

NORTH AMERICAN ACTUARIAL COUNCIL | Annual Report 2013–2014

Moving the actuarial profession forward in North America



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PARTICIPATING ORGANIZATIONS

The North American Actuarial Council (NAAC) brings together the nine national actuarial organizations on the North American continent:

- American Academy of Actuaries (Academy) (U.S.-based)
- ASPPA College of Pension Actuaries (ACOPA) (U.S.-based)
- Asociación Mexicana de Actuarios (AMA)
- Asociación Mexicana de Actuarios Consultores (AMAC)
- Canadian Institute of Actuaries (CIA)
- Casualty Actuarial Society (CAS) (U.S.-based)
- Colegio Nacional de Actuarios (CONAC)
- Conference of Consulting Actuaries (CCA) (U.S.-based)
- Society of Actuaries (SOA) (U.S.-based)

The primary purpose of NAAC is to build solid and lasting bridges between the professional actuarial organizations of North America. It provides a forum to promote coordination, cooperation, and trust among the leadership of the participating organizations, who represent actuaries in Canada, Mexico, and the United States. In this spirit, NAAC members exchange and share information on significant current activities, discuss profession-wide issues (not necessarily involving all Participating Organizations) and, wherever possible, develop an action plan to address those issues.

For example, NAAC:

- Seeks to develop a coordinated vision of the future direction of the actuarial profession in North America.
- Discusses international issues from a North American perspective and, if appropriate, establishes joint positions and strategies for pursuing those positions outside of North America.
- Serves as a forum to encourage the resolution of conflicts between two or more of the Participating Organizations.
- Works in a coordinated manner to address issues—where overlap of efforts exist—to make the most efficient use of the North American actuarial profession's resources.
- Identifies and promotes forums, activities, contacts, and events that can broaden organizational communications among other leaders and members of the profession.

GUIDING PRINCIPLES OF NAAC

Section 2 of the North American Actuarial Council Working Agreement provides the official description of NAAC's purpose. It is published in the NAAC Manual and is included in publications distributed by the Participating Organizations to their members.

The Participating Organizations jointly acknowledge that:

- The operating environments in the three North American countries are very different,
- The Participating Organizations' members expect the organizations to leverage resources and take appropriate advantage of synergies, and
- Increased information sharing and dialogue among the Participating Organizations has the potential to yield collective insights valuable to each organization.

Accordingly, the Participating Organizations define NAAC's purpose as follows:

- NAAC is to be a catalyst for dialogue on key issues facing the North American actuarial profession.
- NAAC is to be a facilitator of opportunities for leveraging of resources across organizations.
- NAAC is to be a source of knowledge in identifying conditions, trends, assumptions, and key issues affecting the North American actuarial profession and benchmarking best practices among member organizations.
- NAAC is to be a forum for information sharing on current and potential activities among the North American actuarial organizations.
- NAAC is to be a forum where networking occurs and camaraderie is built among the leaders of the North American actuarial organizations.

In fulfilling its purpose, NAAC shall abide by the following guiding principles:

- The conditions, cultures and perspectives of each individual country and their member organizations will be respected and valued.
- The autonomy of each member organization to pursue its mission and purpose will be preserved.
- The public interest will always be a primary consideration.
- The best interests of the profession will always be considered.

LOOKING AHEAD

Leaders of NAAC member organizations are responsible for supporting the spirit and communicating the content of the Working Agreement to their respective organizations. In the years to come, NAAC shall serve as a forum for the exchange of ideas, common problems, and common solutions for the myriad issues facing the North American actuarial community.

▶ 2013–2014 NAAC ACCOMPLISHMENTS

PROMOTING CONTINUITY

NAAC maintains its recurring annual process of providing comprehensive orientation for new NAAC members to sustain momentum from year to year. Outgoing presidents report on current and resolved NAAC issues. The NAAC Manual, posted on NAAC's SharePoint site and updated as needed, as well as current and past annual reports, also help to create continuity.

NAAC SHAREPOINT SITE

The NAAC SharePoint site enables NAAC members to share files and documents, including meeting materials, approved minutes, the NAAC manual, the NAAC annual report, policy statements, and other information. Access is limited to authorized users only.

NAAC COLLABORATIVE RESEARCH GROUP

The NAAC Collaborative Research Group (CRG) was created at NAAC's February 2009 meeting.

The CRG has been holding quarterly conference calls. The first of two studies for the research project that includes the regulatory risk that insurance companies and their actuaries face in North America along with mitigation strategies and communications was completed in 2014. The CRG terminated a proposed study relating to the effect of changing health expectancy (the number of years a person can expect to live in good health) on insurance organizations and governmental programs in North America given difficulties associated with defining the scope of the study. The CRG secured a contractor for a Supply and Demand Study for NAAC Organizations. Sponsored by the CAS, CIA, and SOA, this research will explore the long-term outlook for actuarial employment. The group also has been sharing information on their ongoing projects, which include the Actuaries' Climate Index.

CROSS-BORDER DISCIPLINE AGREEMENT

NAAC further discussed a possible Cross-Border Discipline Agreement.

INCREASED INFORMATION SHARING AMONG NAAC MEMBER ORGANIZATIONS

Certified Actuarial Analyst (CAA)

NAAC members discussed this new credential, which the U.K. Institute and Faculty of Actuaries (IFoA) has begun to offer. It is designed to answer market needs and professionalize actuarial support staff with sound technical skills.

Development of the Profession and Actuaries in Non-Traditional Areas

NAAC-invited speakers discussed in detail existing undergraduate actuarial science programs offered in the U.S. and the challenges associated with developing budding actuaries' skills in the areas of business and finance to allow them to work in non-traditional areas. They also compared the penetration rate of the CERA credential in relation to other risk management credentials.

NAAC members also discussed the professional flexibility actuaries enjoy in Mexico and how actuaries can further break into the field of data analytics.

Solvency Developments: ORSA and Solvency II

NAAC members discussed the emerging basic capital requirements at the International Association of Insurance Supervisors (IAIS). They also discussed the new Canadian Guideline E-19, under which insurance companies are required to submit an ORSA report to their boards, and the National Association of Insurance Commissioners' (NAIC's) Draft ORSA Guidance Manual, which was finalized in July 2014.

Changes Stemming from the New Insurance Law in Mexico

The new insurance law in Mexico incorporates Mexican Solvency II requirements with an emphasis on balancing quantitative requirements. Mexican actuaries have been heavily involved in commenting on the related secondary legislation and they have addressed accounting and corporate governance issues.

Tax Reform in Mexico

NAAC members discussed the ways in which the Mexican government intends to increase tax revenue, notably by taxing qualified pension plan contributions and through attempted taxation of insurance company reserves.

Latin American Insurance Market and the Development of the Actuarial Profession in Latin America

NAAC members discussed Latin American statistics on premiums by country and insurance penetration rates, and various Latin American countries' actuarial professions and available basic education.

Environmental Scanning

NAAC members shared information and perspectives on risks related to severe income disparity; employers and clients; big data; and how actuaries can contribute to further the public good in areas of aging populations and longevity risk, consumer financial literacy, the sustainability of natural resources, and cyber risks and the vulnerability of the information infrastructure.

20 Years of NAFTA

Invited speakers discussed the Canadian, U.S., and Mexican experiences under NAFTA as well as the professional mobility issue and the effectiveness of NAFTA and other initiatives. They also discussed NAFTA's future in light of current discussions on the TransPacific Partnership (TPP).

NAAC Agenda-Setting

In keeping with their previous commitment to do so, NAAC members have addressed broad discussion topics in the future to encourage spontaneous discussion, which helps to identify naturally collaboration opportunities among NAAC member organizations.

▶ NAAC MEMBERS AND STAFF

The North American Actuarial Council is composed of up to two officers of each Participating Organization. One of the two officers is the President of the Participating Organization, and the other is usually the President-Elect, although an organization can appoint another officer it considers more appropriate.

2014 NAAC COUNCIL MEMBERS

Academy

- President:..... Thomas S. Terry
- President-Elect:..... Mary D. Miller

ACOPA

- President:..... Thomas J. Finnegan
- President-Elect:..... Lynn M. Young

AMA

- President:..... Eduardo Lara di Lauro
- Vice President:..... Alberto Elizarrarás

AMAC

- President:..... Jorge Servín Sotres
- Vice President:..... Roberto Rocha López

CIA

- President:..... Jacques Lafrance
- President-Elect:..... Jacques Tremblay

CAS

- President:..... Wayne H. Fisher
- President-Elect:..... Robert S. Miccolis

CONAC

- President:..... Pedro Pacheco Villagrán
- Vice President:..... Carlos Lozano Nathal

CCA

- President:..... John J. Schubert
- President-Elect:..... Phillip A. Merdingert

SOA

- President:..... Mark J. Freedman
- President-Elect:..... Errol Cramer

2013 NAAC COUNCIL MEMBERS

Academy

- President:..... Cecil D. Bykerk
- President-Elect:..... Thomas S. Terry

ACOPA

- President:..... Mark K. Dunbar
- President-Elect:..... Thomas J. Finneganr

AMA

- President:..... Eduardo Lara di Lauro
- Vice President:..... Alberto Elizarrarás

AMAC

- President:..... Jorge Servín Sotres
- Vice President:..... Roberto Rocha López

CIA

- President:..... Simon R. Curtis
- President-Elect:..... Jacques Lafrance

CAS

- President:..... Gary R. Josephson
- President-Elect:..... Wayne H. Fisher

CONAC

- President:..... Pedro Pacheco Villagrán
- Vice President:..... Luis Álvarez Marcén

CCA

- President:..... Patricia A. Rotello
- President-Elect:..... John J. Schubert

SOA

- President:..... Tonya B. Manning
- President-Elect:..... Mark J. Freedman

COUNCIL PHOTOS



Mary D. Miller
Academy
President-Elect 2014



Thomas S. Terry
Academy
President-Elect 2013
President 2014



Cecil D. Bykerk
Academy
President 2013



Lynn M. Young
ACOPA
President-Elect 2014



Thomas J. Finnegan
ACOPA
President-Elect 2013
President 2014



Mark K. Dunbar
ACOPA
President 2013



Eduardo Lara di Lauro
AMA
President 2012–2013



Alberto Elizarrarás
AMA
Vice-President 2012–2014



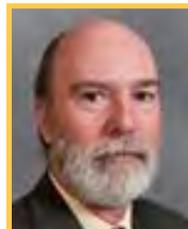
Jorge Servín Sotres
AMAC
President 2012–2014



Roberto Rocha López
AMAC
Vice President 2012–2014



Jacques Tremblay
CIA
President-Elect 2014



Jacques Lafrance
CIA
President-Elect 2013
President 2014



Simon R. Curtis
CIA
President 2013



Phillip A. Merdinger
CAS
President-Elect 2014



Wayne H. Fisher
CAS
President-Elect 2013
President 2014



Gary R. Josephson
CAS
President 2013



Robert S. Miccolis
CCA
President-Elect 2014



John J. Schubert
CCA
President-Elect 2013
President 2014



Patricia A. Rotello
CCA
President 2013



Pedro Pacheco Villagrán
CONAC
President 2013–2014



Carlos Lozano Nathal
CONAC
Vice President 2013–2014



Errol Cramer
SOA
President-Elect 2014



Mark J. Freedman
SOA
President-Elect 2013
President 2014



Tonya B. Manning
SOA
President 2013

NAAC STAFF

The executive directors of the Participating Organizations attend and participate in NAAC meetings, but are not members of NAAC and do not vote.

Chief Staff Officers



Mary Downs
Academy
Executive Director



Judy Miller
ACOPA
ASPPA Chief of Actuarial
Issues and Director of
Retirement Policy



Michel Simard
CIA
Executive Director



Cynthia Ziegler
CAS
Executive Director



Rita DeGraaf
CCA
Executive Director



Patricia Luna
AMA, AMAC, CONAC
Executive Director



Greg Heidrich
SOA
Executive Director

OTHER STAFF

When appropriate, the Academy agrees to make its legal counsel available to NAAC; and to coordinate, upon request, with counsel for the CIA and the Mexican organizations.

Academy Senior Policy Analyst Claire Mickelson provides staff support for NAAC and for the Council of U.S. Presidents (CUSP). She can be reached at 202.223.8196 or at mickelson@actuary.org

PARTICIPATING NAAC ORGANIZATIONS

NAAC brings together the five national actuarial organizations in the United States, the three in Mexico, and the Canadian Institute of Actuaries. The missions of the nine Participating Organizations may be summarized as follows:

American Academy of Actuaries (Academy)

The Academy serves the public and the U.S. actuarial profession. To accomplish this, as the public voice for the United States actuarial profession, the Academy provides independent and objective actuarial information, analysis, and education for the formation of sound public policy; provides for the establishment, maintenance, and enforcement of high professional standards of actuarial qualification, practice, and conduct; advances actuarial practice by informing and educating its members on public policy and professionalism issues and current and emerging practices; identifies and addresses issues on behalf of the public interest on matters in which actuarial science provides a unique understanding; increases the public's understanding and recognition of the value of the actuarial profession; provides opportunities for professional development of its members through volunteerism and service to the profession; facilitates and coordinates response to issues of common interest among the U.S.-based actuarial associations; and coordinates the representation of the U.S. profession globally. The vision of the Academy is that financial security systems in the United States be sound and sustainable, and that actuaries be recognized as preeminent experts in risk and financial security.

ASPPA College of Pension Actuaries (ACOPA)

All credentialed actuarial members of ASPPA are members of the ASPPA College of Pension Actuaries (ACOPA). ACOPA is a part of the American Society of Pension Professionals and Actuaries (ASPPA). The major goal of ASPPA and ACOPA is to educate all retirement plan professionals and to preserve and enhance the employer-based retirement system as an essential part of a national retirement income policy in the United States. ACOPA is responsible for identifying and addressing the professional development needs of the actuarial membership of ASPPA. ACOPA is also the primary source of professional organizational support for pension actuaries, and is charged with carrying out ASPPA's responsibilities as one of the recognized U.S.-based actuarial organizations and as a member of NAAC.

Canadian Institute of Actuaries (CIA)

As the national organization of the actuarial profession in Canada, the Canadian Institute of Actuaries (CIA) serves both the public interest and the profession by promoting the advancement of actuarial science; providing for the education and qualification of current and prospective members; providing professional guidance to its members and ensuring that actuarial services they provide meet the highest standards; and advocating for the profession and providing timely and relevant contributions to the development of public policy. The vision of the CIA

is for its members to be recognized as trusted leaders in the quantification and management of risks and contingent events.

Casualty Actuarial Society (CAS)

The purposes of the Casualty Actuarial Society are to advance the body of knowledge of actuarial science applied to property, casualty, and similar business and financial risks, to establish and maintain standards of qualification for membership, to promote and maintain high standards of conduct and competence for the members, and to increase the awareness of actuarial science. The vision of the CAS is to be the pre-eminent resource for education, knowledge, experience and applied research for those actuaries who specialize in property, casualty, and similar business and financial risks, including the field known as general insurance.

Conference of Consulting Actuaries (CCA)

The Conference of Consulting Actuaries (CCA) advances the quality of consulting practice, supports the needs of consulting actuaries, and represents their interests.

Mexican Association of Actuaries (AMA)

The Mexican Association of Actuaries supports the Mexican actuarial profession in maintaining high standards of professional integrity and technical expertise, and thereby promotes the dignity of the profession and enhances the public's recognition of the profession's value.

Mexican Association of Actuarial Consultants (AMAC)

The purpose of the Mexican Association of Actuarial Consultants is to advance the quality of actuarial consulting practice in Mexico by providing continuing education and business support services to Mexican actuaries in consulting practice.

National College of Actuaries (CONAC)

The National College of Actuaries serves as the professional membership organization for all the actuaries licensed to practice in Mexico, regardless of their specialty area; advises the Mexican government concerning public policy matters with actuarial implications; and fosters actuarial education and research in Mexico.

The Society of Actuaries (SOA)

The Society of Actuaries is an educational, research, and professional organization dedicated to serving the public and Society members. Its mission is to advance actuarial knowledge and to enhance the ability of actuaries to provide expert advice and relevant solutions for financial, business, and societal problems involving uncertain future events. The vision of the SOA is for actuaries to be recognized as the leading professionals in the modeling and management of financial risk and contingent events.