
Annual Report **2018–19**

Canadian
Institute of
Actuaries



Institut
canadien
des actuaires

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Who We Are

The Canadian Institute of Actuaries (CIA) is the national, bilingual organization and voice of the actuarial profession in Canada. Our members are dedicated to providing actuarial services and advice of the highest quality. The Institute holds the duty of the profession to the public above the needs of the profession and its members.

Vision

Financial security for Canadians.

Mission

As the trusted bilingual voice of the Canadian actuarial profession, we advance actuarial science and its application for the well-being of society.

Values

Values shape our attitudes and influence our professional conduct. Our values are

COMMUNITY

We put the public interest ahead of our own. Our processes are transparent and volunteerism is at the heart of our activities.

INTEGRITY

We are honest and accountable professionals; we uphold strict ethical principles. We use our expertise, rigorous standards, and objectivity to deliver actuarial services and advice of the highest quality.

ADVANCEMENT

We are committed to demonstrating the value of effective risk management. We use innovation to advance actuarial science and its applications.

President's Message



John Dark, FCIA

When I qualified as an FCIA in 1979, the idea that I might one day be President of one of the world's leading actuarial bodies was impossible to conceive. I have been proud to volunteer for the CIA since 1980 (I joined the Young Actuaries Committee) and honoured to lead the organization over the last year. And what a year it has been!

The Institute is strong financially and offers leading-edge continuing education. We maintain strategic relationships with Canadian universities and actuarial students. Our social media outreach is timely and relevant. The support and influence we provide at the international level – through the International Actuarial Association – surpasses our size, which now exceeds 6,000 members. We are modernizing our governance and are always listening to our members and partners to ensure that Canadians receive actuarial services of the highest quality.

How is all this possible? Through energetic partnership among members, 657 of whom volunteered in 2018, and the 30 CIA Head Office staff, completely focused on the public interest.

Here's a good example. Our first public statement released on retirement age was a collaboration between volunteers and staff. The goal was to start a conversation on this delicate topic among governments, the profession, and Canadians. The results? So far,

1,200 people have downloaded the statement, 2,500 have viewed the website's landing page, and 230 have listened to the podcast. Supportive articles and editorials were presented in the country's leading media. Many media interviews were conducted with task force members. Social media interest was active. Countless comments from Canadians were generated on media websites and in newspapers. We exposed our ideas to a potential audience of 20 million, and have scheduled meetings with governments that want to keep the conversation going. The bottom line: people are interested in what our profession has to say.

This has been a very successful year in virtually all aspects of Institute activity, and I sincerely thank everyone for their support during my term as President.

CIA Board of Directors



1 **JASON VARY**
BMath, FCIA, FSA

2 **ALISON ROSE**
BSc(Hons), FCIA, FFA
(ex officio; Chair, Eligibility and Education Council)

3 **KEITH WALTER**
MBA, FCIA, FSA
(ex officio; Chair, Research Council)

4 **ANDRÉ L'ESPÉRANCE**
BScAct, FCIA, FCAS, MAAA

5 **JACQUES TREMBLAY**
BScAct, FCIA, FSA, MAAA
(ex officio; Chair, International Relations Council)

6 **MICHEL SIMARD**
Executive Director
(ex officio)

7 **BERNARD MORENCY**
BScAct, FCIA, FSA
(ex officio; Chair, Public Affairs Council)

8 **PATRICK CHAMBERLAND**
BScAct, FCIA, FSA, CFA

9 **FAISAL SIDDIQI**
BMath, FCIA, FSA
(ex officio; Chair, Standards and Guidance Council)

10 **PIERRE-YVES JULIEN**
BSc, FCIA, FSA

11 **ANGELITA GRAHAM**
BScAct, FCIA, FSA

12 **MICHAEL CORREA**
BComm, FCIA, FSA

13 **STEPHEN BUTTERFIELD**
BSc, FCIA, FSA

14 **HÉLÈNE BARIL**
BScAct, FCIA, FSA

15 **RENÉE COUTURE**
BA, FCIA, FSA

16 **MINAZ LALANI**
BSc, FCIA, FSA, CERA, FCA
Secretary-Treasurer

17 **MARC TARDIF**
BScAct, FCIA, FSA
President-Elect

18 **JOHN DARK**
BMath, FCIA, FSA
President

19 **SHARON GIFFEN**
BMath, FCIA, FSA
Immediate Past President

20 **BARBARA ADDIE**
BMath, FCIA, FCAS

21 **FEI XIE**
BScAct, FCIA, FSA

BENOIT MICLETTE *(not pictured)*
BSc, FCIA, FSA
Director and Chair, Practice Development Council

Executive Director's Message



Michel Simard

IT'S ALL ABOUT TRUST.

We live in a fascinating time when our technologies and capacities are evolving at light speed. But this digital age of instant communication too often inflates anger,

incites fear, and indulges pessimism. We see growing economic inequality and the collapse of international consensus. Study after study reveals that our trust in our leaders, our institutions, and even one another is declining.

Yet, despite this bleak context, the Canadian actuarial profession succeeds in nurturing trust not only by doing things right but by doing the right thing. Our success rests on three pillars: an education and qualification system that provides a foundation not only in technical and professional skills but also ethics; a set of rules and principles rooted in generations of actuarial practice that guide our efforts towards enhancing the public good; and the fact that, culturally as Canadians, we tend to think more as a collective than as individuals, focused on the welfare of the group rather than the survival of the fittest.



Two major changes to the Institute's operations in the past year are also contributing to our continued success: improving our governance structure to meet increased

public scrutiny and expectations of our profession, and implementing our new customer relationship management system to better serve our members and partners. Additionally, we have been preparing our members for the challenges they will face relating to IFRS 17 implementation and the effect of climate change on the investment and insurance industries.

We sometimes believe that individual actions cannot make a meaningful and lasting difference in the complex world we live in. This annual report shows otherwise. The many accomplishments of our members and staff highlight that each of us has an important role to play in increasing trust in each other, in our profession, and in our country.

ENJOY THE READ!

The CIA Community

	Members	Affiliates	Associates	Correspondents	Fellows
	2,180	2	873	9	1,296
	3,841	10	1,224	9	2,598
	6,021	12	2,097	18	3,894

30

staff

66

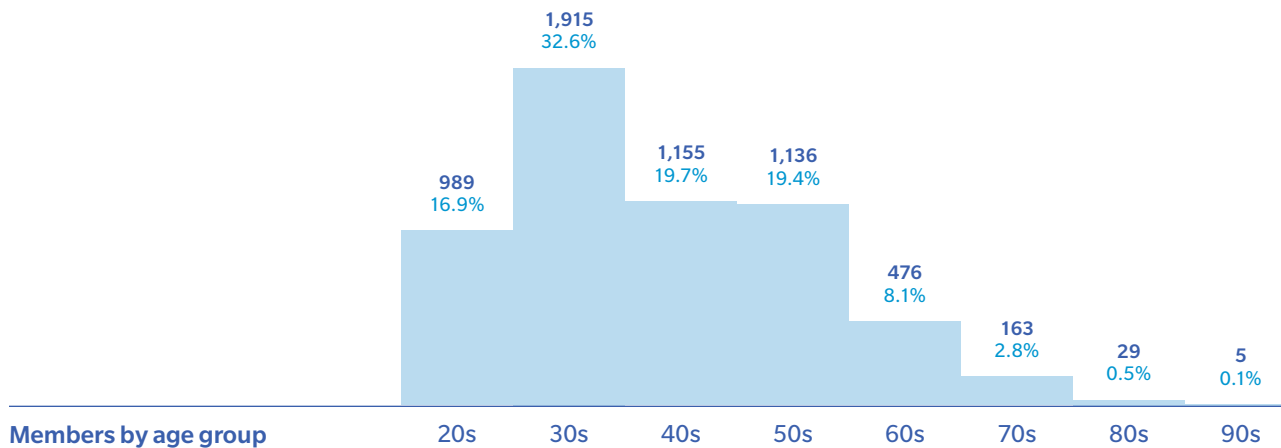
committees, subcommittees,
and task forces

659

volunteers

6

councils



Members by age group

Graphic does not include members whose age was not provided.

Figures effective as of May 6, 2019.

Secretary-Treasurer's Report



Minaz Lalani (FCIA), Chair, Human Resources, Finance, Audit and Risk Committee (HRFAR)

The 2018–19 secretary-treasurer's report will be the last issued given the changes in the CIA's governance structure. It has been an honour to serve as secretary-treasurer to the profession over the past two years and an even greater honour to be the last secretary-treasurer to the Institute. Here are some of the activities accomplished by the HRFAR this year.

The "HR" part of our activities encompassed an annual review of a salary increase envelope for implementation in April 2019. In the fall, we oversaw a staff salary market survey which we perform every three years to ensure that our dedicated staff is being compensated fairly within the Ottawa job market.

In February 2018, the HRFAR approved the additions of the following Head Office positions: Manager, Finance

and Membership; Manager, Research (contract previously); French Editor; Marketing Content Writer, Communications; Associate Director, Communications and Public Affairs (replacement); and Manager, Volunteer Services. All these positions have been filled.

Next, we have "F" for finance. In 2018–19, the CIA recorded a surplus of \$388,818 (surplus of \$54,284 in 2017–18), compared to a planned budget deficit of \$71,100, for a positive variance of \$459,918 (\$54,284 in 2017–18).

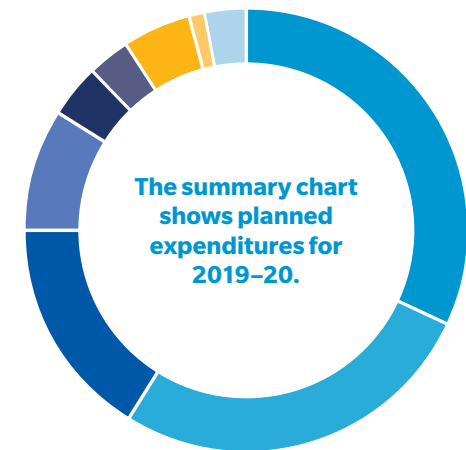
CIA investment assets are recorded at market value rather than at their purchase price, therefore unrealized gains or losses are reflected in the statement of operations. During 2018–19, the Institute incurred unrealized gains of \$176,992 (losses of \$116,427 in 2017–18).

The overall budget for 2019–20 shows a planned surplus budget of \$9,900. The HRFAR budgeting process was based on the assumption that an increase for inflation is effectively the same as no increase, as the vast majority of expenses are expected to rise with inflation.

The summary pie chart to the right shows the CIA's planned expenditures for 2019–20.

On the "A" for audit, I am pleased to report we received a clean audit opinion for 2018–19.

Finally, we have "R" for risk. In 2018–19, the HRFAR added the role of risk assessment and monitoring to its mandate. The committee completed a risk analysis for the CIA and narrowed it down to six risk categories. These risks will be monitored on an ongoing basis, and the list will be reviewed and reassessed annually by the committee.



Member Services	32%
Education	27%
Governance, Admin., and Support	16%
Research	9%
Public Interest	4%
International Relations	3%
Public Policy	5%
Emerging Practices	1%
Professional Practice Guidance	3%

Education

GOAL: ENHANCING THE CIA EDUCATION AND QUALIFICATION SYSTEM.

The CIA's accountability for the quality of its professional designations is key to protecting the public interest. A Canadian-designed education system that is tailored to our unique and evolving environment also helps the CIA foster a strong and early connection with actuarial students who are our future ACIAs and FCIAAs.



The forthcoming introduction of IFRS 17 brings significant changes to insurance accounting and the calculation of insurance contract provisions for financial reporting purposes. In response to membership demand, the Eligibility and Education Council (EEC) has made IFRS 17 one of the continuing education top priorities. The 2018 Annual Meeting featured a full track of IFRS 17 sessions, and this will also be the case at *act19*, the annual conference. Continuing education keeps actuaries up to date with changing requirements and this focus enables both life and property and casualty insurance practitioners to stay informed of recent developments and their implications for Canadian practice.



"Professionalism is at the heart of what we do, and the introduction of the mandatory professionalism module will bring clarity and consistency to the related CPD requirements."

Alison Rose (FCIA)
Chair, Eligibility and Education Council

PEC 2.0 launched in June 2018 with record number of attendees.

836 Associates joined the Institute, a record number.

Rebranding Annual Meeting to *act19*, the CIA annual conference, to increase focus on structured CPD content.

Emerging Practices

GOAL: INCREASING THE NUMBER OF ACTUARIES IN NON-TRADITIONAL ROLES.

Actuaries have a unique skill set that they can apply to a wide variety of fields where they have not traditionally practised in great numbers. The CIA can identify these non-traditional areas of practice, and promote the role of actuaries in these areas to employers and the public.



As one of its first orders of business, the Practice Development Council (PDC) officially created the Banking Committee in September 2018. A key recommendation from the former Emerging Practices Committee, the new committee supports actuaries in the banking sector where their financial and risk management skills find a natural home. The Banking Committee will help raise the role of actuaries within the banking system, in addition to identifying educational and continuing professional development material to support actuarial growth.



“Actuaries who venture into new, non-traditional fields of practice help broaden the role of actuaries for future generations. It is the role of the PDC to support their development so they can find value in their CIA membership.”

Benoit Miclette (FCIA)
Chair, Practice Development Council

Surveyed over 130 PDC committee volunteers on the state of their practice area: threats, opportunities, and recent and future developments.

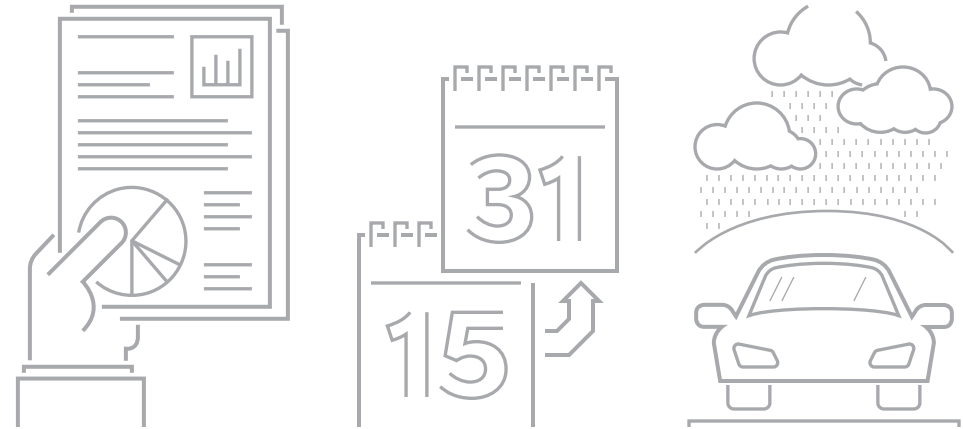
Increased communication and collaboration among committees and councils.

Simplified reporting structures for a more rewarding volunteer experience.

Public Policy

GOAL: INFLUENCING PUBLIC POLICY.

Meaningful and timely contributions to public dialogue allow the CIA to serve the public interest and the actuarial profession, and to be recognized as a key player in matters of public policy.



This year, we were proud to release the CIA's first public statement, inviting Canadians to start a discussion about changing the target ages in Canada's retirement programs to better reflect the reality of a population that is living longer with increasing retirement costs, and is expected to retire later with each generation. We shared the statement with industry stakeholders and media, receiving high-profile coverage in national and regional news and initiating conversations with provincial and federal governments. This success is thanks to a lot of work from many members, volunteers, and staff, and was well worth the effort to share our message widely.



"Becoming a council in 2018 gave public affairs greater authority and opportunities to make real change. We oversaw 24 public consultation submissions, up from only a handful in previous years, and have responded to a more diverse group of government and advisory stakeholders."

Bernard Morency (FCIA)
Chair, Public Affairs Council

Joined other stakeholders on a proposal on pooling longevity risk, which led to the 2019 federal budget introduction of advanced life deferred annuities and variable payment life annuities.

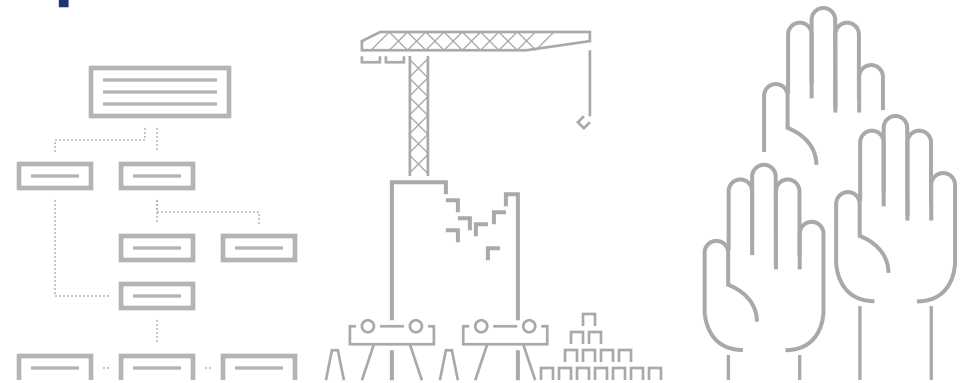
Added our voice to the call for an IFRS 17 deadline extension, resulting in a one-year proposed extension.

Met with provincial auto insurance regulators about automobile rate regulation in Canada.

Governance and Process Optimization

GOAL: IMPROVING THE CIA'S GOVERNANCE MODEL AND ENHANCING VOLUNTEER ENGAGEMENT.

The CIA is optimizing its governance structure to ensure more efficient and effective operations, making the best use of its human and financial resources.



Two new councils oversee the important work in research and public affairs; these are both off to an excellent start with strong and dedicated leaders. As all our councils mature in the new structure, there will be more opportunities for members to engage with the CIA and make their own impact on our profession. Members appreciate that opportunities for volunteering are now communicated regularly – ensuring that everyone interested has a chance to get involved.



“Phase 2 of the governance project as proposed would bring a new era and discipline to our mantra of placing public interest above the interest of the profession. The introduction of a public oversight board will be a big step forward in demonstrating that the profession takes that sentiment very seriously.”

Sharon Giffen (FCIA)
Chair, Governance and Nominations Committee

Extensive member consultation resulted in many changes to initial governance proposal. Thanks to those who participated.

Proposed structure is unique and custom-made for the needs of Canadian actuarial professionals.

More candidates recruited for 2019 elections due to Elections Committee efforts.

Core Activities

Research

18

research papers and 3 member papers

Completed restructuring to become a council of the CIA



“In addition to expanding the number of research papers published, we improved CIA research visibility and accessibility with website updates, increased use of webcasts, introduction of a new podcast series, and launch of the CIA Research Hub on LinkedIn.”

Keith Walter (FCIA)
Chair, Research Council

Continuing Professional Development

2

pension seminars (1 English, 1 French)

Live streaming of sessions introduced to allow remote participation



“The Continuing Education Committee is a committed group of volunteers from all areas of actuarial practice in Canada. We are your link to professional development and we hope you will reach out to us with your thoughts and ideas for future events.”

June Smyth (FCIA)
Chair, Continuing Education Committee

Professional Practice

26

practice-related documents (educational notes, guidance, notices of intent, etc.)

Extensive work on IFRS 17, including educational notes and regular blog updates



“Strengthening stakeholder confidence – The Standards and Guidance Council continues to work with our practice committees and all Canadian regulators of insurance and pension matters to provide value-added and meaningful actuarial guidance.”

Faisal Siddiqi (FCIA)
Chair, Standards and Guidance Council

International Affairs

Active involvement in International Actuarial Association (IAA) restructuring discussions

IFRS 17 submissions to IAA and IASB

Placed candidates for 2019 IAA nominations and proposed many for leadership positions in 2020



“The International Affairs Council develops and implements the international strategy of the CIA by supporting a strong IAA, developing international relationships, connecting with members working internationally, and facilitating international awareness and the portability of the FCIA designation.”

Jacques Tremblay (FCIA)
Chair, International Affairs Council

Professional Conduct

2

new cases

5

cases closed



“The Committee on Professional Conduct’s (CPC) primary role continues to be to reinforce the CIA’s goals of promoting professionalism and protecting the public. The CPC investigates all complaints as expeditiously as possible. There is nothing unusual to report at this time.”

Steve Eadie (FCIA)
Chair, Committee on Professional Conduct

You spoke, we listened

600

members answered our December 2018 communications survey

Based on your feedback, the communications team rolled out several new initiatives:

- Increased presence and targeted posting on LinkedIn, gaining followers at a rate of 300% faster since December
- *Seeing Beyond Risk* podcast, reaching 910 listeners in 3 months, over 9 episodes
- Technology improvements underway to deliver content targeted to member interests

Stay connected, join us online:



Volunteer Impact and 2018 Award Recipients

Volunteers are the heart of the CIA. They founded the Institute, and they continue to drive our efforts in research, standards development, and education. CIA volunteers strengthen the profession by applying knowledge and objectivity to help ensure financial security for Canadians.

CIA volunteer philosophy statement

In October 2018, the Institute hired a manager to lead the volunteer services team in recruiting, retaining, and recognizing volunteers, and cultivate opportunities to enhance volunteer engagement.

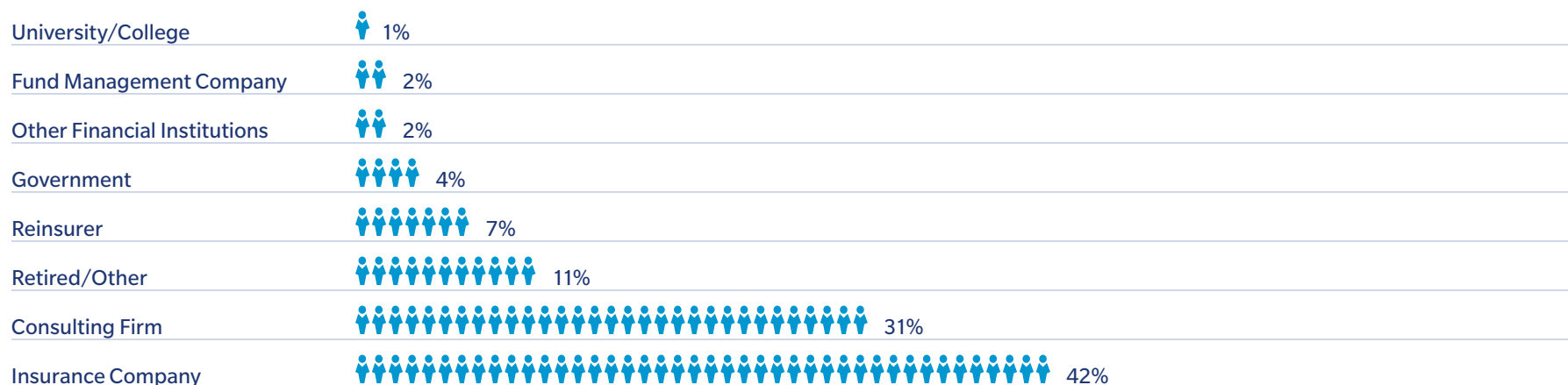
In 2018, the Institute presented **12 Gold awards** (to members who completed 12 terms of service), **15 Silver awards** (to members who completed six terms of service), and **24 Bronze awards** (to members who completed three terms of service).

**Thank you to
everyone who
volunteers for
the Institute.**

CIA by the Numbers

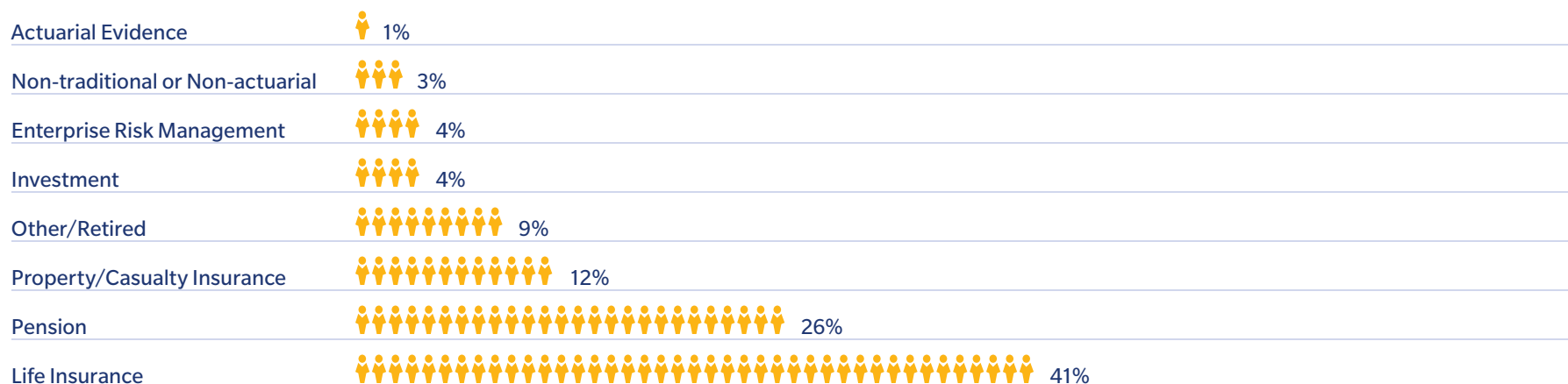
Figures effective as of May 6, 2019.

Actuarial Employer Type



Graphic does not include members who did not specify employer type.

Member Practice Areas



Graphic does not include members who did not specify a practice area.

Auditor's Report



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Report of the Independent Auditor on the Summary Financial Statements

To the members of the Canadian Institute of Actuaries

Opinion

The summary financial statements, which comprise the summary statement of financial position as at March 31, 2019, and the summary statement of operations for the year then ended, and related note, are derived from the audited financial statements of the Canadian Institute of Actuaries (CIA) for the year ended March 31, 2019.

In our opinion, the accompanying summary financial statements are a fair summary of the audited financial statements, in accordance with the base described in note 1.

Summary Financial Statements

The summary financial statements do not contain all the disclosures required Canadian accounting standards for not-for-profit organizations. Reading the summary financial statements and the auditor's report thereon, therefore, is not a substitute for reading the Institute's audited financial statements and the auditor's report thereon.

The Audited Financial Statements and Our Report Thereon

We expressed an unmodified audit opinion on the audited financial statements in our report dated June 19, 2019.

Management's Responsibility for the Summary Financial Statements

Management is responsible for the preparation of the summary financial statements in accordance with the criteria disclosed in Note 1.

Auditor's Responsibility

Our responsibility is to express an opinion on whether the summary financial statements are a fair summary of the audited financial statements based on our procedures, which were conducted in accordance with Canadian Auditing Standard (CAS) 810, *Engagements to Report on Summary Financial Statements*.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Ottawa, Ontario
June 19, 2019

Summary Financial Statements

Summary statement of financial position as at March 31, 2019 with 2018 Comparisons

	2019 (\$000's)	2018 (\$000's)
Assets		
Current		
Cash	\$ 1,014	\$ 2,958
Accounts receivable	37	42
Prepaid expenses	366	337
Investments	264	527
	<u>1,681</u>	<u>3,864</u>
Investments	6,943	4,324
Tangible and intangible capital assets	517	531
	<u>\$ 9,141</u>	<u>\$ 8,719</u>
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 1,105	\$ 978
Deferred revenue	1,358	1,451
	<u>2,463</u>	<u>2,429</u>
Net Assets		
Invested in tangible and intangible capital assets	517	531
Internally restricted – Discipline Tribunals	612	716
Internally restricted – Research	470	569
Unrestricted	5,079	4,474
	<u>\$ 9,141</u>	<u>\$ 8,719</u>

NOTE:

The summary financial statements are derived from the complete audited financial statements, prepared in accordance with Canadian accounting standards for not-for-profit organizations as at March 31, 2019 and for the year then ended.

The preparation of these summary financial statements requires management to determine the information that needs to be reflected so that they are consistent in all material respects with, or represent a fair summary of, the audited financial statements.

Management prepared these summary financial statements using the following criteria:

- a)** the summary financial statements include the statement of financial position and statement of operations;
- b)** management determined that the statements of changes in net assets and cash flows do not provide additional useful information and as such, have not included them as part of the summary financial statements;

Summary statement of operations for the year ended March 31, 2019 with 2018 Comparisons

	2019 (\$000's)	2018 (\$000's)
Revenues		
Membership dues	\$ 5,313	\$ 5,000
General meetings and seminars	1,745	1,494
Change in fair value of investments	177	(116)
Investment income	206	180
Advertising and miscellaneous	91	60
	<u>7,532</u>	<u>6,618</u>
Expenses		
General meetings and seminars	1,201	\$ 963
Salaries and staff benefits	2,961	2,734
Rent and operating expense	399	422
Professional fees	580	733
Travel reimbursements, meeting expenses and volunteer awards	521	467
Publishing, translation, supplies and services	450	386
Other staffing, travel and miscellaneous	399	451
Research studies and surveys	494	374
Discipline tribunals	138	34
	<u>7,143</u>	<u>6,564</u>
Excess of revenues over expenses	\$ 389	\$ 54

c) information in the summary financial statements agrees with the related information in the complete audited financial statements including comparative information and all major subtotals and totals; and

d) in all material respects, the summary financial statements contain the information necessary to avoid distorting or obscuring matters disclosed in the related complete audited financial statements.

Copies of the March 31, 2019 audited financial statements are available on the CIA's website.