IAA Insurance Accounting Committee
IAIS	International Association of Insurance Supervisors
IAN	International Actuarial Note
IASB	International Accounting Standards Board
IFoA	Institute and Faculty of Actuaries
IFRS	International Financial Reporting Standards
ISAP	International Standard of Actuarial Practice
ORSA	Own Risk and Solvency Assessment
P&C	Property & casualty
RTF	IAA Renewal Task Force
SOA	Society of Actuaries
SPC	IAA Strategic Planning Committee
ToR	Terms of reference