

Actuaries Institute Podcast

Title: International Committee Update

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Introduction:

Brendan:

Hello and welcome to the Actuaries Institute podcast. This episode is part of the Practice Update Series, where we will bring you the latest news and developments from the Institute's International Committee. My name's Brendan Counsell, I'm a partner at EY and a member of the International Committee. With me here today I've got Bozenna Hinton, the Chair of the International Committee.

Bozenna: Hi Brendan

Brendan: Hi Bozenna. Maybe you could introduce yourself and tell us a bit about your role as Chair of the International Committee?

Bozenna: Sure. I'm really glad to be with you here today. I'm Head of Portfolio Management, Individual Life, at TAL, and have been Chair of the International Committee for the last year. I've been involved with the International Committee and the International Actuarial Association for many years now.

Brendan: OK, great. So Bozenna, maybe tell us what does the International Committee do?

Bozenna: So, the International Committee is the international face of the Institute. It reports directly to Council. It implements Council's strategic plans internationally. It works closely with other overseas actuarial associations to facilitate the Institute's international objectives.

Bozenna: Basically, whatever Council wants to do on the international scene, it can call on the International Committee to get involved and help provide strategic direction. It can keep Council up to date with the international actuarial politics, and how this is relevant for the Australian environment. It is the international eyes and ears for Council and the Australian Institute.

Brendan: **OK, great. So, did you get involved in the International Committee, Bozenna?**

Bozenna: I've actually been on the International Committee twice. So, one of the things I did when I first finished my exams was get involved on the International Committee and I was a member for a number of years. I actually helped set up the Australian Ambassador Program at that time.

Bozenna: Years later when I was on Council, as Vice President and then President, I attended the International Actuarial Association meetings. I expected that to finish up when I left Council but was actually voted onto the Nominations Committee of the IAA.

Bozenna: This was a three-year commitment, and through my continued IAA involvement, I was voted on to a leadership role in the Education Committee, and I am now about to start my second three-year term as Chair. I'm also on the Professionalism Committee, the Nominations Committee for the second time, the Joint Education Forum, the Renewal Taskforce and I'm Australia's Council Delegate. What about you? Tell us how you got involved, Brendan?

Brendan: **Yeah sure. I guess I got involved through insurance accounting, so I've been heavily involved with the development of the insurance accounting standard, IFRS 17, and been contributing to local task forces and industry groups here on that topic for a number of years. A couple of years ago the Actuaries Institute approached me**

and asked whether I wanted to take a spot vacant on the Insurance Accounting Committee of the IAA, so I took that and as a part of that I joined the International Committee for the institute and I now attend the IAA meetings as well.

Bozenna: And maybe it's a good time to explain to our audience what the IAA actually is?

Brendan: I think it's a very good time to explain to them. The IAA is the International Actuarial Association. It's effectively an association of associations if I can put it that way. So, all actuarial associations around the world have the opportunity to join the IAA as member associations and the IAA will look after the interests and act on behalf of the global actuarial profession.

Bozenna: Yes, that's right, so it's the actuarial profession's voice globally. The IAA gets involved in anything that could affect the actuarial profession on a global scale. So, one of the things they do for example is have an IAA Education syllabus. For an association to become a member of the IAA you need to say that your syllabus at least meets this global syllabus. You can of course meet it at a higher level, and there are also professionalism standards and disciplinary requirements to meet.

Brendan: Yes, so I guess sits a bit like the EU, right Bozenna?

Bozenna: Yes, that's right.

Brendan: And there's a minimum standard that member associations would have to comply with?

Bozenna: Yes

Brendan: So, the idea being that the profession is held to a certain minimum standard globally, and the education frameworks are consistent etc.

Bozenna: That's right and when we talk about the education framework, there is a list of topics that an actuarial syllabus should cover and then it's really up to each association to decide on the depth within that syllabus, some associations such as the Casualty Actuarial Society in the US are really focused on general insurance, so they cover the general insurance aspects a lot more and have less on some of the life insurance aspects. Or other associations such as ours are much broader across the whole spectrum.

Brendan: Very good, and so how does Australia fit into all of that Bozenna, I mean how are we a part of the IAA and what do we do?

Bozenna: We are now the sixth biggest member, following the recent departure of the American Academy of Actuaries. We are very keen to be a part of the IAA because it gives us a voice internationally. The IAA has international actuarial standards of practice and international actuarial notes and these can impact on what we do in Australia.

Bozenna: As we are a part of the IAA, we can influence the development of those actuarial standards and actuarial notes. This means we can make sure that the interests of Australian actuaries are considered. We have found it very beneficial to make sure our voice is heard. It has the potential to ensure that policies that would be difficult for us to follow are not imposed on us. Being involved proactively to stop potential problems arising can be very powerful.

Brendan: Thanks, Bozenna, that's really interesting. Can you give us a sense of who some of the other key members of the IAA are and I guess how many members are there in total roughly?

Bozenna: There are around 90,000 actuaries around the world, though this will include some double counting of any individuals who are members of multiple organisations. In the

UK there's the Institute and Faculty of Actuaries, which has around 14,000 members. You probably remember that it used to be two separate bodies - The Institute of Actuaries and The Faculty of Actuaries, and they merged a number of years ago. In America, there's actually five actuarial bodies. There is The American Academy of Actuaries, which is a professional body, The Society of Actuaries which historically has been a life insurance body, though is now expanding into other areas, the Casualty Actuarial Society, which is general insurance focused, there's a pension body, and there's a consulting actuary body. The other large organisation is the German association (called the DAV).

Bozenna:

Other associations of interest to us are the Canadians, who are closely linked with the US associations, and the South Africans who are pretty much like us, with a UK foundation. China is quite big, but China isn't very actively involved in the IAA yet. Japan is very actively involved, though the language issue makes it more difficult to deal with.

Brendan:

So, in our region, China and Japan, what about New Zealand?

Bozenna:

So New Zealand are there. Andrea Gluyas is a New Zealand past President who is a member of the Australian International Committee, who has been representing New Zealand. We are delighted that we can work so closely with New Zealand and share with them. In our region there are not that many active players. Singapore has started getting involved in the last few years and then there's a few from Taiwan as well, and sometimes Indonesia and one or two other countries. We would like to encourage more from our region to go, so we have more of an Asian presence. We also want to link back to the Asian Actuarial Conference, which has just been held just in October in Singapore. It's really up to the rest of the Asian countries to the extent that they want to step up and get involved.

Brendan: **Okay so one thing I have heard or seen in the meetings that I've recently attended is that there is a pretty significant restructure of the IAA going on. Can you tell us a bit about that?**

Bozenna: Yes. This really came about over the last year or two the German Association, the Society of Actuaries and the Academy of Actuaries leading the charge. Those big three were really saying they wanted to have more control *within* the IAA, as between them they had 60% of the membership. They were concerned that they didn't have as much control over visibility over some of the decisions being made and they were really questioning how much money it was costing. The actual cost of the IAA its about 18 Canadian dollars per actuary per year, and when I say actuary, I mean people who are qualified at what Australia calls an actuary which is the associate level. As these big three were paying such a large proportion of the fees, they wanted more say of what's going on.

Bozenna: And you know with committees, committees can kind of self-perpetuate the workload, there's was a bit of a reckoning about what's happening at the international level, really over the last year we looked at what the IAA is trying to achieve and whether we can restructure that in a way that's more cost effective and still able to meet the goals of the IAA.

Bozenna: So actually, at the next meeting coming up in Tokyo in November we'll be presenting to the Council of the IAA a proposal to have a new committee, the Strategic Planning Committee. This sounds a bit funny when you are trying to reduce committee numbers to set a new committee. This new Strategic Planning Committee is going to be a subset of Council, where a smaller group can discuss things and make recommendations to Council.

Bozenna: There will only be twelve or so members. And members will be rotated on and off. The

SPC can debate areas of strategy and then bring that back to Council. What we find at Council with about seventy different members there or potentially there, it's too big you can't have a conversation with seventy people. So, if we can have those debates elsewhere and they can be representative, then these considered views can be taken back to council. Hopefully we can make Council an effective decision-making body.

Bozenna:

The other thing IAA is looking at is all the other committees. The committee structure sort of mirrors the Australian Institute, so you have different committees looking at different subject areas and then you have different committees looking at things like the accounting and then the professionalism topics and then education. So, the Renewal Task Force was trying to work out whether any of those committees and sub committees can they be rationalised. And whether we really need to meet face to face, twice a year, or whether this can that be done once a year.

Brendan:

So, I guess it's a bit difficult of a balancing act for the IAA because they've obviously got those large organisation but there's obviously a lot more smaller organisations around the world that are also important to keep engaged, right?

Bozenna:

Especially a lot of the organisations might only have ten or fifteen people in. For them, they really value being part of the IAA because they get to see what's happening internationally. The IAA can provide a lot of the support in terms of education and standards and professionalism, including things like disciplinary schemes.

Brendan:

Yes, and I guess that would one of the benefits for those smaller organisations, we take it for granted that we have our own disciplinary scheme here and our own education scheme. We've got the resources to do

that, but some of those smaller organisations don't and so they can leverage the IAA's frameworks to a lot greater extent.

Bozenna: Yes so, the IAA plays a really important role internationally. So, in terms of the IAA, there's been two meetings this year, which is the usual practice. The first one was in Washington in May and the next one as I said is in Tokyo in November. On top of that I've actually had to attend a couple of additional meetings for the task force. Which has meant a lot of additional travel this year for me.

Brendan: Clocking up your frequent flyer miles?

Bozenna: Unfortunately, it was across different airlines, so I could do it in the most cost-effective way.

Brendan: That wasn't well planned.

Bozenna: I know, I know. So, this meeting that we're about to have in Tokyo will have all the different committees there and then next year there'll be two meetings, one in Brussels and one in Ottawa. I am not sure now if we will continue with one or two meetings a year.

Brendan: What are the most relevant topics for us here in Australia that are being discussed at the IAA meetings, Bozenna?

Bozenna: One of the really hot topics at the moment is IFRS now because this is an international standard, obviously what's happening internationally is absolutely key and Brendan, you are one of the major players in this.

Brendan: You're going to throw it back to me!

Bozenna: Why don't you tell us about IFRS and what it means for the IAA in Australia.

Brendan: Yes, so IFRS 17 is the new accounting standard for insurance contracts which is being developed by the International

Accounting Standards Board, the IASB, to replace the current standard, IFRS 4. The IAA has a group focused on IFRS 17 called the Insurance Accounting Committee. The International Accounting Committee's remit includes influencing the development of the standard and the impact on the actuarial profession as well as developing educational materials for actuaries to use in applying the standard. Because IFRS 17 is a global standard, it is therefore relevant that it is discussed at the IAA at an international level.

Brendan:

William Hines, the chair of that committee sits on the IASB's transition resource group, which is a body set up to provide support to entities implementing the standard. So, from that perspective its very good, the committee has a direct input into the issues affecting the development of the standard and can then influence developments.

Bozenna:

But that's absolutely key for making sure that Australia's interests are represented.

Brendan:

Absolutely. The last thing you want to happen is for Australia not to have a seat at the table and then the committee takes some topic or a subtopic on a tangent which adversely impacts the profession in Australia. If you're not there to influence these types of discussions, you can lose control and influence and you risk having something forced upon you that you don't like.

Bozenna:

Yes, so for me one of the real values of our involvement in the IAA is influencing the direction of developments such as IFRS 17.

Brendan:

Yes exactly. So IFRS 17 sets a good example of how we do influence. We do get value out of the IAA that you

can apply to other topics as well, For example, education.

Bozenna: Yes, so I've been heavily involved in education for a number of years and one of the things we've done is the development of a new IAA syllabus. This is important for us as the Australian profession seems to be about 20 years ahead of the rest of the world in trends for actuaries. For example, Australia led the way in the decline of Defined Benefit Superannuation and the rise of Defined Contributions.

Bozenna: We have also seen the life insurance market contract about thirty years ago, and again more recently. These trends have led to many actuaries moving out of traditional areas of employment. There has been a corresponding forced re-evaluation of the skills needed by actuaries both now, and into the future. Other countries have only begun to face these challenges much more recently, or not at all. So, Australia is at quite a different educational state than some other countries. We have been able to actively contribute to ensure that the syllabus caters for our wider "non-traditional" base.

Brendan: Yes, good. One thing I hear a lot about on the international committee is the International Congress of Actuaries, the ICA. Can you tell us a bit about that? I hear its coming to a town near you.

Bozenna: Yes. Every four years the International Actuarial Association holds an International Congress of Actuaries, it's a huge a conference with actuaries from all around the world. You've got all these actuaries in one spot and they can all talk about the actuarial issues of the day. The next ICA is going to be in Sydney in 2022, at the International Convention Centre. This is getting closer now, so we are all really excited. All of us are invited to come along, and actually to make it a success, we all *need* to be there to support it.

Bozenna: It is going to be an absolutely fantastic event. You don't often get so many international speakers right on our doorstep, in Sydney. The opportunity for this level of learning, mingling with like-minded others and experiencing this international event does not happen very often. It's like having the Olympics here. It is going to be a fantastic event.

Brendan: **And what about the format of the event, Bozenna? How is the program shaping up?**

Bozenna: In the past sometimes the sessions have been a bit technical, but we want to really try make it practical, and definitely be business focused. This is *our* Congress, and we want to make the sessions interesting for *us* to attend. There will be different tracks, so you can go the life insurance track, or you can go the general insurance track, or the educational track, or the professionalism track, or the health track. Or a bit of everything!

Bozenna: The topics have not yet been finalised, as it is still early days, but we are looking at things such as the risks arising from climate change and what we are doing about it, the impact on insurers and the public of the fast pace of technology development, Asian innovation and scale, and the impact of changing societal expectations on what actuaries do.

Bozenna: As well as different speakers from around the world, we'll have Australian speakers, so we can share what's happening in Australia. This is an opportunity to get other's comments on our challenges and issues. Maybe others have experienced something similar that we can learn from. Often, we focus only on the Australian market, but this makes it easy for us to look beyond and see what has been happening overseas. Just having the conversations can be helpful.

Brendan: **It gives you a much more global perspective.**

Bozenna: Yes, and sparks different ideas.

Brendan: **Very good. What else does the International committee do?**

Bozenna: Really as I said earlier, the International Committee is there to implement Council's strategy. One of the main things that we focus on is our strategy in Asia. We actually have a whole subcommittee focused on this, led by Andy Yang, with committee members across China, Singapore and Hong Kong. Australia has about 22% of its members working internationally, with 60% of these in Asia. Many Australians want to have the flexibility of working overseas at some stage of their career.

Bozenna: We want to make working in Asia easier for our members, and also ensure that Australian actuaries are valued in each country. One of the things we've done this year is looked at where the Australian credential is recognised by the regulators in each of the Asian countries. Where we don't have that recognition already, we have looked at how we could get it for Australian actuaries working in those countries.

Bozenna: Another important thing is mutual recognition agreements. We have mutual recognition agreements with a number of countries around the world. For example, we have a mutual recognition agreement with the IFoA in the UK. Mutual Recognition Agreements mean that the other Association will take the FIAA qualification and say that, if you've got this qualification, we will recognise you in our country as an equivalent to local actuaries. And we do the same. Sometimes there are local work requirements on either side. Basically, we look at their education system and agree we are happy with the standards that they have, so that we are happy to recognise them, and they do the same evaluation.

Brendan: **Very important.**

- Bozenna: So Mutual Recognition Agreements are very important if you want to work overseas.
- Brendan:** **Yes, and I guess we take that for granted don't we Bozenna, sometimes?**
- Bozenna: Yes, we do.
- Brendan:** **You know, that I can get my FIA and I can come down to Australia and it'll all be good.**
- Bozenna: Yes.
- Brendan:** **But there's a lot of work that goes on behind the scenes to get those mutual recognition agreements in place.**
- Bozenna: Yes, that's right. And it's really important that we do appropriate due diligence on other associations to ensure that we have consistent standards. If you don't have this, then it can result in unfair outcomes, depending on which institute you sit the exams under. For example, at the moment the UK is really looking hard at its mutual recognition agreements as it has had some issues with other applicants. We are in deep discussions with them about how we can continue this relationship going forward. So, watch this space – we are doing what we can.
- Brendan:** **Yes, very good. Is there anything else you want to cover?**
- Bozenna: One last thing is that as part of our role on the International Committee, we see it quite important to keep Australians informed about what's happening internationally. We are keen to continue to communicate around this. In particular, to make sure we cover any concerns or interest areas.
- Brendan:** **Very good, so let us know if there's anything you would like to hear more about for international developments for actuaries.**
- Bozenna: And I'd just like to give a shout out to all the great people on the International Committee. Everyone has worked really

hard over the year and it's been absolutely fantastic having so many involved. I really do appreciate everyone's commitment and dedication.

Brendan:

Thanks, Bozenna, we know a lot goes on behind the scenes. That's all we have time for today. We hope you enjoyed this podcast. For more information please head to the "International" page on the Institute's website or contact Bozenna directly. I'm Brendan Counsell and this has been an Actuaries Institute podcast. Bye for now.