



SOCIETY OF ACTUARIES

Article from:

International Section News

February 1998 – Issue No. 15



INTERNATIONAL SECTION NEWS

NUMBER 15

FEBRUARY 1998

Chairperson's Corner

by Michelle Chong Tai-Bell

As this is my first "Chairperson's Corner" for *International Section News*, I feel it is appropriate to begin by reflecting on our Section's statement of purpose:

"To encourage and facilitate the professional development of its members in the areas of international insurance, pensions, or social security programs as well as international areas of practice. This shall be accomplished through activities such as meetings, seminars, research studies, and the exchange of information."

The scope of possible activities in pursuit of our stated purpose is extremely broad, particularly given the diverse nature of the membership, the needs of actuaries practicing in North America being quite different from our overseas membership (many of whom

continued on page 4, column 1

The International Forum of Actuarial Associations

by Chris Daykin

The International Actuarial Association (IAA) was formed in 1895 at the first International Congress of Actuaries in Brussels. Since then, international congresses have been held approximately every four years. The next is the 26th International Congress of Actuaries, to be held in Birmingham, U.K. June 6-13, 1998, celebrating the 150th anniversary of the actuarial profession in the U.K. and indeed, we might say, of the profession worldwide.

The IAA was conceived as an association of individual actuaries from around the world. The IAA's Council is made up of eminent actuaries from all the countries where there are significant numbers of actuaries, together with a couple of representatives of small associations. The ultimate governing body is the General Assembly of individual members convened on the occasion

of each international congress. Associations of actuaries can become what are known as "donating members" by paying a subscription, but there is no accreditation and they do not have any rights to control the organization.

In more recent years the IAA has expanded its scientific activities through the formation of the Actuarial Studies in Nonlife Insurance (ASTIN) section in 1957 and the Actuaries and Financial Risk (AFIR) section in 1988. These sections have organized their own meetings, known as colloquia, which are usually held each year when there is no congress (and sometimes when there is!). Individual members of the IAA can opt to pay subscriptions to belong to ASTIN, AFIR, or both.

The widespread emergence of professional issues at the top of the agenda

continued on page 5, column 2

In This Issue

	<i>page</i>		<i>page</i>		<i>page</i>
1997/1998 International Section Proposed Budget	27	Editor's Notes <i>by Kevin M. Law</i>	2	New Zealand Ambassador's Report <i>by Richard Geisler</i>	20
34th Annual International Insurance Society Seminar—Creating Success in a Global Marketplace	16	Hong Kong Ambassador's Report <i>by Dominic Lee</i>	18	Observations on a Trip to China <i>by Harold G. Ingraham Jr.</i>	22
The Actuarial Profession in Hong Kong <i>by C.F. Yam</i>	13	Hong Kong Insurance Ordinance Amendment <i>by Peter Luk</i>	16	Puebla, Mexico Actuarial Conference Report <i>by Jim Toole</i>	17
Book Commemorates SOA-Nankai 10th Anniversary	14	International Accounting Standards for the Insurance Industry <i>by Bruce D. Moore</i>	3	Recognition of Actuaries and Competition in Europe <i>by Wilhelm S. Meijer</i>	7
Call for Papers	10	International Forum of Actuarial Associations <i>by Chris Daykin</i>	1	Report on SOA Joint Subcommittee to Study Foreign Resident Issues <i>by Marina Adelsky</i>	12
Chairperson's Corner <i>by Michelle Chong Tai-Bell</i>	1	Korea Ambassador's Report <i>by Stephan Rajotte</i>	19	The Role of the Appointed Actuary in the United Kingdom	10
Columbia Ambassador's Report <i>by Luis Gabriel Caro</i>	21	Minutes of the International Section Council Meeting	25	Underwriting and Risk Classification <i>by Chris Cook and Vera Dolan</i>	14

Chairperson's Corner*continued from page 1*

practice in relatively undeveloped insurance markets). This was gleaned from the results of the survey of our membership included in the April 1996 edition of this newsletter.

Only 91 surveys were returned; individual comments varied quite extensively. A common theme, however, was the need for easy access to information relating to international areas of practice. Most commonly requested was information on the following:

- List of actuarial organizations in various countries
- Index of papers published in foreign actuarial journals
- Directory of actuaries in other countries that are not SOA members
- List of foreign actuarial meetings
- Online copies of newsletters, publications, and studies of other actuarial organizations
- Listing of actuarial job opportunities in other countries
- Library of data sources containing statistics of interest to actuaries who practice internationally
- Insurance and pension information (for example, products, regulations, practices) in various countries.

The newsletter, first published in October 1992, has been one of the primary instruments of communication of the Section, keeping you informed of events on the international scene. In 1997; the step was taken to publish recent editions of this newsletter on the SOA's website. We see the internet playing an increasingly important part in meeting the information and communication needs of our membership, particularly in the areas listed above.

In this regard, Rick Geisler, one of our Council members, has been charged with the responsibility of pursuing avenues for the use of technology, particularly the internet, in meeting our members' needs. He is currently working with SOA staff on our International Section website. We intend to publish relevant internet addresses in future newsletters and/or the website (with "hotlinks" established, if feasible). Kindly communicate known useful website addresses to Rick and/or myself at our *Directory* addresses.

One other major Section activity is our sponsorship of sessions at Society meetings. Our focus on timely and relevant topics is aimed at providing significant value to our membership. In keeping with your feedback at these meetings, our 1998 programs are being developed to provide more detail and specifics on the various topics as opposed to a general orientation. These meetings provide an opportunity not only for sharing information and ideas but also for meaningful networking, which is so important to the development of an international capability.

Since the Section's inception in 1992, the Society has added new organizational capability in pursuit of its international policy:

- Expansion of the terms of reference of the Committee on International Relations, now the Committee on International Issues
- Founding member of the IFAA, established in 1995
- The Ambassador program, launched in 1994
- The *North American Actuarial Journal*, first published in 1997
- The Asia Committee, approved by the Board in January 1997.

The Committee on International Issues, chaired by Bob Collett, enhances and encourages the education of SOA membership on international subjects and facilitates the worldwide communication of actuarial ideas. Additionally, the Committee encourages the development of actuarial science throughout the world. The Committee facilitates the SOA's good relations with actuarial organizations domiciled outside the U.S. and Canada.

The Society is a founding member of the International Forum of Actuarial Associations (IFAA), a section of the International Actuarial Association (IAA). The IFAA's main objective is to promote professionalism of the international actuarial community by requiring its member organizations to adopt a code of professional conduct, standards of practice, and a disciplinary process.

The Ambassador program is administered by the Section with SOA staff support provided by Lela Long. Ambassadors serve as liaisons for the SOA in a foreign country to:

- Ensure that the Society is knowledgeable about the needs of its members in the country
- Assist the SOA in administering its programs
- Help the actuarial profession grow in underdeveloped areas
- Facilitate communication of international issues
- Function as a link to national actuarial organizations.

I also believe that the Ambassador program has the potential for being the base of a valuable people-to-people international actuarial network.

The *North American Actuarial Journal* was launched with the objective of becoming the preeminent actuarial journal worldwide. It is being aggressively marketed internationally within the academic community and to allied professions. The Section intends to provide any required support in meeting this objective, possibly through involvement of our Ambassadors.

The SOA now has over 600 members in Asia. The Board of Governors voted at its January 1997 meeting to increase the SOA's outreach to these members by establishing the Asia Committee. Chaired by Yuan Chang, the Committee's mandates are:

- To represent the SOA in promoting actuarial education in Asia
- To promote services to the SOA members in Asia
- To build the image and awareness of the actuarial profession in Asia.

It is evident that the Society's leadership in implementing its International Policy has recognized the profession's need to proactively respond to the challenges of globalization. I believe that the International Section, now in existence for six years, is well placed to play its part and to meaningfully support all of the Society's international initiatives.

Coordinating Section activities on behalf of our membership is your Council. The members and their responsibilities for the coming year are shown in the masthead on page 2.

The Council has co-opted the able assistance of Mike Gabon and Bob Lyle as program representatives and Dr.

continued on page 5, column 1

Chairperson's Corner*continued from page 5*

Chiu-Cheng Chang and Randy Makin as assistant newsletter editors. Sincere thanks are owed to John Nigh for his fine work as newsletter editor over the past two years.

The Section also owes a debt of gratitude to Bill Bugg, Bob Katz, and Margarita Davis, whose terms on the Section Council expired in 1997. Bill has dedicated much time and effort to Section activities during his term, doing a creditable job at chairing the Section Council in 1997 and serving as Secretary/Treasurer and Program Representative in the past. Bob and Margarita have both made meaningful contributions to the coordination of International Section sessions at SOA meetings. Bob is particularly noted for his contribution toward expansion of awareness of international social security and pension issues, and he continues to do this through his participation in the 1998 meeting efforts. Bob also served as Vice-Chairperson in 1996.

I have said that the Section can play an integral part in promoting the Society's international initiatives. Our activities will only take on meaning, however, to the extent that they are seen as adding value to our membership. This requires feedback from you. I urge you to proactively communicate your ideas, comments, and suggestions to us. Write to us; give us a call; send us an e-mail message—your Council is at your disposal.

Michelle Chong Tai-Bell, is Executive Director, Individual Insurance, Maritime Life (Caribbean) Ltd., in Trinidad, and is Chairperson of the International Section Council.



"No, we don't offer frequent-lost-luggage discounts to the Caribbean."

IFAA*continued from page 1*

for actuarial associations all around the world was one of the main factors leading to the formation in September 1995, at the 25th International Congress of Actuaries in Brussels, of a further section of the IAA, the IFAA. Discussions leading to this began in Montreal in 1992, at the previous congress, under the leadership and inspiration of Paul McCrossan, then President of the Canadian Institute of Actuaries.

Unlike the other sections of the IAA, membership of the IFAA is limited to associations of actuaries, and only professional bodies can be accredited as full members. The IFAA was established with objectives relating to professionalism, education, qualification standards, mutual recognition, representation of the profession's interests internationally, and public interface issues.

The overall direction of the IFAA is encapsulated in its statement of purpose, which is "to encourage the development of a global profession, acknowledged as technically competent and professionally reliable, which will ensure that the public interest is served."

The IFAA offers significant benefits to member associations, including accreditation as members of a recognized international body, support from other actuarial associations, access to information and reports on the experiences of others, the possibility of sharing resources with other associations in tackling issues which have common threads internationally, and a common voice for actuaries at a global level.

With professionalism being at the heart of the IFAA's role, the first criterion for full membership (and initially the only one, apart from being a Donating Member A of the IAA and undertaking to pay the annual fees) is to have in place a code of conduct at least equivalent to that adopted in 1990 by the member associations of the Groupe Consulatif des Associations d'Actuaires dans les Pays des Communautés Européennes (the umbrella body for the actuarial associations in the countries of the European Union). This code is very similar to those adopted by the North American actuarial associations.

Full members must have a formal disciplinary process and must also undertake that, before they issue any standards of practice, they must have in place a

proper due process for developing and approving such standards. There is also a commitment to study what minimum educational requirements should be (by 1998) recommended to Full Members of the IFAA for all newly qualified actuaries after 2005.

Organization of the IFAA

The IFAA is governed by a Committee, to which each member association is entitled to send a representative. Committee members carry votes on behalf of their associations and are expected to come mandated to express the views of that association and, if required, cast the votes held by the association. A weighted voting system provides for at least one vote per association and up to four votes for the largest associations, such as the Society of Actuaries and the American Academy of Actuaries. This is intended to give all member associations a reasonable say in the affairs of the IFAA, without the smaller associations being swamped by the larger ones, although dues are based on numbers of individual full members in each association.

Much of the work of the IFAA is expected to be carried out by subcommittees, such as those dealing with accreditation, education, nominations, employee benefits accounting standards, insurance accounting standards, and social security. At the next meeting it is expected that an Insurance Regulation Subcommittee will be established.

The Accreditation Subcommittee determines whether associations meet the criteria for the different membership categories. With 37 associations now admitted as full members, one as an associate member, and four as observer members, a large proportion of the world's actuaries are already included, but there remain a number of other potential members.

The Public Statements Subcommittee was charged with developing guidelines for due process in the event that the IFAA might wish to make a public pronouncement. The first public pronouncement of the IFAA was made early in 1997, having been through the required due process. It took the form of a formal submission to the International Accounting Standards Committee

continued on page 6, column 1