

## **INSURANCE ACCOUNTING ACTIVITY REPORT FOR THE PERIOD JUNE 2009 – OCTOBER 2009**

### **International Accounting Standards Board (the IASB)**

The Committee continues to actively participate in the development of the IASB's project on accounting for insurance contracts (phase 2) and related financial reporting projects.

Sam Gutterman, the IAA representative to the IASB Insurance Working Group, attended a meeting in June in London. In addition, he has responded informally to the IASB staff regarding several issues currently being discussed. In addition, due to its joint nature with the Financial Accounting Standards Board (the FASB), he also attended two educational FASB meetings in Norwalk, US, for which Francis Ruygt provided support.

The Committee has provided five comment letters since the Tallinn meeting:

- IAIS: Proposed Issues Paper on the roles and relationship between the actuary and the external auditors in the preparation and audit of financial reports
- IASB: Discussion Paper on Revenue Recognition in Contracts with Customers
- IASB: Discussion Paper on Credit Risk in Liability Measurement and its accompanying staff paper
- IASB: Exposure Draft on Financial Instruments – Classification and Measurement
- IASB: Exposure Draft on Fair Value Measurement

The Committee anticipates that the level of activity of this type will expand in the near and intermediate future, especially regarding the IASB's Exposure Draft on Accounting for Insurance Contracts.

Francis Ruygt, the IAA representative to the IASB Standards Advisory Council, attended one meeting in June and is attending a meeting held simultaneous with the Hyderabad meeting. He is also the IAA representative to the IASB Working Group on Financial Instruments, active electronically although it has not held a face-to-face meeting recently.

The Committee plans to work with the IAA Committee on Pensions and Employee Benefits on the topic of discounting, which is relevant and important both to insurance and benefits.

### **IAA International Actuarial Standards of Practice and Educational Material**

The revision to IASP 2 (for expansion to Pensions and Employee Benefits) was posted on the IAA website after the Cyprus meeting. Discussions are expected to begin at the Hyderabad meeting regarding whether and under what template an update should be made to re-write it as a new International Accounting Standard of Practice.

The Subcommittee leadership has been and will continue to work with the IAA Professionalism Committee initiative to revise the template and wording to be used for future IASPs and International Actuarial Notes.

The project taking up most of the time of the Subcommittee has been managed by an ad hoc subgroup, headed by David Congram, that has been working with authors of the proposed educational book that addresses stochastic applications to the measurement of liabilities and capital assessment. It is anticipated that it will be available shortly after the Hyderabad meeting. All member associations will be encouraged to make use of this book.

### **International Association of Insurance Supervisors (IAIS)**

Although the IAA Insurance Regulation Committee is the primary IAA committee charged with maintaining relations with the IAIS, representatives from the Committee on Insurance Accounting have also been involved with the IAIS's efforts associated with the development of IASB standards and the auditing of financial reports. In particular, Francis Ruygt has played the lead in this effort, attending several IAIS subcommittee meetings, with support by Sam Gutterman.

Sam Gutterman has been involved in an IAIS project developing an issues paper on the roles and relationship between an insurer's actuary, independent auditor and insurance supervisor. Comments from the IAA were submitted, many of which were taken on board; this issues paper was approved by the IAIS in October.

### **International Auditing and Attestation Standards Board (IAASB)**

The IAA is a member of the Consultative Advisory Group (CAG) of the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC). This international organization is responsible for the development and management of international standards of auditing (ISAs). Sam Gutterman is the IAA representative to the CAG. He attended its September 2009 meeting in Washington and has served as head of the CAG's working group on the auditing of complex financial instruments.

Sam Gutterman, Chairperson