

**NORTH AMERICAN ACTUARIAL COUNCIL | Annual Report 2014–2015**

**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:

1. NAAC is to be a catalyst for dialogue on key issues facing the North American actuarial profession.
2. NAAC is to be a facilitator of opportunities for leveraging of resources across organizations.
3. 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.
4. NAAC is to be a forum for information sharing on current and potential activities among the North American actuarial organizations.
5. 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.

## ▶ 2014–2015 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. There have been some projects that while initial discussion began in the CRG became more suitable for projects of the individual organizations that chose to participate in them.

The CAS, CIA, and SOA sponsored a Supply and Demand Study that was published on May 28, 2015. This research explored the long-term outlook for actuarial employment.

Some NAAC member organizations are currently considering whether to research past insurer impairments and insolvencies. The study may examine their causes, the decisions made by management, regulators and policyholders as situations unfolded.

The group also has been sharing information on ongoing projects which arose from initial discussions at the CRG but became independent projects of several of the organization, such as the Actuaries' Climate Index.

### **INFORMATION SHARING AMONG NAAC MEMBER ORGANIZATIONS**

#### **Discussion on Actuarial Professionalism and How to Protect the Public**

The CIA discussed with NAAC members the steps it has taken to bring actuarial professionalism closer to professionalism in the legal and accounting professions. Organizations discussed how legal and regulatory frameworks affect the ways in which they address reputational risk.

#### **Discussion of the International Actuarial Association's (IAA's) Structure and Recent Developments**

Rob Brown, a Past President of the IAA, gave a detailed presentation of the IAA's structure. He also discussed the IAA's plans for 2015, its collaboration with other supra-national organizations, recent and future publications, and model International Standards of Actuarial Practice (ISAPs).

## **Opportunities for Actuaries in the Area of Big Data**

NAAC members saw a presentation that explored how big data offers new opportunities to actuaries. This presentation explored not only how big data can inform actuaries' work, whether through a study of cognitive bias in insurance or examples of questions actuaries could ask about the direction of an insurance company's business, but also how actuaries can contribute to developing applications and services based upon big data.

## **ORSA in Canada**

The CIA kept NAAC members apprised of ORSA-based legal and regulatory changes in Canada; the CIA is developing a related standard of practice. NAAC members saw presentations covering the appointed actuary's, the Board of Directors', and the regulators' perspective. These presentations included discussions of how the regulation is affecting life insurers, the Canadian principles-based approach, the Office of the Superintendent of Financial Institutions' (OSFI's) expectations related to ORSA and how OSFI performs its work.

## **The Canadian Retirement Landscape**

The CIA presented how Canada is coping with the same retirement funding issues as other North American countries both in the private and public sectors and how they have dealt differently with the pressure to move from Defined Benefit to Defined Contribution plans.

## **Overview of Assuris**

Mike Hale, a Past President of the CIA, gave an overview of Assuris, the not-for-profit organization that protects Canadian policyholders in the event their life insurance company fails. He explained its structure, how it works, and he discussed the insolvencies it has covered in the past.

## **Implementation of Tax Reform and the New Insurance Law in Mexico**

NAAC members have been kept updated on the implementation of tax reform and the new sweeping insurance law in Mexico. The new insurance law has caused CONAC to review actuarial certifications, and new standards of practice that are consistent with the law are under development.

## **Developments in the Pension Area in Mexico**

NAAC members have also been kept updated on developments in the pension area in Mexico. These include changes in contribution deductibility that have created a number of challenges.

## **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.

### 2015 NAAC COUNCIL MEMBERS

#### Academy

- .....President: Mary D. Miller
- .....President-Elect: Thomas F. Wildsmith

#### ACOPA

- .....President: Lynn M. Young
- .....President-Elect: Karen Smith

#### AMA

- .....President: Alberto Elizarrarás
- .....Vice-President: Luis Francisco Galván

#### AMAC

- .....President: Alejandro Turner
- .....Vice-President: Salvador Milanés

#### CIA

- .....President: Jacques Tremblay
- .....President-Elect: Robert H. Stapleford

#### CAS

- .....President: Robert S. Miccolis
- .....President-Elect: Stephen P. Lowe

#### CONAC

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

#### CCA

- .....President: Phillip A. Merdinger
- .....President-Elect: Donald J. Segal

#### SOA

- .....President: Errol Cramer
- .....President-Elect: Craig W. Reynolds

## 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. Merdinger

### SOA

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



## COUNCIL PHOTOS



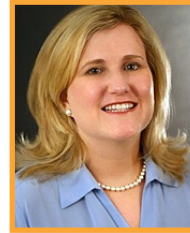
**Thomas F. Wildsmith**  
Academy  
President-Elect 2015



**Mary D. Miller**  
Academy  
President-Elect 2014  
President 2015



**Thomas S. Terry**  
Academy  
President 2014



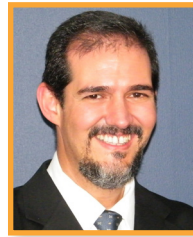
**Karen Smith**  
ACOPA  
President-Elect 2015



**Lynn Young**  
ACOPA  
President-Elect 2014  
President 2015



**Thomas J. Finnegan**  
ACOPA  
President 2014



**Alberto Elizarrarás**  
AMA  
Vice-President 2014–2016



**Luis Francisco Galván**  
AMA  
Vice President 2014-2016



**Alejandro Turner**  
AMAC  
President 2014-2016



**Salvador Milanés**  
AMAC  
Vice President 2014-2016



**Robert H. Stapleford**  
CIA  
President-Elect 2015



**Jacques Tremblay**  
CIA  
President-Elect 2014  
President 2015



**Jacques Lafrance**  
CIA  
President 2014



**Stephen P. Lowe**  
CAS  
President-Elect 2015



**Robert S. Miccolis**  
CAS  
President-Elect 2014  
President 2015



**Wayne H. Fisher**  
President 2014



**Donald J. Segal**  
CCA  
*President-Elect 2015*



**Phillip A. Merdinger**  
CCA  
*President-Elect 2014*  
*President 2015*



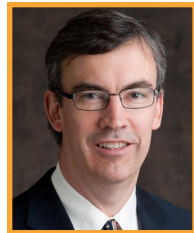
**John J. Schubert**  
CCA  
*President 2014*



**Pedro Pacheco Villagrán**  
CONAC  
*President 2013-2015*



**Carlos Lozano Nathal**  
CONAC  
*Vice President 2013-2015*



**Craig W. Reynolds**  
SOA  
*President-Elect 2015*



**Errol Cramer**  
SOA  
*President-Elect 2014*



**Mark J. Freedman**  
SOA  
*President 2014*

## 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](mailto: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.