

October 16, 2018

Masaaki Yoshimura
President
International Actuarial Association (IAA)
1203-99 Metcalfe Street
Ottawa, Ontario
K1P 6L7

Re: Restructuring the IAA

Dear Mr. Yoshimura,

Since our letter to you dated August 24 (attached as appendix A), a variety of proposals and positions have been circulating regarding the potential restructuring of the IAA.

We believe that the IAA must first confirm its identity as an organization and what it wants to achieve, to determine an appropriate structure and what resources (human and financial) will be required. Some excellent work has already been completed that the IAA can build on.

We are pleased to contribute the document accompanying this letter to assist the Executive Committee (EC) and its newly designated task forces to achieve their goal of recommending an efficient organizational and governance structure, appropriate to the needs and long-term objectives of the IAA.

We aim to provide recommendations for an IAA structure that

- Aligns with the IAA's vision and value statements;
- Provides the capacity to deliver on the recently revised mission statement and strategic objectives;
- Builds on the IAA's progress, achievements, and successes while finding opportunity to create efficiencies and accountabilities; and
- Empowers all full member associations (FMAs).

We suggest starting the process by looking at the vision, value, mission statements, and strategic objectives that have already been confirmed. We also realize that by the time you receive this communication, the three task forces under the IAA mission to influence, assure, and advance, will have completed their preliminary work. However, in our view, strategy should not be solely a top-down exercise.

A combination of top-down and bottom-up strategy development harnesses the creative and diverse ideas generated by individuals, committees, and working groups while providing an effective structure within which to operate.

Finally, we

- Reiterate that a strong IAA is essential for the global sustainability of the profession and will be achieved through diversity and inclusivity. An efficient IAA must not be achieved at the cost of these goals.
- Acknowledge that individual member organizations each have their own visions, missions, and strategies; however, those should be left out of the discussion to objectively create an appropriate governance structure for the IAA. While it is convenient if member organization goals are aligned with the goals of the IAA, no member organization should expect to fulfil its own strategies through overt influence on the IAA.
- Clarify that while the principle of subsidiarity should always remain at the forefront in that “the IAA will restrict its activities to those goals and strategies which require international coordination or direction . . . and which do not overlap or duplicate the activities of Member Associations or regional groups of actuarial associations”, we think that some activities such as standard-setting, guidance development, and development of an education syllabus that could potentially overlap with work done by FMAs, are enhanced by the IAA’s involvement in such activities and we fully support this.

We look forward to continuing the discussion in Mexico City.

Sincerely,

[original signature on file]

John Dark, CIA President

Recommendations for Consideration in Restructuring of the International Actuarial Association (IAA)

October 16, 2018

This document provides recommendations to assist the International Actuarial Association (IAA) in revitalizing its structure to meet current and emerging needs.

Several overarching principles have guided the recommendations. We propose the IAA be structured in a way that

- Aligns with its vision and value statements;
- Provides the capacity to deliver on the recently revised mission statement and strategic objectives;
- Deploys its human and financial resources effectively, efficiently, and with accountability;
- Builds on the IAA's progress, achievements, and successes while finding opportunity to create efficiencies; and
- Empowers all full member associations (FMAs).

1. Strategy Determines Structure

Some excellent work has already been completed towards defining the IAA's vision, value, and mission statements and they form an excellent starting point. We recommend further development of the IAA's short- and long-term goals before making any radical decisions about eliminating or reorganizing committees, working groups, and task forces.

We recommend three steps as a starting point.

1. Confirm the mission statements by clearly defining what they are intended to achieve. The mission statements listed below are the IAA's goals. The **objectives** for achieving those goals may need further clarification to specifically guide how to reach those goals. How the organization meets these objectives will have a significant impact on the resources required.
2. Define the **strategies** needed to reach the objectives.
3. Decide what **tactics** to deploy to achieve the strategies.
4. Design the **structure** to deliver the desired outcomes with the appropriate resources, both human and financial, to achieve them.

IAA Vision: The actuarial profession is globally recognized as leading experts in risk and financial security, contributing to the well-being of society.

IAA Values: The IAA adheres to the values of integrity, accountability, transparency, and objectivity when dealing with Member Associations, other stakeholders and the public.

IAA Mission Statements and Related Strategic Objectives:

Mission	Objective
Inform and INFLUENCE global stakeholders.	Supranational relationships
ASSURE the reputation of the profession.	Promotion of the profession
ADVANCE the competency of the profession.	Development of competence

2. Exploring Current Options

The IAA’s August discussion document presented a number of options. Following the discussions in Utrecht, and in considering the positions of several actuarial organizations, some combination of options 1, 3, and 4 seems achievable.

Option 1: *Baseline: keep current structure, with modest but obvious changes such as eliminating and/or combining a small number of IAA entities.*

Option 3: *Find a way to aggregate multiple IAA entities with common themes aiming at significant reduction of the total number of IAA entities.*

Option 4: *Keep only the statutory committees (Executive, Nominations, and Audit and Finance) and eliminate most or all other current IAA entities. Create three new committees to align with the three new strategic objectives. Most of the work of the new committees would be accomplished by time-limited task forces whose terms of reference would be developed and monitored by the three new parent committees.*

The IAA should consider retaining the following within any structure it adopts:

- Council, to ensure inclusivity and diversity and a voice for all member organizations.
- Executive Committee (EC), as an efficient means of operating on behalf of the Council; however, its composition and criteria for nominations should remain the same, and it should not have the ability to veto items in advance which would otherwise be brought to Council for discussion.
- Nominations, Audit and Finance, and Membership Committees, with staff support.
- Some existing IAA committees that fit logically under these “parent” committees, in the form of subcommittees or working groups. Examples of these include professionalism and education. Subcommittees and task forces of these committees could very likely do without staff support if they are provided some basic tools, clear terms of reference, and remain accountable to the IAA.

- Actuarial Standards Committee, to provide and revise model standards for member organizations and to encourage convergence of actuarial standards, where appropriate, internationally. This is one of the key ways that the IAA will achieve its **assure** goal. This committee should have staff support.
- Actuarial practice committees, subcommittees, and working groups. These are essential to the advancement and promotion of the profession on global issues of importance and directly support the multiple strategic objectives of the IAA but could likely also manage without staff support.

The IAA should also consider the following:

- Create three new “parent” committees (Influence, Assure, and Advance), subject to a review of their draft terms of reference and proposed activities. These committees should have staff support.
- Require the Nominations Committee to adopt a transparent process and review its criteria for nominations to ensure consideration of representation by practice area, geography, and gender to ensure balanced representation.
- Continue to have subject matter experts at the volunteer committee level draft scientific papers and other communications; however, the IAA should establish an efficient process for reviewing papers prior to publication, and for dealing with politically sensitive issues. Given the lack of clarity around the role of the EC’s Branding and Communications Subcommittee, it could be useful to consider having this function handled differently.
- Evaluate all other committees and working groups objectively based on their past work product and upon future need based on their alignment with the IAA’s mission and objectives. The IAA should perform an assessment of the terms of reference and potential areas of overlap of mandates to reduce duplication of effort (e.g., repetitive conversations at committee level among education, professionalism, and membership, or committees existing long past their relevance).
- Achieve balance between using the shorter-term task forces and longer-term committees and working groups. In adopting shorter-term task forces, the IAA must be careful not to erode volunteer participation and engagement, as well as valuable intellectual capital. Continuity is essential for the development and maintenance of relationships with supranational organizations. Committee involvement is a key aspect of member association engagement, and the elimination of too many committees will result in less participation by some of the smaller FMAs, hence less exposure of actuaries in those FMAs to the IAA, and a lower likelihood of their being invited onto shorter-term task forces and working groups. This would be contrary to the key objectives of diversity and inclusivity.
- Design any new IAA structure to allow the IAA to be proactive in developing the profession rather than reactively responding to issues in the environment. Most importantly, a new IAA structure should not advertently or inadvertently do harm or create inequities.

3. IAA Meetings

IAA meetings are critical to the engagement of volunteers and to the advancement of the profession and should continue. The IAA should consider less expensive locations, but all relevant committees should have the opportunity to meet at least once per year, based on need, but with minimal support. No reduction in the frequency of meetings is proposed.

Meeting rooms with appropriate audiovisual equipment should be made available for committees, subcommittees, task forces, and working groups based on need, but no staff support needs to be provided. Each committee or working group should have a designated minute taker. A template for minutes and action items could be provided to all groups to assist them.

Regarding the schedule and format for meetings, there needs to be a balance between time allocated for committee work, general sessions, and other activities such as the valuable bilateral meetings which are often organized during IAA meetings.

4. Summary of Recommendations

Above all, the IAA must put the public interest first. It should not be a lobbying organization, but rather a global voice for the profession. In addition, the IAA should

- Continue to develop as an inclusive and diverse organization through consistent and transparent nominations criteria and procedures.
- Conduct a review of all committees, subcommittees, and working groups to determine their relevance, efficiency, and work product.
- Reconfirm IAA vision and objectives.
- Create a new structure which incorporates the new and continuing IAA volunteer entities and other resources required to execute the strategic plan.
- Retain valuable face-to-face opportunities but adopt a cost containment strategy and look for opportunities to create efficiencies.
- Determine where staff resources must absolutely be used for committee/meeting support and reduce areas of little value-add and consider investing in staff resources for communications and branding.
- Maintain the six-month frequency of IAA meetings, but consider less expensive locations.
- Provide meeting space for committees based on need, but reduce the staff support provided and make committees accountable for their own minutes, action items, etc., and more accountable in general for output. Provide committees with templates for minutes and action item follow up, report templates, and the like.
- Establish that individual volunteers nominated by the Nominating Committee and appointed by Council or the EC are to have the interests of the IAA in mind, not the interests of their home association nor of their employer, regardless of who pays the bills.