

This English translation of “2013 Annual Report” of the Institute of Actuaries of Japan is an unofficial translation. Only its original Japanese texts have effect, and the translation is to be used solely as reference material to aid in the understanding of the original one.

この「2013年度事業報告」の翻訳は公定訳ではありません。効力を有するのは日本語の資料であり、翻訳はあくまでその理解を助けるための参考資料です。

## 2013 Annual Report

From April 1, 2013 to March 31, 2014

### 1. Matters concerning Annual General Meeting of Members

The General Meeting of Members was held on June 11, 2013 at the main conference room of the Institute of Actuaries of Japan, and

“Report on a summary of business activities in 2012”

was presented, and the following two proposals were put before the meeting and approved as proposed:

Item 1: 2012 Approval of a Balance Sheet and Net Assets Variation Statement as well as Inventory of Properties; and

Item 2: Election of the Directors and Auditors.

### 2. Movement of members

Movements of members during the current year were as follows: for corporate members, 1 member was newly admitted; for individual members, 383 members were newly admitted and 145 members withdrew from the IAJ. The number of members as of the end of March 2014 is as shown in the table below.

New corporate members:

MSCI Inc. 1 new corporate member

Fellows	1,435	persons
Associates	1,274	persons
Students	1,987	persons
Semi-total	4,696	persons
Corporate members	114	corporations
Total	4,810	persons/corporations

### 3. Business report

[Related to examination]

#### (1) Implementation of 2013 qualification examination

A 3-day qualification examination was held from December 16 to 18, 2013 in Tokyo (at TOC Gotanda) and Osaka (at Tenma Training Center) and the successful examinees were announced on February 14, 2014. The total number of examination subjects for the primary examination was 3,194 subjects and the total number of subjects passed was 958 subjects. The total number of examination subjects for the secondary examination was 1,214 subjects and the total number of subjects passed was 186 subjects. There were 73 examinees who passed all the subjects.

#### (2) Implementation of 2013 CERA examination

The CERA examination was held on October 1, 2013 in Tokyo (at TKP Otemachi Conference Center) and the successful examinees were announced on January 20, 2014. There were 54 examinees and 9 examinees passed the examination.

(3) Revision of text books

The sixth volume of the text books for “Pension” (tax practice related to retirement benefit system and corporate pension system) was abolished and its contents that need to be kept were incorporated into the first volume. As a result, the text books now contain five volumes.

[Related to education, training and research presentation]

(1) Implementation of 2013 actuary courses

The basic courses covering 12 subjects and intermediate courses covering 8 subjects were offered for a period from May 7, 2013 to October 3, 2013. 110 people took the basic course and 46 people took the intermediate courses.

(2) Implementation of 2013 Kansai Committee actuary courses

Kansai Committee actuary courses covering three subjects, namely life insurance mathematics, pension mathematics and non-life insurance mathematics, were offered for a period from August to October 2013. 3 people took the life insurance mathematics course, 6 people took the pension mathematics course, and 7 people took the non-life insurance mathematics course.

(3) Implementation of 2013 additional actuary exercise courses

The courses covering 4 subjects, namely life insurance mathematics exercise, non-life insurance mathematics exercise, pension mathematics exercise and modeling exercise, were offered for a period from October 1, 2013 to December 6, 2013. 41 people took the life insurance mathematics exercise course, 69 people took the non-life insurance mathematics exercise course, 41 people took the pension mathematics exercise course, and 17 people took the modeling exercise course.

(4) Holding of 2013 Annual Meeting and IT Annual Meeting

A 2-day Annual Meeting was held on November 7 and 8, 2013 at Keidanren Kaikan and Tokyo Station Conference. A 2-day IT Annual Meeting was held on November 21 and 22, 2013 at Mitsui Life Insurance Head Office (Otemachi Nomura Building).

(5) Holding of regular meetings

① June 7, 2013

“The Use of Annual Mileage as a Rating Variable”

By Mr. Jean Lemaire (Pennsylvania University, USA)

② July 17, 2013

“ERM: Examination of Japan’s risk management system and comparison with US statistics”

By Mr. David Betcher (RGA)

③ September 11, 2013

“Understanding the actual medical situation through real world data”

By Mr. Shinya Kimura (Japan Medical Data Center)

- ④ October 4, 2013  
 “IFRS Insurance Contracts 2013 Exposure Draft – Overview and Earnings Impact”  
 By Mr. R. Thomas Herget and Mr. Michael Lokerman (PwC)
  - ⑤ February 17, 2014  
 “Designing and Implementing an Internal Model” and “Surviving the next crisis, A risk management perspective”  
 By Mr. Michel Dacorogna (SCOR)
  - ⑥ March 5, 2014  
 “Advances in Implementing Operational Risk, Stress Testing and Risk Appetite for ORSA”  
 By Mr. Joshua Corrigan (Milliman)
- (6) Holding of Kansai Committee regular meetings
- ① August 26, 2013  
 “How New Insurance Products and Services and their Solicitation Rules Should Be”  
 By Mr. Hiroshi Suzaki (Kyoto University)
  - ② November 15, 2013  
 “Recent Topics concerning ERM and the Status of CERA”  
 By Mr. Yoshihiko Tsuji (Daido Life Insurance)
  - ③ March 28, 2014  
 “2013 Report on Activities of Kansai Committee’s Sub-committees”  
 By each sub-committee
- (7) Holding of moonlight seminars  
 Moon light seminars under the following themes were held between November 2013 to March 2014.
- ① Creation of Linear Model and Generalized Linear Model by R Programming  
 Mr. Kazuaki Naito (Waseda University)
  - ② Research on the Contents of EV Disclosure Overseas – With a Focus on Case Study  
 Mr. Kazuyuki Doi (Towers Watson)
  - ③ Best Estimation of Life Insurance Assumption and Measuring Risk Quantity  
 Mr. Kentaro Sekiguchi (Axa Life Insurance)
  - ④ Practice and Challenges of Enterprise Risk Management by Non-life Insurance Companies  
 Seminar Division Members
  - ⑤ Current Situation of Global Financial Regulations – Beyond Solvency II  
 Mr. Hideyuki Ishioka (PricewaterhouseCooper Arata)  
 Mr. Jun Muranaga (PricewaterhouseCooper Arata)  
 Mr. Ryu Nishihara (PricewaterhouseCooper Arata)
- (8) Holding of Kansai Committee seminars
- ① January 14, 2014  
 “Property Share of Insurance Policyholders and Relevant Issues”  
 Mr. Keisuke Wagatsuma (Kyoto University)
  - ② February 14, 2014  
 “A Study on Benefits-in-kind-type Insurance”

“Analysis and Study on Revision of Japan’s Automobile Insurance Class System”  
 “Estimation of Transitional Probability of Nursing Care Insurance Using Pseudo Values”  
 “Establishment of Forex Option Assessment Method”  
 “Assessment of VaR in Consideration of Subsidiarity”

Kyoto University, Insurance Mathematics Seminar students

(9) Implementation of professionalism training

On February 24, 2014, professionalism training covering the following training was offered to fellows (including associates who have passed all subjects at this year’s qualification examination) and associates (including persons who have passed all basic subjects at this year’s qualification examination). 148 participants completed the training.

IAA Syllabus and Professionalism	Mr. Tomio Murata (Mitsui Life Insurance)
Actuaries and Code of Conduct	Mr. Shinichi Nara (Meiji Yasuda Life Insurance)
Professionalism in Life Insurance	Mr. Ryoichi Nakamura (Nippon Life Insurance)
Professionalism in Non-life Insurance	Mr. Kazuhiro Kimura (NipponKoa Insurance)
Professionalism in Pension	Mr. Ikuo Katayose (Resona Bank)
	Mr. Yasuyuki Fujii (EY Japan)

(10) Implementation of CERA training

On November 1 and 2, 2013, a 2-day group workshop was held for examinees for CERA examination. The workshop contained lectures on risk management, ALM, etc. and case studies. 18 participants completed the training.

(11) Implementation of actuary overseas training

The Forth Actuary Overseas Training was implemented. The participants were divided into 3 groups: life insurance; pension; and non-life insurance. The life insurance group and pension group participated in training in San Diego and New York from October 19 to 31, 2013. The main training took place by participating in the annual meeting of Society of Actuaries (SOA) of USA. The non-life insurance group participated in training in Minneapolis and New York from November 2 to 13, 2013. The main training took place by participating in the annual meeting of Casualty Actuarial Society (CAS) of USA. There were 15 participants in the life insurance group, 5 participants in the pension group and 6 participants in the non-life insurance group.

(12) Open discussion forum

On December 6, 2013, an open discussion forum was held at the main conference room of the IAJ, at which members had discussions in English with foreign actuaries.

[Related to investigation and research activities]

(1) Holding of Standard Mortality Advisory Committee meeting

At the 19<sup>th</sup> Standard Mortality Advisory Committee meeting held on October 24, 2013, it was approved to continue to use in the year 2014 the “Life Insurance Standard Life Table 2007 (for death)”, “Life Insurance Standard Life Table 2007 (for annuity)” and “Third Sector Standard Life Table 2007”.

(2) Response to international accounting standards and international insurance regulation

The International Accounting Standards Board (IASB) and the International Association of Insurance Supervisors (IAIS) have been energetically reviewing international accounting standards and international insurance regulation. The International Actuarial Association (IAA) who is an institutional member of both organizations is carrying out contracted research and other activities as an actuarial professional group. The IAJ is actively participating in the activities of IAA committees and is making efforts to review economic value-based solvency regime and other issues through its International Standards Committee, etc.

(3) Improvement of practice standards

- ① With the announcement by IASB of revision of IAS19 (Defined Benefit Plans: Employee Contributions) in November 2013, necessary revisions were made to the “Guidance for Actuarial Practice Concerning Retirement Benefits Accounting” in January 2014.
- ② With the transition of the IAJ to a public-interest incorporated association, necessary revisions were made to the “Standard of Practice for Appointed Actuaries of Life Insurance Companies”, “Standard of Practice for Appointed Actuaries of Non-life Insurance Companies”, “Standard of Practice for Appointed Actuaries of National Mutual Insurance Federation of Fisheries Cooperatives” and “Standard of Practice for Appointed Actuaries of National Mutual Insurance Federation of Agriculture Cooperatives” in March 2014.

(4) Activities of Committees

Each committee, division, study group, working group and project team carried out investigations, research and other activities based on the purpose and mission set at the beginning of the fiscal year. The status of their activities was posted on IAJ web sites. The activities that were put together into investigation and research results were published on the IAJ’s member-only web page and/or in supplementary volumes of bulletins, etc.

[Expression of Opinions]

(1) Voting at IAA Council (including electronic voting)

- ① In May 2013, voted for 2014 membership fee, etc.
- ② In August 2013, voted for the strategic action plan, etc. of International Standards of Actuarial Practice.
- ③ In October 2013, voted for the appointment of officers, etc.
- ④ In November 2013, voted for the location of future IAA meetings, etc.
- ⑤ In February 2014, voted for the revision of investment policy, guidelines, and restrictions etc.
- ⑥ In March 2014, voted for member qualifications, etc.
- ⑦ In March 2014, voted for the approval of audited financial statements (proposal).

- (2) In July 2013, the IAJ, jointly with the Japanese Society of Certified Pension Actuaries, submitted opinions on the Exposure Draft on Defined Benefit Plans entitled “Defined Benefit Plans: Employee Contributions (Proposed amendments to IAS19)” to the International Accounting Standards Board (IASB).

- (3) In August 2013, the IAJ, jointly with the Japanese Society of Certified Pension Actuaries, submitted opinions on the Exposure Draft of PITF No. 39 entitled “the Exposure Draft of Practical Solution on Transactions of Delivering the Company’s Own Stock to Employees etc. through Trusts” to the Accounting Standards Board of Japan (ASBJ).
- (4) In October 2013, the IAJ submitted its opinions on the Exposure Draft on Insurance Contracts to the International Accounting Standards Board (IASB).
- (5) In February 2014, the IAJ submitted its opinions on the draft statement of intent for the International Standards of Actuarial Practice concerning insurance contracts (ISAP4) to IAA.
- (6) In March 2014, the IAJ, jointly with the Japanese Society of Certified Pension Actuaries, submitted opinions on the Exposure Draft entitled “ISAP 3 Actuarial Practice under IAS 19 Employee Benefits” to IAA.
- (7) IAA Fast Track Procedure  
The IAJ did not express its opposition against the application of IAA Fast Track Procedure:
  - ① July 2013, IASB, Exposure Draft on Employee Contributions (Proposed amendments to IAS 19)
  - ② September 2013, FSB, Consultative Document on Principles for an Effective Risk Appetite Framework
  - ③ September 2013, IOPS, Draft Good Practice for Governance of Pensions Supervisory Authorities
  - ④ October 2013, IASB, Revised Exposure Draft on Proposals for the Accounting for Insurance Contracts
  - ⑤ October 2013, FSB, Consultative Document on the Application of the Key Attributes of Effective Resolution Regimes for Financial Institutions
  - ⑥ December 2013, IAIS, Draft of Common Framework for the Supervision of Internationally Active Insurance Groups
  - ⑦ January 2014, IASB, Discussion Paper on a Review of the Conceptual Framework for Financial Reporting
  - ⑧ January 2014, FSB, Consultative Document on Guidance on Supervisory Interaction with Financial Institutions on Risk Culture
  - ⑨ January 2014, IAIS, Consultative Document on Basic Capital Requirements for Global Systemically Important Insurers (G-SIIs)

[Related to International Activities]

- (1) IAA activities  
The IAJ actively participated in the activities of IAA committees as well as in transmitting opinions from IAA to IASB, IAIS, etc.
- (2) Implementation of 41<sup>st</sup> Actuarial Seminar of East Asia (ASEA)  
From September 24 to 27, 2013, the IAJ held a 4-day seminar on the status of Japan’s various systems to which actuaries are related, with 15 participants from 6 different areas mainly in East Asia.

(3) Dispatch of members to international conferences, etc.

The IAJ sent its members to the following international conferences, etc.

- ① From May 21 to 24, 2013 ASTIN Colloquium (In Hague, Holland)  
Mr. Yuji Morimoto
- ② From May 22 to 26, 2013 IAA Conference (In Hague, Holland)  
Mr. Tsutomu Igarashi, Mr. Junichi Noro, Mr. Junichi Sakamoto, Mr. Tomio Murata, Mr. Masaaki Ono, Mr. Masaaki Yoshimura, Mr. Toshihiro Kawano, Mr. Shinsuke Hashizume, Mr. Yoshio Nakamura, Mr. Ryoichi Nakamura, Mr. Eiji Hashimoto, Mr. Yoshihiko Tsuji, Mr. Taisuke Nishimura, Mr. Yosuke Nakano
- ③ From June 24 to 26, 2013 AFIR/ERM PBSS Colloquium (In Lyon, France)  
Mr. Junichi Sakamoto, Mr. Noriaki Yokoo
- ④ From August 1 to 2, 2013 IAA Insurance Accounting Committee (In London, UK)  
extraordinary meeting  
Mr. Yoshio Nakamura
- ⑤ From September 10 to 11, 2013 Annual Meeting of China Association (In Changsha, China)  
of Actuaries  
Mr. Yoshiaki Maebayashi
- ⑥ From October 9 to 13, 2013 IAA Conference (In Singapore)  
Mr. Kikuo Asano, Mr. Tomio Murata, Mr. Junichi Sakamoto, Mr. Masaaki Ono, Mr. Toshihiro Kawano, Mr. Masaaki Shigehara, Mr. Ryoichi Nakamura, Mr. Yoshio Nakamura, Mr. Eiji Hashimoto, Mr. Masaaki Yoshimura, Mr. Yoshihiko Tsuji, Mr. Hideyuki Yoshida, Mr. Hiroshi Yamazaki, Mr. Yoshiaki Maebayashi
- ⑦ From October 15 to 18, 2013 EAAC Conference (In Singapore)  
Mr. Tomio Murata, Mr. Yoshiaki Maebayashi
- ⑧ From March 26 to 30, 2014 IAA Conference (In Washington DC, USA)  
Mr. Kikuo Asano, Mr. Tomio Murata, Mr. Junichi Sakamoto, Mr. Masaaki Ono, Mr. Toshihiro Kawano, Mr. Masaaki Shigehara, Mr. Yoshio Nakamura, Mr. Masaaki Yoshimura, Mr. Yoshihiko Tsuji, Mr. Hiroshi Yamazaki, Mr. Yoshiaki Maebayashi
- ⑨ From March 30 to April 4, 2014 ICA Conference (In Washington DC, USA)  
Mr. Kikuo Asano, Mr. Tomio Murata, Mr. Yoshiaki Maebayashi
- ⑩ From March 30 to April 4, 2014 AFIR/ERM, ASTIN, PBSS (In Washington DC, USA)  
Colloquium  
Mr. Miwaka Yamashita, Mr. Yuji Morimoto, Mr. Masaaki Ono, Mr. Junichi Sakamoto, Mr. Ikuo Katayose

(4) SOA ERM Webcast 2014

The IAJ participated with SOA and others in Webinar concerning ERM held from February 27 to March 6, 2014.

(5) Related to international exchange

The president of 18<sup>th</sup> EAAC Conference (Chinese Taipei) Organizing Committee participated in the 2013 Annual Meeting.

[Advisory Committee]

- (1) 2013 Advisory Committee meeting was held on March 4, 2014, where summary of business activities in 2013 (draft), 2014 business plan (draft) and improvement of actuary brand through continuing professional development system were discussed.

[Joint Industry-Academic Project]

- (1) Upon request of Kyoto University to send lecturers for insurance mathematics and pension mathematics lectures, Mr. Jun Asano (Sumitomo Life Insurance), Mr. Hisashi Uehara (Sumitomo Life Insurance), Mr. Kozo Oshima (Sumitomo Life Insurance), Mr. Kazuhiro Sugimoto (Daido Life Insurance), Mr. Ikuo Katayose (Resona Bank), Mr. Takeshi Toyodome (Nippon Life Insurance), Mr. Motoo Nakayama (Nippon Life Insurance) and Mr. Yoshihiro Minami (Nippon Life Insurance) were sent to the University.
- (2) Upon request of Osaka University to send lecturers for insurance mathematics lectures, Mr. Jun Asano (Sumitomo Life Insurance), Mr. Toshihiro Horii (Daido Life Insurance) and Mr. Kyosuke Mori (Nippon Life Insurance) were sent to the University.
- (3) Upon request of Kobe University to send lecturers for insurance mathematics lectures, Mr. Jun Asano (Sumitomo Life Insurance) was sent to the University.
- (4) Upon request of Tokyo University to send lecturers for social mathematics special lectures, Mr. Ryoichi Nakamura (Nippon Life Insurance) was sent to the University.
- (5) From May 31 to June 5, 2013, lecture series by Professor Jean Lemaire (Pennsylvania University Wharton School) were offered by Kyoto University in cooperation with the IAJ.
- (6) The IAJ has decided to become a supporting member of the Japanese Society of Insurance Science to work together with the Japanese Society of Insurance Science for the purpose of carrying out research and other activities related to insurance.

[Related to Presentation of Awards]

- (1) Awards presented to a person with outstanding results in the 2012 qualification examination
  - ① Presentation of President Special Award and President Award  
On June 11, 2013, the IAJ presented the President Award to Mr. Yuki Mizota (Tokyo Marine Nichido).
  - ② Presentation of award for outstanding results for each subject  
On the same day, the IAJ presented an award to those who achieved outstanding results as follows: Mathematics 14 persons; Life insurance mathematics 13 persons; Non-life insurance



mathematics 1 person; Pension mathematics 17 persons; and Accounting, economics and investment theory 7 persons.

(2) Presentation of awards for outstanding research paper

- ① On November 7, 2013, an award was presented for the following paper at the Annual Meeting:  
“Study on Projection Method of Future Mortality Rate”

Mr. Yuji Kondo (Meiji Yasuda Life Insurance)

- ② On November 21, 2013, an award was presented for the following 2 outstanding IT-related papers at the IT Annual Meeting:

“Research on New Way of Working to Support Business Continuity Plan for Financial Institutions (Insurance Companies)”

(IT Study Group II)

“The Image of the Future of Pension Service Toward Aging Society”

(IT Study Group V)

(3) Presentation of award for a slogan

With the IAJ’s transition to a public-interest incorporated association, the IAJ invited its members to submit a slogan that will appeal the IAJ’s purpose and activities to the society, and as a result, the slogan “Think the Future, Manage the Risk” was selected. 2 members were awarded the Best Slogan Award and 1 member was awarded the Good Slogan Award.

[PR and Publication Activities]

(1) PR activities

“22<sup>nd</sup> Actuary Seminar” primarily for students was held on November 30, 2013 in Osaka and on January 25, 2014 in Tokyo. There were a total of 83 participants, of which 23 participated in Osaka and 60 participated in Tokyo.

(2) Enhancement of information provision function

To deepen understanding of actuaries by actuary candidates and general public, the IAJ has decided to create “Actuary Glossary” to be posted on the IAJ’s website.

(3) Review of publications

With the IAJ’s transition to a public-interest incorporated association, the IAJ reviewed its publications, and reduced the prices of text books and computerized (free access) previous exam question collections, actuary journals, bulletins and supplementary volumes of bulletins to make them more user friendly.

(4) Publication of bulletins, etc.

The following bulletins and other publications were published.

- ① Bulletin Vol.66

- ② Supplementary volumes of bulletin

Vol. 263 “International Actuarial Association, Actuarial Viewpoints on and Roles in Systemic Risk Regulation in Insurance Markets”

Vol. 264 “Stress Testing and Scenario Analysis”

Vol. 265	“Third Actuary Overseas Training Report”
Vol. 266	“Forth Actuary Overseas Training Report”
Vol. 267	“MCEV Practice II (with EV Calculation Sheet)”
Vol. 268	“Intra-Group Reinsurance Transactions”
Vol. 269	“LTGA Technical Specifications and Findings in EU Solvency II”
Vol. 270	“53 <sup>rd</sup> IT Annual Meeting Report”

- ③ Actuary Journal  
Vol. 84, Vol. 85, Vol. 86 and Special Volume “Risks and Insurance”
- ④ 2012 Qualification Examination Question Collection  
2013 Qualification Examination Question Collection
- ⑤ 2013 Annual Meeting Report Collection
- ⑥ Report “Technical Study on Economic Value-based Solvency Regime: Trends in Foreign Regulations”
- ⑦ Other books “Non-life Insurance Pricing with Generalized Linear Model”