

RECORD, Volume 22, No. 1*

Marco Island Spring Meeting
May 29–31, 1996

Session 34PD

The Work of the International Forum of Actuarial Associations (IFAA)

Track: International
Key Words: Actuarial Organizations

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Summary: This panel highlights objectives of the International Forum of Actuarial Association (IFAA), the relationship with its 43 member actuarial associations, and current issues under consideration by the IFAA. International accounting standards for retirement benefits, other employee benefit costs, and a possible new global education syllabus for actuaries after 2005 are covered.

Mr. W. Paul McCrossan: I'm the chairperson of the IFAA. With me is Moe Chambers, who is on the accreditation committee of the IFAA. The IFAA was formed in September 1995 in Brussels, and it has 43 member associations representing about 99.9% of the world's actuaries.

First, we're going to talk about the background behind the founding of the IFAA, the criteria and commitments to which associations have to commit, and the process of admitting members, because it's quite an elaborate process.

I'm then going to talk about what we are in the process of doing now, and what the game plan is for the next few years. Actually, we've been somewhat overtaken by events because, as I'll indicate in my speech, the IFAA was formed with the idea that someday there might be a need for an organization to speak on behalf of the world's actuaries.

About two weeks before it was formed, the world's accountants got together, received a mandate from the world's stock exchanges and securities regulators, and

basically said, "We want the accountants and the actuaries worldwide to get together and design one set of rules for pension-fund accounting and employee-benefit accounting." Since then, they've come back and said, "We want one set of rules for the use of derivatives that actuaries and accountants can agree on, and we understand that they're going to come with a requirement that there be one set of solvency tests for insurance companies." That's probably in the offing next year.

The groups driving this are the worldwide accountants' International Accounting Standards Committee (IASC), the stock exchanges, and the financial regulators. This was something that was a goal when we founded the IFAA, but we didn't anticipate having to deal with it for five years or so. Instead it started within a couple of weeks after it was founded.

Mr. Morris W. Chambers: The IFAA had its genesis at the time of the International Congress of Actuaries in Montreal, which was in June 1992. In the period that led up to that Congress, Paul was the president of the CIA, which was the host organization for that Congress. Paul suggested that the Congress provided an opportunity to convene a meeting of the leadership of several actuarial organizations. Essentially, they were the leaders of the actuarial organizations that were based on the common law tradition, which basically means the English-speaking actuarial organizations.

The purpose of such a meeting was to discuss current issues, developments, and problems, because there certainly were problems within the profession, and to exchange notes in that regard. The meeting was arranged for the day prior to the opening of the Congress, and it was attended by leaders of several organizations, including those in the U.S., the U.K., South Africa, New Zealand, and Australia. At the end of the day, the unanimous view of those attending was that it had been so worthwhile that it should be repeated, perhaps even on an annual basis. In recognition of the originator of the idea, those involved agreed to refer to themselves as the McCrossan Group.

By the end of 1993, the McCrossan Group had set a goal somewhat higher than simply meeting again in 1994. The group saw the opportunity to create a global actuarial profession. To that end, a steering committee was established and a number of representatives of organizations in the European Groupe Consultatif were invited to participate. Some questioned why a new organization should be formed when the International Actuarial Association (IAA) was already global in its reach; you might ask that even today.

The primary reason is that the IAA was an organization of individual actuaries, and its principal focus is in the planning and the staging of international congresses every three or four years. In addition, it publishes a semi-annual bulletin of national

updates and promotes the activities of its Actuarial Studies in Non-Life Insurance (ASTIN) and Actuarial Approach for Financial Risks (AFIR) sections. While the IAA does have a category of membership for organizations, it's available not only to actuarial organizations, but also to government agencies and corporations as well.

The McCrossan Group was seeking to create a global organization of actuarial associations. Individual actuaries would not be members of the IFAA. Qualification for membership would be defined by a member organization having established a code of conduct, which, at a minimum, met certain criteria and by some evidence that the member organization requires its own members follow such a code.

As you're all aware, the approach to actuarial education in different parts of the world is quite diverse. As we developed this new organization, we realized, if it could be created, it could serve as a platform from which a universal basic level of actuarial education could be defined. That is, a list of topics could be established that the public could expect every actuary throughout the world to have mastered. The means by which the mastery is tested would continue to be diverse, but a minimum level of educational content would be defined for actuaries throughout the world.

The steering committee and the McCrossan Group have to be recognized as preeminent in the setting and achievement of goals. In 1993, that body set about to create a new, global organization of actuarial associations, and to have it up and running by the September 1995 International Congress of Actuaries in Brussels. That Congress marked the centenary of the IAA, and on September 9, 1995, the Council of the IAA formally established a new section, the International Forum of Actuarial Associations. On September 10, 1995, the day before the opening of the twenty-fifth congress, the inaugural meeting of the IFAA was held. Applications to join were received from, as Paul has indicated, 43 actuarial organizations from around the world.

The governing body of the IFAA is its committee. It's made up of one representative from each of the member organizations. While each member organization has only one committee representative, the number of votes that individual carries varies from one to four depending on the size of the organization that he or she represents. For the purpose of conducting the inaugural meeting only, each organization that had applied for membership was presumed to qualify for membership whether or not it had provided any proof.

In recognition of his vision, drive, and diplomatic skills demonstrated in the effort to bring the IFAA to fruition, Paul McCrossan was elected unanimously to serve as the chairperson of the IFAA in its inaugural year. At the inaugural meeting, two

subcommittees of the IFAA were created: an accreditation subcommittee and an education subcommittee. Notes of intention were given to create a subcommittee to develop procedures for the issuing of public pronouncements by the IFAA. Paul has already alluded to its need for public pronouncements and will probably elaborate on it later.

Paul will also devote some time to the work of another subcommittee that was subsequently established that is devoted to IASC matters.

The education subcommittee is chaired by Malcolm Murray, president of the Faculty of Actuaries of Scotland. It has 12 members from a broad spectrum of countries. Its task, in simple terms, is to develop a minimum education standard for actuaries throughout the world. Once defined, it's expected that member organizations will make a commitment to incorporate those minimum requirements into their qualification levels. Of course, organizations would be free to adopt stronger education requirements, but they would have to include this minimum to retain their status in the IFAA. The commitment of the committee is to have defined this minimum level by 1998, and there is an expectation that organizations will adopt that minimum level by the year 2005.

My own involvement is with the accreditation subcommittee, which is chaired by Walt Rugland. This subcommittee comprises eight members from around the world. Our task is to review the applications for IFAA membership received from the various organizations and to determine whether they meet the minimum requirements that have been established by the regulations of the IFAA. What are those minimum requirements? First, since the IFAA is a section of the IAA, it's necessary for each applicant organization to be a donor member in good standing of the IAA.

In concert with the regulations that were adopted at the IFAA inaugural meeting, the accreditation subcommittee has developed a questionnaire to be completed and submitted along with the organization's formal application for IFAA membership. The questionnaire addresses three specific aspects of the professionalism of the applicant organization. Professionalism aspects are: (1) professional conduct, (2) a professional discipline process, and (3) the process for adoption of standards of practice. In addition, there are three commitments to the IFAA organization that each applicant must undertake. These are (1) to support its study on minimum educational requirements, (2) to communicate with other members of the IFAA about its code and standards, and (3) to support the IFAA financially.

Let's discuss the code of professional conduct. To be eligible for full membership, an organization must have in place, or commit to adopt before the end of 1996, a

code of professional conduct that includes all of the essential elements of the code of the Groupe Consultatif in Europe. The North American uniform code, by the way, meets this criteria. In fact, I believe the Groupe Consultatif code was patterned after that of North America.

The accreditation subcommittee has identified the following common principles of the code (the next two paragraphs list about 50% of them):

The actuary is required to act honestly; this is the basic element of the acceptable code of conduct. The actuary must be required to perform his or her services with skill and care, and to fulfill his or her professional responsibilities. The actuary should not act against the public interest. Additional interests are: to uphold the profession's image, to avoid misleading publicity, to avoid publicity that creates undue advantage, to perform services with courtesy, to cooperate with other professionals whether they be actuaries or members of any profession, to treat client information with confidentiality, to act—and this is an important one—or do work only if the individual is competent to do that work and to observe the applicable professional practice standards.

In providing reports, the actuary must show the findings as being his or her own, and to offer his or her availability for discussion with the client. In such reports, the actuary should identify the client under which the findings are provided and should identify the role of the actuary with the client relative to those findings. The actuary should also: avoid conflicts of interest, which might be perceived to impair the ability to act fairly, unless full prior disclosure of that current conflict of interest has been provided to the client, consider the appropriateness of consultation with a prior actuary on a new assignment undertaken in order to ensure the suitability of undertaking that assignment; and, disclose to the client all sources of income relative to the service being provided on the client's behalf. For example, if one is providing advice on pension plans to a client and the actuary is, at the same time, also receiving a commission from a provider of annuity products, then that fact would have to be disclosed. If not, it would constitute a breach of the code.

The last two required elements of codes of conduct are (1) to place oneself subject to the disciplinary procedures of the organization and (2) to accept any decision of the disciplinary process.

As I indicated earlier, an applicant for full membership in the IFAA must have a conforming code of conduct already in place, or commit to getting one in place before the end of this year (1997).

It's one thing to have a code of conduct in place, but that code is of little value if there's no compulsion for the actuaries to follow it. Consequently, applicants for full IFAA membership are required to have either a formal discipline process in place right now, or to commit to establish one by the end of 1997. Applicants for associate membership must commit to adopting a formal discipline process by the year 2000, or within 5 years of being accepted as associate members, if acceptance comes later than 2000.

For the purpose of judging the acceptability of a discipline process, the subcommittees identified the following as essential elements:

1. The incorporation of a complaint procedure that is accessible both to all users of actuaries' work and to actuaries' professional peers
2. The availability to the accused actuary of a due process of defense, under which the actuary's rights are to be respected fully
3. Access to a formal appeal process
4. The availability of sanctions that are appropriate to the degree of the offense.

For example, if the only sanction available is expulsion, regardless of the degree of severity of the offense, that would hardly represent what one would call appropriate sanctions.

The codes of professional conduct define the general rules that govern the professional practice of the actuary; those must be written in stone. Standards of practice, on the other hand, are those rules or guidance procedures that are specific to a jurisdiction or a particular practice area and define the boundaries that apply to how an actuary carries out a particular task.

The IFAA does not require that a member organization have formal standards of practice in place. Rather, it requires that if the organization does have such standards or intends to adopt standards, a formal adoption process must be in place within a specified period, and that such an approvals process incorporate the following six elements:

1. The proposal to adopt a standard, or to consider a possible standard, must follow an established, documented, or codified process.

2. The proposed standard must be exposed to the membership for comment. The comments that are provided on the exposed document must be considered, not simply filed.
3. The standards must be promulgated by an authority that has been vested with such powers. Standards that are adopted must be published and easily available to practitioners. If there are special fast-track procedures available in emergencies, the promulgations that result from those fast-track procedures must be subject to subsequent, full due process, and consequently revision when that becomes appropriate as a result of the due process.
4. Applicants for full membership in the IFAA who expect to promulgate standards must commit to developing and implementing a formal process within five years. Applicants for associate membership are allowed an additional two years beyond that. All applicants for IFAA membership must commit their support for an IFAA study to establish global minimum education requirements. As I indicated, it's intended that these requirements be determined by 1998, and be implemented by 2005 for new, fully qualified actuaries who qualify after that date.
5. In addition, each applicant for IFAA membership must agree to provide to the IFAA secretary, at least annually, a current copy of its code of professional conduct, discipline process, and standards of practice, if any, with identification of any changes that have been made since the previous submission.
6. Finally, each applicant for membership must agree to pay its assessments. Membership fees are to be expressed as a charge per fully qualified actuarial member of the organization. Initially, that fee has been set at \$3.00 Canadian. Each applicant organization has been asked to provide its definition of what constitutes a fully qualified actuarial member, and to identify the date each year at which the applicable count of the number of those members will be made.

The committee of the IFAA met in Washington on March 17, 1996. On that occasion, upon the recommendation of the accreditation committee, 23 organizations were admitted to the IFAA: 21 as full members, 1 as an associate member, and 1 as an observer member. Of these, 6 organizations had been admitted conditionally with commitments to modify their codes of conduct within a specified time period, that time period being the remainder of this year. Those 6 along with 5 others made commitments to modify their discipline process, or their standards of practice adoption procedures as well. In addition, the accreditation subcommittee

is currently reviewing the applications or is awaiting the submission of documents from several other organizations. I don't have an official count at this time, but it's around 15. We still haven't received any subsequent material, beyond the original indications to apply, from 5 or 6 of the original 43 organizations that expressed interest in joining the IFAA.

During this period of accreditation, the secretariat of the IFAA has been established at the premises of the CIA and by its secretary in Ottawa. The IAA, which just celebrated its one-hundredth anniversary, does not itself have a self-contained secretariat. Its administrative activities have been conducted from the offices of its volunteer executive personnel in Brussels, Belgium. There has been a significant increase in activity in the IAA and substantially greater demands are being placed on its executive committee by the pace of change, especially in the area of communications and technology. Consequently, at the IAA Council meeting in Brussels last September, there was considerable discussion of the establishment of a formal secretariat for the IAA, and a consensus was reached that it should be located with the secretariat of the IFAA.

The task force, under the leadership of Hans Bühlmann of Switzerland, has been appointed to study this matter, and to recommend a location for joint secretariat. Proposals are being accepted prior to Saturday, June 1, 1996. I think that Saturday is closure for acceptance of proposals, and I understand that up to now, applications to serve as the secretariat of site have been received from Brussels, London (the one in England, not my home town in Canada), Paris, Ottawa, and Schaumburg, Illinois. I expect that the IAA Council meeting in Brussels in late September will usher in a new era in the international life of the actuarial profession.

Mr. McCrossan: Moe indicated that the IFAA set three requirements for actuarial associations to become full members: a code of conduct, a disciplinary process, and a process to adopt standards of practice.

As we studied how to define what a professional actuary is, the concept that came through right away was that technical education alone wasn't enough. There had to be codes of conduct. The European associations formally recognized this in 1992. I think the uniform professional code in North America was developed around 1990.

In 1992, with freedom of movement of professionals in Europe about to be introduced, the European actuarial associations recognized that they had to reach some agreement about codes of practice and not just about education. The Europeans effectively adopted their code, reworded somewhat from the North American code of common conduct. The only concept in our code that's missing from their code is

that, if you observe someone practicing unprofessionally and are subject to the North American code, you have an obligation to report it to the ABCD or to the CIA. The Europeans didn't incorporate the idea of reporting unprofessional conduct in their code, which is the main difference between our code and theirs.

In Europe, the idea is that the larger associations would help the smaller associations develop standards of practice. Within the European Union (E.U.), they developed guidance notes and these are their standards of practice. If you want to visualize this for life insurance or for pension actuaries, each guidance note is about two or three pages long, and they're obviously much less involved than the standards of practice of the Academy or the CIA. Nevertheless, the guidance notes represent principles that actuaries should follow.

The IFAA wants to generate wider recognition of the actuarial profession. There are about 30,000 actuaries worldwide right now, and I suspect that there may be some states in the U.S. with more lawyers or more accountants than there are actuaries worldwide. Promoting recognition of the actuarial profession is something that we have as a goal, and our target audience is not only other professions, such as accountants and lawyers, but also financial regulators.

As I mentioned at the start, while we had the concept of wider recognition as a goal, we didn't think we'd be dealing with these issues until the turn of the century. But the IASC, which until 1996 has been developing accounting standards for countries that didn't have accounting bodies large enough to develop their own standards, was given a mandate by the International Organization of Securities Control Organizations (IOSCO), which is essentially the SEC and its counterparts. The stock exchanges said, "We are heading toward multinational companies," which are listed on many stock exchanges. There are so many different standards of reporting financially that where a company is domiciled often influences how it looks in its financial reports.

For example, the first issue they targeted was pension costs and cost of employee benefits. As you are aware, in *FAS 87* and in similar accounting standards, the idea of recognizing the cost of retirement benefits over the lifetime of the employees has been accepted. In North America, we tend to be on (or moving to) market-related accounting, such as mark-to-market, and there's an increasing global emphasis on market-related accounting.

In Europe, accounts tend to be more commonly based on adjusted-book accounting, moving averages of book values, and the emphasis is on continuity of contributions and funding rather than necessarily relating what's happening to the market. In Germany and Japan, the pension obligations are now often just book entries on

companies' balance sheets. There may not be a pension fund; in Germany, there may not be a separate pension fund at all. There might just be a recognition in the company's books of the size of the pension obligation.

The question is, How do you meld these different practices to produce one international standard? The securities exchange group got together with the financial regulators. The group of G10 regulators that developed the Basel Accord for determining the solvency of banks is also a cosponsor of this IASC initiative. Together they have said that by 1999, they want one standard worldwide for accounting for pension and employee benefit costs, and they would like it in 1998. This IASC initiative meant that the IFAA had to get up and running very quickly in order to respond to them. The first meeting to discuss the proposed new IASC standards was in Brussels in March 1996.

The lead organizations in developing the actuarial response have been the U.K. Institute and the AAA. The IFAA put in a paper to the IASC, and we've been invited to come back and meet with them privately in London. Barry Watson from the AAA, Paul Thornton, the vice president of the U.K. Institute, and William Meijer, who was the head of the Groupe Consultatif and the president of the Netherlands Actuarial Association, a representative from Germany, and I will be meeting with the accounting body the third week of June 1996. In September, the IASC is proposing to get to the exposure draft stage. Driven by the securities commissions and by financial regulators, the IASC is moving at a very quick pace, a pace that actuarial organizations are having some difficulties coping with.

The IFAA has divided up the task of preparing a response. Because the basic proposals are based on *FAS 87*, the AAA is trying to alert actuaries around the world on the issues that are involved in market-value accounting and also some of the concerns that the Academy has developed over the years with this type of pension accounting. The British Institute is taking the ideas of smoothing and recognition of gains and losses, and they're looking at ways to recognize asset gains and losses, as well as changes in liabilities from plan increases. The Institute expects to make a proposal different from *FAS 87*, which is closer to what's established as accounting and actuarial practice in Europe.

The issues of representing the view of international actuaries is urgent. It has come right out of the blue. Just last week, I received an alert from Chris Daykin that it was likely that the world's financial regulators would ask the world's actuaries to comment on standards for solvency of insurance companies in the next year. These international actuarial issues are moving very quickly. It looks like the world's financial regulators may be moving towards an appointed actuary concept worldwide. I wonder what comments the actuarial profession has on this move.

This new reference may happen or it may not happen, but it's fairly obvious that if we're going to have any influence on the process, we have to come at it as a worldwide profession especially when talking to the worldwide organization of financial regulators or the worldwide association of accountants. As representatives of individual associations, we're likely to talk about what we do in our own countries, and that's unlikely to represent the consensus for the new global standards. The idea of promoting the key role for the actuary in the financial management of insurance companies is something that the IFAA had as a goal. When we put the IFAA together last September, we didn't anticipate that within a year we might be asked to comment to the Basel Group about this directly.

To comment to either the world's accountants or the world's financial regulators, we need to deal with the concept of public statements. How does the IFAA, even if it has a working group that consists of 12 or 15 associations, make people confident that its proposals represent a true international consensus? In order to get through the Brussels meeting the IFAA had to say, We have had the participation of about 15 experienced actuaries from 15 different countries and our brief represents their views, not the views of their associations. The U.K. Institute of Actuaries quickly saw what was produced and passed a Council resolution saying that it has the full backing of the U.K. Institute.

We may have to go to some procedure for developing public statements and then exposing them internationally to see if the national organizations will back them in order to have influence; that's an interesting process. For an organization that's now nine months old, the IFAA seems to be very involved in reacting to the new ideas around the world. Obviously, these proposals are critical ones for actuaries

The IASC subcommittee is now taking much more of our organizational time. We are going to establish a new subcommittee in September that will have the responsibility of responding to international regulators so we will be up and running before a formal request is received. Because we're an international organization and no member wants to surrender sovereignty, part of the IFAA's constitution says that we have to give three months' notice of any agenda item to be discussed so organizations can discuss a proposal among themselves before they decide to act on it. In order to get something in our September meeting agenda, it has to be published in June. If we know there's a request coming six months out, we have to act now or we miss the opportunity to respond. That's what the IFAA has been dealing with so far.

I will be retiring in September. Unlike most international organizations where officers go on and on forever, the IFAA has a rule that a chairperson can't serve more than one one-year term, and then he or she has to move on. And even though

English-speaking actuaries dominate the world's actuarial associations, in terms of numbers of actuaries, we've agreed that over time 50% of the chairperson's first language will not be English, and 50% of the chairperson's first language will be English. The second chairperson will be Chris Daykin, the U.K. government actuary, and it will be proposed at the meeting that the next chairperson will be the president of the Groupe Consultatif, in Europe, William Meijer. He's also the president of the Netherlands Actuarial Association. In terms of leadership, we'll be moving away very quickly from the common-law-based actuarial professions to the more university-based actuarial professions.

At this point, I could answer any questions you have. Obviously, the SOA is affected because of the proposal to adopt minimum education criteria by 2005. As I indicated, at the next board of governors meeting we'll be considering changing the mandate of the SOA from a North American focus toward a global focus.

From the Floor: My question is with regards to the potential conflict between the SOA having a great deal of emphasis on education and in the U.S., the AAA, and in Canada, the CIA, having the emphasis on discipline and standards. Which organizations are members of the IFAA then?

Mr. McCrossan: All of them.

From the Floor: You said that any organization that applies for membership has to meet the requirements for education.

Mr. McCrossan: Yes.

From the Floor: Did the SOA, CIA, and AAA go in as one group saying, "Well, combined we meet all the requirements." The SOA, by itself, doesn't have the discipline process.

Mr. Chambers: The ABCD meets the SOA's discipline process. They all have to qualify in all aspects. In order to become an FCIA right now, you have to have a recognized fellowship from some actuarial education body. In Canada, the educators that have been recognized to date are the SOA, the CAS, the Institute of Actuaries, the Faculty of Actuaries, the Institute of Actuaries of Australia, and the Association Royale Des Actuaire Belges, which is the association of actuaries of Belgium. All fellows of the CIA hold one of those six fellowships. Similarly, the AAA requires an associateship in the CAS or the SOA, or being an EA to become an MAAA. In any case, the CIA and the AAA have definite educational requirements, and they had to specify what those are.

In terms of the roles of the SOA and the AAA, I think it's fair to say that in the practice issues, the AAA is looked upon to speak for the American actuarial organizations. The SOA is represented in both the IFAA educational subcommittee and the accreditation subcommittee. The CCA and the American Society of Pension Actuaries (ASPA) are represented on other subcommittees. The first ASPA member is about to be nominated to a subcommittee at this September's meeting. We're trying to have each organization indicate the areas that it is particularly interested in pursuing and make sure that each gets representation on those subcommittees. The subcommittees are open; that is, with the exception of the executive committee, which consists of six people, any member organization that feels it wants to have input may have a representative on any subcommittee.

Mr. Wonhee Kang: I'm a member of the Korean Actuarial Association and a SOA member. I'd like to ask about the membership status of the Korean Actuarial Association.

Mr. Chambers: They haven't applied.

Mr. Kang: Is there a contact person?

Mr. Chambers: Either of us can pass on an application. Actually Walter Rugland is the chairperson of the accreditation committee. We did have a joint seminar in Singapore last November to which all of the east Asian organizations were invited. We have invited them all to join.

Mr. McCrossan: Was an invitation sent to a representative from Korea?

Mr. Chambers: It might not have been. I would think somebody from Korea would have been invited.

Mr. Kang: But no contact was made.

Mr. McCrossan: Okay, but there was a seminar in November in Singapore to which your members would have been invited. Certainly if you have a business card, I'll arrange for somebody to get in contact with you. In Asia, right now, the associations that have applied to join the IFAA are, starting from the west, Israel, Pakistan, India, Indonesia, Taiwan, and two Japanese actuarial associations, the Institute of Actuaries of Japan and the Japanese Association of Certified Pension Actuaries.

I understand that it's likely that we'll see more applications from some of the Asian countries because they're moving in the direction of the appointed actuary route.

But as far as I know, we have not had an application from Korea, which must mean that Korea is not a member of the IAA either. Every association that belongs to the IAA received an invitation to join the IFAA.

Mr. Kang: At the Brussels meeting, last September, 20 people attended from Korea including myself.

Mr. Chambers: But has the association joined as a member association or as individuals?

Mr. Kang: I'm not quite sure. There are about 180 actuaries in the Korean Actuarial Association. The difference in Korea is that admission is conducted by the government. This makes it different, I guess.

Mr. McCrossan: There are a number of countries that are admitting actuaries in that fashion. In Mexico, the official designation for actuaries, ACT, is given by the government. I think that you will find that there are other countries that deal with actuary status just like Korea does. One of the services that can be provided to smaller actuarial associations, I believe, is to assist actuarial organizations, particularly in developing countries, in negotiating with their governments with respect to recognition and qualification, and, if you will, self-governance of the profession.

Mr. Kang: In Korea, the Korean Actuarial Association is not able to determine the standards of education of the system.

Mr. McCrossan: It seems the same is true in a number of Scandinavian countries, but the fact is that the Scandinavian countries have joined the IFAA and that the IFAA's models for codes of conduct and disciplinary procedures makes it much more likely that the profession will itself gain control of discipline of members. The government still will set the minimum educational standard.

On the other hand, if the actuaries of the world agree that a certain level of education is required to be considered an actuary and your government doesn't adhere to that standard, then there's a possibility that after 2005 your actuaries wouldn't be recognized as fully qualified actuaries. Part of what the IFAA is trying to do by establishing the minimum educational standards is to influence the educational systems around the world.

We have four different systems. There is the strictly professional base system that we have in North America, even though we do get some courses and universities. Second, we have a mixed system of a university education with a professional superstructure. We have countries with university-educated systems only, and we

have countries with government-run educational systems that may or may not be based on the universities. The IFAA doesn't care who provides the education. We, as the SOA, may care, but the actuaries of the world don't care who provides the education. The IFAA is interested in the education covering certain minimum topics and meeting certain standards. Beyond that, the method of education can be negotiated between the government and the profession.