

IAA Delegate Council & Committee Reports Fall 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 September through November 2020. While the virtual format of the fall meetings reduced the number of sessions compared to the usual in-person meetings, the overall message continues to be that the global profession is accomplishing important collaborative work. 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 FMA of the IAA and has representatives on key IAA committees.

As the efforts to reorganize the IAA structure continue into 2021, many of the committees that met during the fall virtual meetings had abbreviated discussions, many waiting to begin new projects until the reorganization is complete. We expect this trend to continue up until the spring 2021 meetings, when the final reorganization motions are anticipated to be decided upon by Council. In the meantime, many committees are focusing their discussions on how the reorganization could affect their committee and their work. The motions passed at the Council meeting on changing the “bottom up” structure from committees and working groups to information-sharing Forums is the most important update from the fall 2020 meetings. More detail about this shift is available in the IAA Council section of the report.

The following report summarizes the key discussions and actions of the IAA committees on which SOA representatives serve as reported during the fall 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 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 fall 2020 IAA virtual meetings made this report possible.

JERRY BROWN

JACQUE FRIEDLAND

WILLIAM HINES

MIKE LOMBARDI

SARA TEPPEMA

TARA WOLF

KATHY WONG

Contents

IAA Council	4
IAA Committee Meetings Highlights	5
Advance Committee	5
Advice and Assistance Committee (A&A)	5
Education Committee	6
Enterprise and Financial Risk Committee (EFRC)	6
General Insurance Committee (GIC)	6
Health Committee	6
Insurance Accounting Committee (IAC)	7
Insurance Regulation Committee (IRC)	7
Membership Committee	7
Mortality Working Group (MWG)	7
Professionalism Committee (PC)	7
Resource and Environment Working Group (REWG)	8
Glossary	9

IAA Council

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. Of the IAA Executive Committee's six goals this year, the most important to the SOA were supporting the first year of the newly-created Strategic Planning Committee (SPC) and implementing the reorganization and structural changes, as approved by Council at the spring meeting and at this meeting. The SPC 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.

The most important council agenda topic was the Advance Committee's (AC) new proposed recommendations to continue the restructure of the IAA from the "bottom-up." In 2019, the Renewal Task Force (RTF)¹ envisioned that practice or technical committees and working groups would be disbanded or replaced by Forums. This would shift the primary role of the entities from management (providing a full range of activities including oversight to other IAA entities or activities) to sharing (facilitate the sharing of knowledge and expertise between FMAs). The initial proposal from the AC was to dissolve all practice committees and working groups and turn three into Forums immediately, while the remainder would be turned into time limited task forces while the AC continues their review. These actions were approved by Council and the three new Forums as of January 1, 2021 are:

- Pension and Employee Benefit Forum
- General Insurance Forum
- Enterprise Risk Management Forum

The remaining task forces (previously committees) will be evaluated by the AC prior to the Spring 2021 Council meeting to determine recommendations on whether to disband, continue as time limited task forces or to turn them into Forums.

The SPC continues discussions on various items, including education guidance and requirements for IAA membership, the role of International Standards of Actuarial Practice (ISAPs) with the proposed Specimen Actuarial Standards (SASs), and a medium-term financial plan for better financial risk management of the IAA.

In addition, Council approved motions to disband the Actuaries Without Borders (AWB) IAA Section as of December 31, 2020 and transfer its remaining assets to its new entity once established. This change has

¹ 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 in November 2019. 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.

been the focus of discussion for a task force made up of AWB and Advice and Assistance Committee representatives since July 2020. Since no consensus could be reached on reorganizing how the AWB would function within the newly reorganized IAA structure, it was agreed to move forward to disband the AWB as an IAA Section and allow AWB to create an independent entity under a new name to continue their work. This new entity, now called Association Actuaire du Monde, continues the work on which the AWB previously focused – mentorship program and development of the actuarial profession in less developed regions. Many of the overlapping activities previously done by the AWB will now be under the umbrella of the Advice and Assistance Committee, which will also have a future IAA fund to help fund these activities and support new and/or small associations.

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

IAA Committee Meetings Highlights

Advance Committee

As part of the IAA reorganization efforts, the Advance Committee was tasked with providing a number of recommendations. At their meeting, they came to a consensus on Terms of Reference recommendations. However, the discussion around which committees and working groups should be converted to Forums and which should be disbanded was only partially completed. Instead of providing Council a full recommendation, they recommended three Forums be created (Enterprise Risk Management, General Insurance, and Pension Forums) and the remaining committees and working groups be changed into time limited task forces until a final recommendation can be made for the spring 2021 Council meeting.

Advice and Assistance Committee (A&A)

The A&A Committee discussion focused on regional updates from its subcommittees. The Asia subcommittee reported outstanding attendance for their virtual one-day professionalism seminar this past August. They plan to make this seminar a regular event moving forward, with the next one tentatively planned for February 2021.

The Africa subcommittee provided a brief update on the 6th Annual African Actuarial Congress which was originally scheduled to be in-person in March 2020. Currently they are looking at rescheduling in 2021 and are considering moving some components to an online virtual offering. They have also created two task forces within the subcommittee to focus on education and regulator relations.

The Eurasia and Middle East subcommittee shared their three objectives for 2021: gather information from various countries on the development of the actuarial profession to create a picture of the current status in order to develop a 3-5-year action plan; outreach to local associations for interest in members becoming involved with the subcommittee; organize a regional virtual conference with a locally relevant agenda.

The Latin America subcommittee is currently discussing having guests from non-IAA member associations and those not part of an association in order to better understand the needs of the region

and determine how the subcommittee could help. Also, outreach is being done in Colombia and a presentation on the IAA was given during a seminar in Argentina this past November.

A brief update was also provided on the shift of the AWB IAA Section to a separate independent entity. This is covered in more detail in the Council report above.

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

Education Committee

A number of topics were discussed over the course of the two-part Education Committee meeting this fall, most notably of which was the topic of the committee's review of FMA education syllabi. The SPC provided guidance to the committee, noting that they should use judgement in evaluating whether an FMA's education syllabus substantially meets the breadth and depth of the IAA syllabus. If not in compliance, the committee should work with the FMA to bring their education syllabus up to compliance, including allowing for appropriate transition periods. If compliance is unable to be achieved, the Education Committee has the responsibility to report its findings to the Membership Committee for any further action.

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

Enterprise and Financial Risk Committee (EFRC)

SOA delegate Kathy Wong presented an update on the task force work on the draft chapter covering failures in the enterprise risk management (ERM) *Risk Book*. The goal is to have a mostly final draft chapter completed within the coming months. There was also general discussion on the EFRC's transition to a Forum. Since the committee's primary goal has always been focused on knowledge sharing, the transition to a Forum should be fairly seamless.

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

General Insurance Committee (GIC)

The GIC discussed updates on various *Risk Book* chapters that have relevance to general insurance (hazard risk, non-life liabilities and reinsurance). Discussion also centered around the transition of the GIC to a Forum. The possibility of combining GIC with the Health Committee into one Forum was not supported by the GIC members.

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

Health Committee

During its meeting, committee discussions centered on the future of the Health Committee under the new IAA Forums structure. The committee was proposed to be a time-limited task force, which will be re-examined for the May 2021 Council meeting. Stemming from an update from the IAA Health Section, conversation also covered potential projects on funding of rare diseases and evaluation of interventions.

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

Insurance Accounting Committee (IAC)

The Committee discussed emerging issues with implementing International Financial Reporting Standard (IFRS) 17, the continued development of International Actuarial Note (IAN) 100 and plans for work on IANs in 2021. The draft of IAN 100 has now been fully developed, including addressing comments received during the exposure period and incorporating the recent amendments to IFRS 17. A vote to approve IAN 100 for publication will take place at the end of 2020 or early 2021 with the expectation that actual publication to the IAA membership and stakeholders will occur in Q1 2021. Also, beginning January 2021 SOA delegate Tara Wolf begins her Vice Chair role for the IAC.

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

Insurance Regulation Committee (IRC)

The IRC has been focused on gathering various perspectives of global COVID responses. They note that property and casualty has been primarily impacted by COVID. The economic impacts have been large, but the mortality impacts have been much less than expected, so companies are having to reassess their expectations in shock scenarios related to pandemics for future stress testing purposes. There is a subgroup focused on market regulation in the U.S., looking to see if there are issues with underlying statistical biases in actuarial work – in particular in automated underwriting. Work also continues on the *Risk Book*.

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

Membership Committee

During its brief meeting, the committee reviewed compliance with IAA dues payments and annual confirmation forms of several FMAs and AMAs. The committee noted that compliance continues to be an issue for some IAA member associations. A number of committee members were also selected for a handful of FMA reviews. There was also general discussion around the current steps in the IAA reorganization.

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

Mortality Working Group (MWG)

As with many of the other groups, the MWG discussed how the IAA restructure could impact the working group. Updates on current mortality trends were shared by various countries, including the U.S., Canada, U.K., Norway and Sweden. Conversation also centered on the excess mortality occurring in 2020 from COVID-19 and other causes, noting the growing importance of socioeconomic variables on the impact of mortality and mortality improvement.

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

Professionalism Committee (PC)

The committee has been tasked by the SPC to determine the level of interest in the previously proposed Specimen Actuarial Standards (SASs). This would include a list of FMAs requiring their assistance. These

standards would not be ISAPs but something that developing associations could use or modify to create their own standards. There was also significant discussion on whether the PC Terms of Reference should be updated to specifically include promoting ISAPs and encouraging adoption of them. The committee decided to use 'inform' rather than 'promote' and to encourage consideration of their use in helping FMAs develop their own standards.

Additional discussion centered around the effect COVID has had on actuarial professionalism. The most significant points were the great need for professional actuarial judgement in making decisions and the need to document the basis for decisions. Concern was also expressed about the effect on new actuaries working virtually, who will lose out on the opportunity for informal professional mentoring that would occur naturally in person

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

Resource and Environment Working Group (REWG)

Discussion focused on the IAA restructure and its potential impact on the REWG. Updates were also provided on in-progress projects and activities of the IAA Climate Risk Task Force. The *Risk Book* chapter on climate and environmental risks continues to develop and evolve. Three briefing papers have also been developed since the spring 2020 meetings on the topics of water resources, environmental risk disclosure and climate change adaptation.

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

Glossary

A&A	IAA Advice and Assistance Committee
AC	IAA Advance Committee
AMA	IAA associate-member association
AWB	IAA Actuaries Without Borders Section
COVID-19	Coronavirus
EFRC	IAA Enterprise and Financial Risk Committee
ERM	Enterprise risk management
FMA	IAA full-member association
GIC	IAA General Insurance Committee
IAA	International Actuarial Association
IAC	IAA Insurance Accounting Committee
IAN	International Actuarial Note
IFRS	International Financial Reporting Standards
IRC	IAA Insurance Regulation Committee
ISAP	International Standard of Actuarial Practice
MWG	IAA Mortality Working Group
PC	IAA Professionalism Committee
REWG	IAA Resource and Environment Working Group
RTF	IAA Renewal Task Force
SAS	Specimen Actuarial Standards
SOA	Society of Actuaries
SPC	IAA Strategic Planning Committee