

# IAA / Presidents' Forum

## Strategic Issues for the Actuarial Profession

### Value Added

#### 1. Introduction

This topic is not a strategic action for the profession. Instead, it is intended to provide a framework, so that strategic actions can be tested. It is also designed to help the leaders of the IAA to maintain an external focus, so that we do not fall into the trap of only looking at ourselves from the inside.

The approach outlined below is externally focussed. It starts by trying to identify the needs of others. It then considers what changes need to be made to the IAA to better meet those needs.

#### 2. The "Value Chain"

- The IAA serves its members – the national associations.
  
- The national associations serve their members – individual actuaries.
  
- Individual actuaries serve the users of actuarial advice – insurance companies or pension plans.
  
- The users of actuarial advice serve the consumers – policyholders or plan members.

Any strategy for the IAA, if it is to be successful, must "add value" at each stage of the chain. Each link in the chain must meet the needs of the next link.

#### 3. Stakeholders

The IAA has a number of different "stakeholders", meaning groups that the IAA has a relationship with:

- National associations, which can be subdivided into three groups, with different needs:
  - Large associations.
  - Medium and small associations.
  - "Emerging" countries.
  
- Individual actuaries, (including potential future recruits).
  
- Employers of actuaries, particularly (but not exclusively) multinational organisations.
  
- Users of actuarial advice, particularly (but not exclusively) multinational organisations:
  - Insurance companies.
  - Pension plans, including sponsors.
  - Governments.

- Others.
- Other external bodies
  - Legislators, eg governments, policymakers, opinion formers (including the media).
  - Regulators and standard setters, eg IAIS, IASB.

#### **4. Market Research**

In an ideal world, the IAA would conduct market research with each of the groups listed in section 3 above. The aim would be to establish:

- What they need from the actuarial profession;
- Whether those needs are being met adequately; and
- If not, how those needs can be better met.

Conducting research on such a scale would require very large resources and is therefore impractical. Instead, we can try to “put ourselves in the shoes” of these groups and work out what answers we think they would give to those questions. At the end of this process, we should test our conclusions with a small number of external stakeholders. Where individual associations have already been through a similar process with their own stakeholders, we may well be able to use their results.

In the attachment, this process is started, and there are spaces for the reader to add their own suggestions.

#### **5. Results of Survey**

In the attachment, there is a complete list of all the responses to the survey, subdivided by the different stakeholders.

The survey results produced many good ideas and a few clear themes:

- The importance of the IAA as a forum to discuss common problems and exchange experiences.
- The needs of smaller associations and emerging countries for assistance from the IAA in many areas, including training future actuaries; setting standards; drawing up codes of conduct; and disciplinary processes.
- Improved communication with individual actuaries to raise awareness of the IAA.
- Some support for enhancing the global actuarial “brand”.
- Some support for smaller, regional sub group activities.

I would like to thank all who took the time and trouble to respond to the survey. I hope the results will lead to a stimulating discussion at the Presidents’ Forum in Paris.

**Michael Pomery**

## IAA – Identifying Stakeholders' Needs

("Stakeholder" means an organisation which IAA has relationship with)

### Responses to Questionnaire : Stakeholder 1 – Large Associations

<b>Association Responding</b>	<b>Needs</b> (What does the stakeholder need from the IAA?)	<b>Current Position</b> (How well does IAA meet this need now?)	<b>Future Actions</b> (What should IAA do to better meet the need?)
UK	a) Collective interface with global regulators (IAIS, IASB, etc)		
Italy	a) Collective interface with global regulators (IAIS, IASB, etc)		Encourage the relationship with medium-small national association
Sweden	a) Collective interface with global regulators (IAIS, IASB, etc)	IAIS and IASB institutional members of the IAA	Develop closer links especially to the IAIS
USA – Casualty Actuarial Society	<p>a) Collective interface with global regulators (IAIS, IASB, etc)</p> <p>b) Neutral forum to discuss non-technical issues (e.g. education)</p> <p>c) Specialty sections to network and discuss relevant technical issues</p>	<p>Functioning, but with difficulty and inefficiently (even large organizations have a really hard time keeping up!)</p> <p>Reasonably well.</p> <p>ASTIN – poorly, because it is too technical for practitioners who are not academics. We need a general insurance section for practitioners.</p>	<p>Consider staff resources (actuaries?) to pre-digest material so that volunteers only have to look at the important parts. This is a hard job – must be unbiased and very knowledgeable about the issues and what is important to whom</p> <p>Consider alternatives:</p> <ol style="list-style-type: none"> <li>1. Promote cooperation among existing member organizations: CAS and organizations with general insurance sections</li> <li>2. Create a non-academic general insurance section.</li> <li>3. Shift the emphasis of ASTIN</li> </ol>

<b>Association Responding</b>	<b>Needs</b> (What does the stakeholder need from the IAA?)	<b>Current Position</b> (How well does IAA meet this need now?)	<b>Future Actions</b> (What should IAA do to better meet the need?)
USA - Society of Actuaries	<ul style="list-style-type: none"> <li>a) Collective interface with global regulators (IAIS, IASB, etc)</li> <li>b) Forum to discuss common problems/solutions</li> <li>c) Global access to research information</li> </ul>		<p>IAA could be perceived as having over-reliance on the resources/support provided by the large associations</p> <p>Provide a user friendly forum (online and periodic meetings) to achieve these needs</p> <p>Facilitate a global repository and index of applicable research information.</p>
Germany	a) Forum to discuss matters and exchange experiences	Six monthly IAA Council / Presidents' Forum Meetings	Discussion groups

### Responses to Questionnaire : Stakeholder 2 – Medium/Small Associations

<b>Association Responding</b>	<b>Needs</b> (What does the stakeholder need from the IAA?)	<b>Current Position</b> (How well does IAA meet this need now?)	<b>Future Actions</b> (What should IAA do to better meet the need?)
UK	a) Forum to discuss matters	Six monthly IAA Council / Presidents' Forum Meetings	Encourage regional groupings eg, Groupe Consultatif: Latin America; SE Asia
Puerto Rico	a) To collaborate with International bodies in efforts to solve economic, financial, and social regional issues, Asia, Latin America, Caribbean, etc  b) To establish regional IAA meetings of actuarial organisations	?  ?	To create regional problem solving groups of actuaries?
Italy	a) C.P.D. b) Guide lines c) Exchange experiences on education, organization of the profession, professional matters d) make better the information IAA Committee's work	Committees meetings  Newsletter	Reply to the needs
Taiwan	a) Pressure to upgrade standard of actuarial practice ( sometimes you need a bit of pressure to improve yourself	Impose IAA education requirement thus force local actuarial association to upgrade their education system to meet that requirement	Gradually move some International Actuarial Standard Of Practice from Class 4 to 3 may be even move to class 2 and 1 ; but before making such movement , it would be better for IAA to share required resource and knowledge for implementing such IASP with local actuarial association through activities like EAAC .or SOA regional actuarial seminar held in Asia

<b>Association Responding</b>	<b>Needs</b> (What does the stakeholder need from the IAA?)	<b>Current Position</b> (How well does IAA meet this need now?)	<b>Future Actions</b> (What should IAA do to better meet the need?)
Norway	<ul style="list-style-type: none"> <li>a) See how matters are solved in other countries</li> <li>b) IAA understanding of local specialities / legislation</li> </ul>	Through IAA Committees	<p>Discussion groups?</p> <p>Local meetings, may be on smaller basis than regions</p>
Denmark	<ul style="list-style-type: none"> <li>a) Tools to handle the administration of a society e.g. websites that easily can be customized, relevant seminars to be held locally to help in the CPD area etc.</li> <li>b) Collective interface with global regulators (IAIS, IASB, etc) but with a understanding for the regional differences</li> </ul>		
Sweden	<ul style="list-style-type: none"> <li>a) Collective interface with global regulators (IAIS, IASB, etc)</li> <li>b) assistance in the training of future actuaries</li> </ul>	Currently developing the IAA education programme (IEP)	<p>Develop closer links with especially the IAIS</p> <p>Make every effort that the IEP is working as desired</p>
Brazil	<ul style="list-style-type: none"> <li>a) Professionalism benchmarks to be partially or totally adopted by interested Associations.</li> </ul>	<ul style="list-style-type: none"> <li>1. Minimum education syllabus.</li> <li>2. Very limited and generic standards of practice</li> <li>3. Very limited virtual library and isolated publications.</li> </ul>	<ul style="list-style-type: none"> <li>1. Provide access to literature supporting the minimum education syllabus.</li> <li>2. More specific standards of practice (e.g. for reserves valuations).</li> <li>3. Real and/or virtual schemes for education towards qualification and CPD.</li> <li>4. Standard models of statutes and codes of conduct.</li> </ul>

<b>Association Responding</b>	<b>Needs</b> (What does the stakeholder need from the IAA?)	<b>Current Position</b> (How well does IAA meet this need now?)	<b>Future Actions</b> (What should IAA do to better meet the need?)
Austria	<ul style="list-style-type: none"> <li>a) Support by guidelines</li> <li>b) Advertising the actuary's position</li> </ul>	Telephone conferences instead of / in addition to meeting	
USA – Casualty Actuarial Society	<ul style="list-style-type: none"> <li>a) Interface with global regulators</li> <li>b) Source of technical knowledge / training assistance (?)</li> </ul>	<p>See above – must be really impossible for smaller organizations</p> <p>Mediocre – only at ICA (which is far too expensive and too big) and section colloquia (also quite expensive)</p>	<p>See above</p> <p>Sponsor more smaller, regional specialty meetings</p>
Hong Kong	<ul style="list-style-type: none"> <li>a) Technical assistance to develop local professional guidance notes</li> <li>b) Visiting speakers/seminars to provide additional CPD opportunities</li> </ul>	<p>Not well.</p> <p>Not well</p>	Regional sub group is a good idea, may also be able to coordinate assistance on these points if the IAA is willing to support with resource provision
USA – Society of Actuaries	<ul style="list-style-type: none"> <li>a) Access to potential partners for education and research needs</li> </ul>		Develop an interactive facility to match users and providers of education and research
Israel	<ul style="list-style-type: none"> <li>a) Central education system to help with both courses and examinations.</li> <li>b) Tighter assistance from the IAA and / or from the large associations with the issues of education and examinations allowing access to their existing infrastructures</li> <li>c) Professional and technical standards on various issue like reserving' pricing, actuarial opinion, embedded values etc</li> </ul>		<p>Provide the facilities to allow smaller associations access to such central systems + up-to-date syllabus required</p> <p>Assignment of point of contact available for consultations</p> <p>Issue general guide lines</p>

<b>Association Responding</b>	<b>Needs</b> (What does the stakeholder need from the IAA?)	<b>Current Position</b> (How well does IAA meet this need now?)	<b>Future Actions</b> (What should IAA do to better meet the need?)
Israel	d) Assistance with responding to increasing local regulatory requirements of the actuarial profession, based on accumulated experience from other countries		
Germany	a) IAA understanding of regional / local specialties in regulation and legislation b) Interface with global regulators		
Lebanon	a) Central Initial Qualification and examination support	Six monthly IAA Council meetings  Annual Presidents' Forum Meetings  An association must attend one of the above at least once a year in person or telephone	Facilitate mutual recognition
Spain	a) Clearly define the Actuarial Function, what is specific to the Actuary.  b) Help National Associations to become stakeholders in their countries.  c) Improvement of the communication on IAA Committee's work.  d) Exchange experiences and how the different matters are solved in other countries.		Set a definition suitable for all, like "expert in the economic measure of risks" in detail and indicating the limits to protect our profession from other.  Proactive actions towards political, financial and insurance actual stakeholders.

### Responses to Questionnaire : Stakeholder 3 – Emerging Countries

<b>Association Responding</b>	<b>Needs</b> (What does the stakeholder need from the IAA?)	<b>Current Position</b> (How well does IAA meet this need now?)	<b>Future Actions</b> (What should IAA do to better meet the need?)
UK	a) Assistance with growth and recognition of need for actuarial advice		Develop global actuarial “brand”
Philippines	a) Assistance in the educational needs of its members, e.g, financial assistance for qualification exams b) Assistance in research undertakings		
Sweden	a) assistance in the training of future actuaries b) CPD possibilities	Currently developing the IAA education programme (IEP)  Not at all	Make every effort that the IEP is working as desired  IAA could in the future be a coordinator for groupings of actuarial organizations to assist in organising CPD programmes
USA – Casualty Actuarial Society	a) Assistance in technical matters, e.g. regulation b) Significant assistance in training certification	Not at all, as far as I can tell  (Waiting to see what happens in Latin America.)	
USA – Society of Actuaries	a) Assistance with the creation of standards and codes (discipline, conduct) b) Assistance in aligning current education process (like to be university based) with IAA membership requirements		Develop a standardized library of recommended standards, codes of conduct and discipline protocols.  Develop a standardized template of curriculum courses and educational objectives to be met by universities. Explore viability of accreditation of universities.

<b>Association Responding</b>	<b>Needs</b> (What does the stakeholder need from the IAA?)	<b>Current Position</b> (How well does IAA meet this need now?)	<b>Future Actions</b> (What should IAA do to better meet the need?)
Germany	a) Assistance in educational matters, i.e. in regional groupings b) Assistance with the creation of standards and codes		Develop standardised templates for code of conduct, disciplinary process, actuarial standards, process for adoption of standards
Lebanon	a)		Develop & update specimen standards, codes & processes

### Responses to Questionnaire : Stakeholder 4 – Individual Actuaries

<b>Association Responding</b>	<b>Needs</b> (What does the stakeholder need from the IAA?)	<b>Current Position</b> (How well does IAA meet this need now?)	<b>Future Actions</b> (What should IAA do to better meet the need?)
UK	a) Ability to move easily between different countries		
Puerto Rico	a) Define some kind of Carnet or certification of membership in IAA through local associations...		
Italy	a) Ability to move easily between different countries b) Research c) Improvement of professional skills d) C.P.D. e) Availability of statistical data f) Up-date on financial modelling, new products (life, non-life, pension funds) information technology		Improve the communication for meeting the needs.
Philippines	a) Opportunities for Continuing Education		
Norway	a) Professional development b) Social aspect – get to know others whom you can contact later	Section Colloquia	Internationalised CPD possibility Lower prices on congresses/colloquia
Denmark	a) Relevant courses in English for foreigners in the "actuarial language"		
Sweden	a) Professional development	Sections that are tailored to meet the need and interest of individual actuaries	Readiness to create new sections when need is perceived

<b>Association Responding</b>	<b>Needs</b> (What does the stakeholder need from the IAA?)	<b>Current Position</b> (How well does IAA meet this need now?)	<b>Future Actions</b> (What should IAA do to better meet the need?)
USA – Casualty Actuarial Society	<ul style="list-style-type: none"> <li>a) Ability to move easily between different countries – NO – not relevant to the IAA. This is a matter for individual countries.</li> <li>b) Some real, meaningful communication about what is going on internationally.</li> </ul>	<p>NA</p> <p>Not at all. The IAA is invisible to US/Canadian actuaries.</p>	<p>NA</p> <p>Hire people. Publish an e-bulletin regularly. More individuals need to be involved in the IAA – it is too much of a "club" now.</p>
Hong Kong	<ul style="list-style-type: none"> <li>a) Develop/maintain high actuary "brand value"</li> </ul>	Little external (or even internal) awareness of grouping	Marketing committee?
USA – Society of Actuaries	<ul style="list-style-type: none"> <li>a) Forum where soft skills can be sharpened</li> <li>b) Advancement of the value of the actuarial skill set within the minds of individual actuaries. Without this, the actuarial brand can not be advanced to the broader business world.</li> <li>c) Understanding of non-traditional roles for actuaries.</li> </ul>		<p>Identify and endorse external programs that are available for the development of soft skills</p> <p>Expedite advancement of the actuarial brand to current actuaries.</p> <p>Support the development of non-traditional actuarial skill sets, such as Enterprise Risk Management and promote such development to actuarial organizations.</p>
Israel	<ul style="list-style-type: none"> <li>a) CPD in various current topics</li> <li>b) Develop skills in other non-traditional actuarial disciplines</li> <li>c) Focus on the emerging field of risk management</li> </ul>		On-line material and library

<b>Association Responding</b>	<b>Needs</b> (What does the stakeholder need from the IAA?)	<b>Current Position</b> (How well does IAA meet this need now?)	<b>Future Actions</b> (What should IAA do to better meet the need?)
Germany	<ul style="list-style-type: none"> <li>a) More detailed information on the IAA work on a regular basis</li> <li>b) Professional development</li> <li>c) Develop an understanding of new roles for actuaries</li> </ul>		Improve newsletter
Lebanon	<ul style="list-style-type: none"> <li>a) Promotion of the Actuarial Profile International Press</li> <li>b) Coordinate with Regulatory bodies</li> </ul>		
Spain	<ul style="list-style-type: none"> <li>a) Improvement of professional skills.</li> <li>b) Availability of data (statistical, new products, legislation)</li> </ul>		On-line data base and library

### Responses to Questionnaire : Stakeholder 5 – Employers of Actuaries

<b>Association Responding</b>	<b>Needs</b> (What does the stakeholder need from the IAA?)	<b>Current Position</b> (How well does IAA meet this need now?)	<b>Future Actions</b> (What should IAA do to better meet the need?)
UK	a) Consistent standards of actuarial competence in different countries	Minimum education standards and core syllabus agreed. Helping to develop actuarial profession in emerging countries	
Puerto Rico	a) Recognition of IAA membership as criteria to perform qualified actuarial work		
Italy	a)	Guide lines C.P.D. Professionalism	
Norway	a) Understanding the legislation in other countries		Colloquia/Seminars
Sweden	a)	Developing the IAA Education programme	
USA – Casualty Actuarial Society	a) Consistent standards of actuarial competence in different countries – NO. Not relevant. Employers (large ones, at least) set their own standards. Smaller ones don't care about international issues. b) Large employers are nearly indifferent to the IAA.	Minimum education standards and core syllabus agreed. Helping to develop actuarial profession in emerging countries	
USA – Society of Actuaries	a) Promotion of actuarial skills within non-traditional areas like banking, etc.		Expedited advancement of the actuarial brand within the global business arena.
Germany	a) Develop an understanding for new, non-traditional roles for actuaries, i.e. in the finance sector		Advertising actuarial skills to employers

### Responses to Questionnaire : Stakeholder 6 – Users of Actuarial Advice

<b>Association Responding</b>	<b>Needs</b> (What does the stakeholder need from the IAA?)	<b>Current Position</b> (How well does IAA meet this need now?)	<b>Future Actions</b> (What should IAA do to better meet the need?)
UK	a) Access to actuaries with technical and communication skills in different countries	As 5. above	
Puerto Rico	a) Access to actuarial research sponsored by the IAA	Establishing a permanent communication with users (electronic)	
Italy	a) Professional quality assurance.		
USA – Casualty Actuarial Society	a) Access to actuaries with technical and communication skills in different countries b) An international code of actuarial conduct ("model law")	As 5. Above probably not. They just hire large consultancies who are well known to have their own standards. OK	
USA – Society of Actuaries	a) Promoting the use of skilled actuaries in non-traditional fields, especially in areas where financial services industry is emerging		Expedited advancement of the actuarial brand within the global business arena.
Germany	a) Advertising an international code of conduct for actuaries		

### Responses to Questionnaire : Stakeholder 7 – Legislation and Opinion Formers

<b>Association Responding</b>	<b>Needs</b> (What does the stakeholder need from the IAA?)	<b>Current Position</b> (How well does IAA meet this need now?)	<b>Future Actions</b> (What should IAA do to better meet the need?)
UK	a) Actuarial input to global regulation and standard setting	Provided via membership of IAA committees	Encourage more active membership by smaller associations (through regional groupings?)
Norway	a)		More emphasis on and understanding of local variations in legislation etc.
USA – Casualty Actuarial Society	a) Actuarial input to global regulation and standard setting – YES! But why is it only one way? Why aren't regulators/legislators invited to address the IAA?	Provided via membership of IAA committees (but the IAA is SO formal and ritualized)	Encourage more active membership by smaller associations (through regional groupings?) – VERY good idea.
USA – Society of Actuaries	a) Understanding of the skills that actuaries bring to the global legislative environment.		Expedited advancement of the actuarial brand within the global business arena.
Spain	b) See 2 a) and b)		See 2 a) and b)

### Responses to Questionnaire : Stakeholder 8 – Regulators

<b>Association Responding</b>	<b>Needs</b> (What does the stakeholder need from the IAA?)	<b>Current Position</b> (How well does IAA meet this need now?)	<b>Future Actions</b> (What should IAA do to better meet the need?)
UK	a) Consistent actuarial approach world wide	Development of IASPs	
Puerto Rico	a) Recognition of IAA membership by local Offices of Insurance		
Taiwan	a) Help regulators to set standard with actuarial aspect of Insurance Supervision (In making decision of actuarial aspect , one question regulators frequently asked is " what is the international standard of handling this issue ? )		Set IASP for government actuary to follow in conducting various actuarial aspect of Insurance Supervision
Norway	a) Consistent actuarial approach world wide	Development of IASPs	As 7a
Sweden	a)  b) CEIOPS	IAIS and IASB are institutional members of the IAA	Develop closer links with especially the IAIS  Probably something for the Groupe Consultatif (subsidiary) but the work of the CEIOPs might influence other parts of the world.
USA – Casualty Actuarial Society	a) Consistent actuarial approach world wide, subject to national needs and situations	Development of IASPs – NO, absolutely not! The IAA should follow the "model law" approach as it is impossible to actually develop standards that work for all legal regimes.	Tell member organizations what they need to have standards about, and then let them set their own standards. Give them a model that is acceptable, but don't require it.
Germany	a) Consistent actuarial approach world wide	Development of IASPs	Only frame setting; member associations have to issue their own standards according to their legislation
Spain	b) See 2 a) and b)		See 2 a) and b)

