March 3

1. Chairman Francis Ruygt convened the meeting and participants introduced themselves.

2. The minutes of the meeting in Hyderabad were approved.

3. The chairman reviewed the subcommittee's activity report. Updates on specific activities are covered as part of the agenda for the subcommittee meeting, so items were noted and discussions were left for the appropriate time in the meeting. Co-chairman David Congram invited participants to volunteer to assist in current and upcoming projects.

4. Transition of existing IASPs
   The subcommittee has to complete the transition between the old-style International Actuarial Standard of Practice (IASP) to the new IASP or International Actuarial Note (IAN). The subcommittee discussed the proposed Statement of Intent (SOI) for IASP 2 Actuarial Practice When Providing Professional Services Concerning Financial Reporting under International Financial Reporting Standards that recommends to Council that it be converted to a new-style IASP. This activity is required to be addressed due to the transition rules as included in the Due Process for IASPs and IANs. This is a joint effort with the Pensions and Employee Benefit Committee and must be approved by the Professionalism Committee before adoption by Council. Sam Gutterman reported on objections received by the Professionalism Committee regarding the SOI, primarily from the United States, namely:
   a. Concern that the standard would be binding, superseding national standards (note that it is only binding if the national association adopts it, if the individual
declares that it is being followed or if the individual's principal requires it to be followed)

b. Expectation of a more fully developed statement of intent with an outline of the contents (the subcommittee thought it was sufficient at this time to indicate that it intended to address topics covered in the current IASP 2)

c. Reference should be made to specific IFRSs rather than to IFRS generally.

After discussion, the subcommittee voted unanimously (17-0) to recommend the SOI to Council. [Note.- it was later reported that the Professionalism Committee did not approve the SOI and, absent its approval, the statement of intent was not voted on by Council (see a later session for further discussion)].

The Professionalism Committee has approved a template for use in drafting future IASPs. At the meeting on the 4th March, they approved a template for use in drafting future IANs.

The subcommittee discussed the approach to convert IASPs 3-11 to IANs. The consensus view was that the effort would be small, entailing reformatting covers and footers, and editing to remove references to required practices (eliminating "musts" and "shoulds"). Since the Professionalism Committee has produced a template, our work would begin shortly. Hopefully it will be completed prior to the Vienna meeting.

5. IASP/IANS management

The subcommittee had little to say further about the management of IASPs. There was agreement that some IASPs and or IANs will be needed to follow on to the standard emerging from the IASB’s Insurance Contracts Phase II project, and that planning for this would become critical when the draft standard is exposed. Since that is anticipated for May or June, planning will have to begin soon.

Sam Gutterman reported on meetings taking place in the form of roundtable discussions originally initiated by the UK actuarial standard setters (and this subcommittee). The discussions are being held to explore the possibility of global convergence of standards, perhaps leading to Globally Accepted Actuarial Standards (“GAAS”). The discussions are chaired by Hillevi Mannonen, an actuary from Finland, whose country currently has no codified standards and hence can be relatively neutral on the topic. The discussions are intended to result in a report or recommendations to be presented to the IAA at its next meeting in November in Vienna. It is not known if the report will recommend that convergence, if it is pursued, be an objective of the IAA or of some other body.

Discussion among subcommittee members included the following:

- Reference to emerging regulations regarding Solvency II in Europe and whether they may form the basis of an emerging international standard. The general response was that they will not be, although it’s influence will certainly extend beyond Europe.
- Possibility of conflicts with national education and accreditation may arise.
Further website development with respect to IASPs and IANs is on hold until the matters related to their development are resolved. A feedback mechanism regarding our IASPs and IANs will be pursued, as transition occurs.

There were no updates provided on translations of IASPs and IANs.

March 5

4. (Revisited)
   It was indicated that the Professionalism Committee changed its mind and decided not to recommend the SOI (they previously decided to recommend it). Several discussions ensued, including the options open to the subcommittee. It was decided that it should continue its development of transition plans of the old-style IASPs, as time was of the essence to make the changes.

   Regarding the transition of IASP 3 through 12, Mo Chambers volunteered to present a redrafted version of these old-style IASPs. This should enhance consistency between them. Although it was mentioned that it would be a good idea if they were reviewed to ensure that they would be up-to-date, but not consensus was reached, as it was unclear how much effort would be needed for this purpose.

   Jacque Friedland volunteered to re-draft current IASP 2 into a new-style IASP, but she indicated that she could not begin this effort until July. She was encouraged to do so, with thanks. (Later at the Pension joint meeting, it was decided that the Pension Accounting Standards Subcommittee would go through IAS 19 to see what needs to be addressed in such a standard, and that the two efforts would come together in the middle of the summer.)

6. Planning for future IASPs/IANs. This was deemed to be an important upcoming activity, but until the IASB/FASB discussions were further along, it would be difficult to develop detailed plans. It was decided that planning for this effort would occur at the same time as we developed our response to the Insurance Contracts Exposure Draft.

7. Stochastic modeling book. Dave Congram provided a status to our development of the subcommittee sponsored book *Stochastic Modeling: Theory and Reality from an Actuarial Perspective* should be available within about a month. It had been hoped that the book would be available at the time of the Cape Town meeting, but typesetting graphics and tables have taken longer to finalize than previously anticipated. All member associations are encouraged to make use and help with the marketing of this book. It was hoped that each association would plan for introduction, marketing and exposure of the book to its members.

   It was noted that it was difficult to plan to introduce it without a copy. If needed, Katy Martin would circulate the current version of it to facilitate such planning.
8. Discount rate monograph. It was agreed to go ahead with the RFP for the proposed discount rate issue educational monograph as attached to the agenda. If anyone had any last minute suggestions, they should let Sam know immediately so it could become available by the end of the month. Suggestions would also be requested from the Pensions and Employee Benefits Committee (subsequent to the meeting, that committee indicated that they were happy with the RFP as it was). Sam indicated that a Task Force of CEIOPS had just produced a report on illiquidity premium – he indicated that that would be added as a possible reference. It was noted that the UK was developing a research project on this issue. If it becomes available in time, it too would be listed as a reference.

A request for funding of this monograph would be going out soon, but that request was relatively difficult without a good idea as to how much would be involved.

9. Plans for other educational materials. It was decided that the subcommittee should research what additional material should be developed for those countries with less developed professions. We will ask the IAA Advice and Assistance Committee for guidance here, if this approach did not provide good ideas.

10. Related IAA member association activities. None were brought up.

11. Next subcommittee meeting – Vienna in October.

Respectfully submitted,

Sam Gutterman
James B. Milholland