

## **REPORT OF THE COMMITTEE ON INSURANCE ACCOUNTING**

### **October 2002**

#### **IASB Insurance Project**

The Committee has been participating in the development of the International Accounting Standards Board's (IASB) project on accounting for insurance contracts, as well as related projects, with regular communication with the IASB staff and Board members on its development. This project has recently been split into two phases, the first responding to the needs of European and Australian insurers that will implement IAS in 2005. This phase that is currently under discussion will deal with insurers' investment contracts and certain embedded derivatives. Phase two that will cover other insurance contracts has been delayed due to the complexity of the issues involved.

The Committee has been very active in providing advice to the IASB, particularly through its representative Paul McCrossan. Both Paul and Sam Gutterman provided educational input to certain Board members at meetings in London in June. They also attended meetings of the IASB Insurance Advisory Committee in April and September in London and New York City, respectively. Paul also attended meetings of the IASB Board, IASB Standards Advisory Committee and the IAIS that is closely following developments in this area.

In addition, the IASB is in the process of developing several important exposure drafts over the coming year. The Committee is planning to respond to those that are relevant to actuaries.

#### **IAA Actuarial Standards**

In its Cancun meeting, the IAA Council approved the terms of reference of the Actuarial Standards Subcommittee, charged with developing recommended actuarial standards supporting the use of IFRSs for insurance contracts. The co-chairs of this subcommittee are Paul McCrossan and Francis Ruygt. A small five person hard working drafting group has been busy preparing issue papers supporting the development of these standards. As the progress of the IASB project has slowed down somewhat, the efforts of this group has supported some of the activities of the parent committee. It will again address the development of standards once a clearer picture regarding the results of the IASB's deliberations will be. In addition, it will recommend the type of guidance, if any, that the IAA should provide its members affected the insurance developments in the next two years.

#### **IFAC**

The IAA is a member of the Consultative Advisory Group of the International Auditing and Assurance Board (IAASB) of the International Federation of Accountants (IFAC). This international group is responsible for developing international auditing standards; another portion of the IFAC is responsible for the development of accounting standards for public sector entities. Sam Gutterman is the IAA representative to this group. He attended its May meeting and had to miss the October meeting due to conflict with the IAA Barcelona meeting.

Sam Gutterman, chair  
Paul McCrossan and Francis Ruygt, vice-chairs