



IAA Delegate Council & Committee Reports Chicago, Fall 2017

EXECUTIVE SUMMARY

The Society of Actuaries (SOA) sent a delegation to the recent council and committee meetings of the International Actuarial Association (IAA), held in Chicago, October 3–8, 2017. The IAA exists to encourage the development of a global actuarial profession, acknowledged as technically competent and professionally reliable, through its support of the research, education and development of the profession. After approving admittance of the Actuarial Society of Kazakhstan and the Actuarial Society of Ghana at this council meeting, the IAA now has 72 full-member associations (FMAs) and 26 associate-member associations (AMAs).

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.

There were several opportunities where SOA research was presented at the IAA meetings. One such opportunity was the pre-meeting seminar on International Insights on Mortality, Population and the Public Interest. Dale Hall, Managing Director of Research for the SOA, presented during this seminar to highlight SOA mortality research topics, including topics such as the expansion of the Human Mortality Database (HMD), use of data to generate Mortality Improvement models, and future or in-progress SOA research projects.

The following report summarizes the responsibilities and key actions of the IAA committees and working groups on which SOA representatives serve as reported at the October 2017 council and committee meetings in Chicago. This report has been prepared for SOA members so that 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.



SPECIAL THANKS

The SOA gives special thanks to all of our dedicated volunteer delegates, whose work and participation at the Chicago IAA 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 one new item. The Actuarial Society of Kazakhstan and the Actuarial Society of Ghana were welcomed into the IAA's membership as full-member associations. Masaaki Yoshimura (Japan) was confirmed as the IAA President for 2018 and Gábor Hanák (Hungary) as President-Elect for 2018.

A significant council topic was the approval of the proposed IAA education syllabus. The IAA education syllabus was approved by the IAA Education Committee in early 2016, but only after significant discussions at subsequent meetings in 2016 and 2017 was it finally approved by the IAA Council at this meeting.

Additionally, the council would normally approve the 2018 IAA budget at this meeting, but that action was deferred due to questions about the basis for calculating member dues for IAA members in 2018 and beyond. The IAA leadership agreed to develop a revised deficit budget for 2018 that will be put to an electronic vote and, in parallel, set up a Fees Task Force made up of member representatives reporting to the IAA Executive Committee to propose a new basis for the calculation of membership fees for 2019 and future years. This new basis should follow the principles of fairness, transparency, robustness and sustainability.

A link to the full agenda and meeting materials is available [here](#).

Advice and Assistance Committee (A&A)

The Advice and Assistance 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.

At the IAA committee meeting, the A&A committee heard updates on the work of each regional subcommittee, including Africa, Asia, Eurasia and Latin America. A small presentation was given for the upcoming 5th African Actuarial Congress in Morocco on March 15–16, 2018, which expects to host approximately 300 attendees. The South Asian Actuarial Conference that was held in Sri Lanka July 12–13, 2017, was a huge success, hosting 250 attendees. The Central American Actuarial Association (ACEA) and the Latin America subcommittee hosted a successful workshop immediately after the ASTIN/AFIR-ERM Colloquium in Panama on August 25, 2017.

The committee also discussed the International Congress of Actuaries (ICA) 2018-bursary task force, as well as events proposed by the committee to be held at ICA 2018.

IAA Chicago included new formats for A&A that focused on smaller associations, including a reception, breakfast and lunch. The committee hopes to repeat these events at future meetings. The opportunity also exists to better clarify strategies and plans for each region/association and invite FMAs to take more part in that going forward. This will be a focus for A&A over the coming months.

A link to the full agenda and meeting materials is available [here](#).

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.

During their meeting, the committee approved changes to the Canadian Institute of Actuaries' education system, and discussed professionalism education systems in Canada, Ireland and Japan. John Lowell reviewed the Conference of Consulting Actuaries' (CCA's) library of brief educational videos on a wide range of pension topics. The CCA believes this will better meet the needs of millennials entering the profession.

Proposed revisions to the Education Committee's Terms of Reference were also briefly discussed. There were questions from the committee about the intent of the changes and there was little support from the committee for the changes. The revised Terms of Reference were not approved by the Executive Committee and were further discussed at the council meeting.

The Education Committee also discussed relationships with universities and various CPD programs, and a fulsome review of the U.S. Qualification Standards was provided to the committee by Al Beer. They will also continue discussions of the CPD and Normative Skills education programs for a number of associations at the next IAA meeting in Berlin.

A link to the full agenda and meeting materials is available [here](#).

Enterprise and Financial Risk Committee

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.

The committee discussed how regulators (in the context of Insurance Capital Standard (ICS) 2.0 of the IAIS and chief risk officers (CROs) have concerns about the use of internal models for capital adequacy testing. For example, if nonstandard models are used, there is the question on whether results would be comparable across companies. Concern was also expressed about consistency over time, if model and assumption changes occur.

There was a good discussion about boards' expectations of the CRO and how risk issues should be communicated to a nontechnical audience. In addition, there was consensus that the International Standard of Actuarial Practice (ISAP) 5 on enterprise risk management (ERM) was very high level, and

that an international actuarial note (IAN) would most likely be necessary to provide guidance to actuaries working in this space internationally.

William Hines was accepted as an observer member to the International Accounting Standards Board's (IASB's) International Financial Reporting Standard (IFRS) 17 Transition Resources Group. The IAA has been working to achieve this for several months. This group is composed mainly of accountants, and there has been no actuarial voice to address practical matters in the implementation of the new accounting standard until now.

The Society of Actuaries in Ireland has created an ERM Resource Database. This could be a model for other organizations and it could pilot for the IAA to provide links and/or a search function on all FMA actuarial databases.

Work has been done to compile examples of company failures, which could serve as a catalog of risk management failures. Paul Braithwaite is leading the consideration of a formal project.

A link to the full agenda and meeting materials is available [here](#).

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 (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.

As in previous meetings, the GIC meeting focused on developing relationships with other committees and organizations. Representatives from the IAA's Section for Actuarial Studies in Non-Life Insurance (ASTIN) gave a report and noted that they are working to change their image to become less theoretical and more practical. ASTIN added that they should be considered a resource for GIC in reviewing materials, since the GIC does not always have enough members to complete material reviews. The GIC will also ensure that the margin over current estimates (MOCE) and Risk Book insurance regulation project materials are reviewed from a general insurance prospective.

IFRS 17 is actively in progress with the writing of IANs and will need general insurance reviewers around a December 2017 time frame. In addition, IFRS drafters are looking for actuaries with expertise in cat bonds and certain reinsurance contracts, and the GIC will help identify experts for them to speak with.

The GIC also discussed that the IAA Council would be voting on the proposed Education Syllabus at this meeting. Once approved, the GIC will need to exchange ideas on how to implement new areas in syllabus, for example, communication, decision-making, data and systems, and continuing education. A previously discussed action to create and send a general insurance specialist survey is being put on hold to avoid confusion.

A link to the full agenda and meeting materials is available [here](#).

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.

The Health Committee has begun to produce papers on different topics, the most recent being [“Health Actuaries and Big Data,”](#) which is close to publication. A proposal based on this paper was also submitted to the ICA 2018 in Berlin. The papers that the committee publishes provide background on different topics and could provide useful information for SOA members (two have been published: [“Analysis on the Risk of Ebola”](#) and a [note on personalized medicine](#) (Genetics) in health insurance; a third, “Healthcare Actuaries and Big Data,” is close to publication. The committee is also working on a paper on medical inflation (being drafted by U.S. actuaries) that could be very useful to both U.S. and international actuaries and regulators. Unlike other committees that have broad appeal to most member organizations, health appears to have a narrower appeal limited to those countries that have a viable health insurance market. It is possible that in the future the committee’s agenda may begin to include more public health issues and thereby appeal to a broader range of countries.

Also, the committee has been invited to participate in a study of long term care by the Organisation for Economic Co-operation and Development (OECD), which indicates progress in developing a relationship with this supranational body.

In addition to the papers being worked on, the committee will continue working on updating material from two years ago on a draft health actuarial syllabus.

A link to the full agenda and meeting materials is available [here](#).

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 International Financial Reporting Standards (IFRS).

The committee was pleased to learn that the IASB’s Implementation Advisory Group (IAG) includes an actuary and that William Hines is now an observer. The IAC may submit issues to the IAG on an ad hoc basis. In addition, the Education and Practice Subcommittee (EPSC) has made significant progress on IANs and hopes to send a first set of proposed IANs to member associations by the end of the year. Other IANs will follow at an unspecified time.

The Risk Adjustment monograph has been improved and a final draft is expected in October. This could potentially mean an early 2018 exposure.

A link to the full agenda and meeting materials is available [here](#).

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 regulatory developments from around the world, including China, the United Kingdom and Australia. In China, insurers have applied C-ROSS (China's version of Solvency II) for two years. The regulators are considering some changes, which will raise capital requirements. Actuaries in the United Kingdom and Australia are in the early stages of developing an actuaries climate index, similar to efforts by the large North America-based actuarial organizations.

In the committee's discussion of regulatory developments, it became apparent that there were both similarities and differences in thinking among our committee members' insurance regulatory environment. A major similarity is that most of the world is moving to principles-based systems for regulatory accounting and capital standards. However, there are large differences in how to get there. A further similarity is that most regulators are reluctant to rely on companies' basis of accounting used to report earnings to the public.

There was also an update regarding the International Association of Insurance Supervisors (IAIS). The IAIS will update their Insurance Core Principles (ICP) over the next few years. They expect ICPs on risk management, ERM for solvency purposes, and investments in 2018, updates to valuation and capital in 2018, and a second round of all ICPs in 2018/2019. They expect to issue ICS 2.0 in mid-2018.

Additional work was done on the committee's Risk Book, including work on the Stress Testing and Dynamic Hedging chapters. Further discussion was held on the process for updating and marketing the book. In addition, since the previous IAA meeting, the committee reviewed and commented on IAIS's ICS version 1.0.

Action items agreed upon during the committee's meeting were to finalize the Stress Testing and Dynamic Hedging chapters of the Risk Book, as well as complete the MOCE paper to be provided to the IAIS to advise on how to develop rules around MOCE in the regulatory liability calculation.

A link to the full agenda and meeting materials is available [here](#).

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.

Based on the recommendation of IAA President Tom Terry, the committee formally changed their name to the Membership Committee from the Accreditation Committee. They also approved the membership application for the Actuarial Association of Sri Lanka, which moves the application to the council for approval. The committee continues to await information from Cameroon before it will approve Cameroon's request to become an FMA. They have also received an AMA application from the Iranian association, which will be reviewed.

In addition, the Membership Committee reviewed changes to the Codes of Conduct and similar professionalism-related changes for nine FMAs. All of the changes were approved. The committee also discussed possible changes to confirmation forms. It was agreed that they will develop a document to keep track of any minor exceptions made to membership requirements so that any future FMA or AMA in the same situation can be treated fairly.

A link to the agenda and full meeting materials is [here](#).

Pensions and Employee Benefits Committee (PEBC)

The PEBC is responsible for dealing with matters arising out of the promulgation of the IASB Employee Benefits Standard, addressing any professional issues of international relevance for actuaries working in the field of employer-provided pensions and employee benefits, coordinating as needed with the Committee on Social Security, providing support to the proposed IAA Pensions section if established, and establishing links with other worldwide pension organizations as may be appropriate.

An update was provided that the pension funding monograph that the PEBC has been working on has been through peer review and is finally moving toward publication. This paper (in particular the appendices) will be used as a reference by the OECD. The development of the paper has helped further strengthen the committee's relationship with the OECD. The committee is also considering holding a webinar that reviews this paper.

The committee continued discussions regarding pension de-risking and what work the committee might do in reaction to this strategy that continues to spread globally. Initially, a paper was to be presented at ICA 2018. The committee instead decided to not pursue the paper, but to revisit the topic at their next meeting to decide what might be done in this area. Also, a new project is being considered regarding actuaries' potential roles with defined contribution plans.

U.S. delegates provided a presentation about developments in the United States. Three areas were covered: multiemployer plan funding issues and benefit reductions; public plans' trends and challenges; and issues unique to the U.S. system in providing lifetime income.

A link to the full agenda and meeting materials is available [here](#).

Professionalism Committee

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

The committee heard presentations from the Society of Actuaries in Ireland and the American Academy of Actuaries in the United States on the different disciplinary systems in place. In Ireland, there have only been 10 discipline cases to date. Conversely, the Actuarial Board for Counseling and Discipline (ABCD), which is housed within the American Academy of Actuaries, has heard many cases since its inception in 1992.

There was also discussion on the ISAPs, including a verbal report from the chairs of the Actuarial Standards Committee (ASC), updates from Due Process Task Forces for all ISAPs, and FMA responses to ISAPs. There is now a joint task force with members from the ASC, Professionalism Committee, and the Standard-Setters Round Table (SSRT) charged with figuring out how to collect data from national organizations as to how they are using the IAA's ISAPs. There was also discussion on a proposed revision in the definition of IANs and an overview of the proposed review process for IANs. A small task force was formed to coordinate a review of the first phase of IANs (12 chapters).

Various professionalism guidance documents that were worked on since the last IAA meeting have now been approved by the council. Moving forward, the committee is considering a review of the IAA's Code of Conduct requirements set out in the IAA's internal regulations based on discussion on the Actuarial Association of Europe's recent revised code. However, no committee members voiced concerns about the current IAA Code of Conduct requirements.

A link to the full agenda and meeting materials is available [here](#).

Scientific Committee

The Scientific Committee's mission is to coordinate activities among working groups, ensure compliance with IAA governance, and provide a vehicle for communication with supranational organizations.

The Scientific Committee meeting discussed a number of governance, budget and oversight issues related to projects of the various working groups (e.g. Banking, Big Data, Mortality). The working groups continue to explore new ideas and research related to mortality, climate change, microinsurance, banking and big data. Specifically, a paper on inequality that advances actuarial science and thinking in this area is being developed by the Population Issues Working Group. Banking and big data are helping define and expand how actuaries might work in the areas of banking and big data. The Resource and Environment Working Group's work regarding climate change is seeking to keep actuaries engaged and influential in global conversations about climate risk. This work has the potential to expand the roles of actuaries and increase the profession's relevancy.

A link to the full agenda and meeting materials is available [here](#).

Big Data Working Group (BDWG)

The BDWG of the Scientific Committee is devoted to identifying and discussing opportunities and practices for actuaries working with Big Data.

Big data is a topic of increasing interest to actuaries, making the work of this committee very relevant. A draft survey of Advanced Analytics Education program was completed and discussed. This is a useful compendium of educational programs (primary and continuing) in the United States and Germany. It would be useful to extend it to other countries.

There was considerable discussion of the proposal from Deutsche Aktuarvereinigung e. V. (DAV) to create an international analytics credential. Some members of the work group questioned the value of this idea, since those organizations already have their own approaches (such as the SOA through the new ASA predictive analytics exam). The DAV idea is to create an international body similar to the CERA. Unlike risk management, however, data analytics is a much broader topic that covers many disciplines and is strongly covered in universities. Proponents think that there is value in the “professionalism” inherent in the actuarial profession, without defining the meaning of professionalism in a data analytics context. It isn’t clear what value, if any, employers would assign either to professionalism or to a credential/endorsement provided by the IAA. Additional discussion is expected on this topic at future meetings.

A link to the full agenda and meeting materials is available [here](#).

Mortality Working Group (MWG)

The MWG of the Scientific Committee provides insights on the level of mortality rates around the world.

Prior to the IAA meetings, the MWG held a joint one-day seminar with the Population Issues Working Group titled “International Insights on Mortality, Population, and the Public Interest.” The program and presentations are available [here](#). After all of the presentations on topics such as recent U.S. mortality trends and the use of predictive analytics, the seminar ended with a panel discussion and reception. The seminar was well-received. Planning has begun for the next joint seminar to precede the Mexico City IAA meetings in late November 2018.

During the meeting, the MWG provided updates on their five current research projects: mortality comparison, older age mortality, older age mortality improvement, long-term drivers of future mortality, and [e-cigarettes](#). The latter three projects have all been submitted for presentations at the 2018 ICA in Berlin. There was also discussion on how to make more progress on volunteer research projects, as well as on new country mortality tables for [Japan](#) and [Thailand](#), and on [U.K.](#) and U.S. research. The MWG also had some initial discussion on how to have the MWG become more involved with supranational organizations. As at previous meetings, a number of speakers presented information to the MWG. Carl Friedrich presented on [long term care](#), and Jay Olshansky on facial recognition. Other presentations at the meeting included [accelerated underwriting and predictive analytics](#), an SOA research survey, and [life annuities](#).

A link to the full agenda and meeting materials is available [here](#).

Glossary

A&A	Advice and Assistance Committee of the IAA
ABCD	Actuarial Board for Counseling and Discipline
ACEA	Central American Actuarial Association (Asociación Centroamericana de Actuarios)
AMA	Associate-member association of the IAA
ASC	Actuarial Standards Committee of the IAA
ASTIN	IAA Section for Actuarial Studies in Non-life Insurance
BDWG	Big Data Working Group of the IAA Scientific Committee
CCA	Conference of Consulting Actuaries
CERA	Chartered Enterprise Risk Analyst credential
CGA	CERA Global Association Board
CIA	Canadian Institute of Actuaries
CPD	Continuing professional development
CRO	Chief risk officer
DAV	Deutsche Aktuarvereinigung e. V.
EPSC	Education and Practice Subcommittee of the IAA Insurance Accounting Committee
ERM	Enterprise risk management
FMA	Full-member association of the IAA
GIC	General Insurance Committee of the IAA
HMD	Human Mortality Database
IAA	International Actuarial Association
IAC	Insurance Accounting Committee of the IAA
IAG	Implementation Advisory Group for the IASB
IAIS	International Association of Insurance Supervisors
IAN	International Actuarial Note
IASB	International Accounting Standards Board
ICA	International Congress of Actuaries
ICP	Insurance Core Principles
ICS	Insurance Capital Standard of the IAIS
IFRS	International Financial Reporting Standards
ISAP	International Standard of Actuarial Practice
MOCE	Margin over current estimate
MWG	Mortality Working Group of the IAA Scientific Committee
OECD	Organisation for Economic Co-operation and Development
PEBC	Pensions and Employee Benefits Committee of the IAA
SOA	Society of Actuaries
SSRT	Standard-Setters Round Table