

INSURANCE REGULATION COMMITTEE
[DRAFT] WORK PLAN 2013-2014

1. Liaise with the International Association of Insurance Supervisors (IAIS)

Continue to develop the IAA's role in the IAIS, seek to influence the initiatives taken by the committees of the IAIS, and respond to developments.

The relationship between regulators and actuaries is a special one and that should be reflected in the relationship between the IAIS and the IAA. We have succeeded in building a special status with the IAIS and need to maintain the existing mutual arrangements and seek opportunities for possible new structural contacts. MOU between the IAIS and the IAA was signed in June 2012.

Provide technical advice to the IAIS

- a. Description. Respond together with other relevant IAA committees to requests for technical advice from the IAIS. Seek active IAA participation in relevant IAIS committee meetings
- b. Significance. Highly significant to the profession and to the insurance industry.
- c. Other interested parties.
 - Internal. All national actuarial associations. The Insurance Accounting Committee and Enterprise and Financial Risk Committee need to be coordinated before making the formal response on the relevant issues.
- d. External. Insurance industry, regulators and supervisors.
- e. Plan. Provide inputs through attendance at the IAIS meetings such as Solvency and Actuarial Issues Subcommittee, Macro Prudential Policy and Surveillance Working Group and other (Sub) Committee Meetings and Annual Meeting, and respond to Observer Hearings and formal consultation papers.
 - In 2013 and 2014. IAIS ComFrame, Systemic Risk and Macroprudential Policy and Surveillance, etc.
- f. Person in overall charge: TBD

2. Communication with other international organisations (such as Joint Forum, OECD, IMF and World Bank) in liaison with the Supranational Subcommittee

- a. Description. Provide inputs or comments on Joint Forum and OECD consultation papers which relate to life, health and non-life actuarial issues. Communicate with OECD and other international organizations. Communicate with IMF on the systemic risk and Stress Testing issues
- b. Significance. Significant to the profession and to the insurance industry.

- c. Other interested parties.
 - Internal. All national actuarial associations. The Insurance Accounting committee and Enterprise and Financial Risks Committee need to be coordinated before making the formal response on the relevant issues.
 - External. Insurance industry, regulators and supervisors.
- d. Plan.
 - Provide inputs through attendance to the OECD meetings and response to consultation papers of Joint Forum and OECD relating to actuarial issues
 - Participate in Joint IAA/OECD Working Party on Annuities
 - Communicate with IMF on the stress testing and systemic risk issues
- e. Persons in overall charge: Dave Sandberg and Thierry Poincelin.

3. Roles of the Actuary

Continue to promote a strong role for the actuary in the wider insurance industry and also in the Enterprise Risk Management for regulatory purposes.

- a. Description. Promote the actuarial function and risk management function of actuaries for regulatory purposes.
- b. Significance. Significant to the profession and to the insurance industry.
- c. Other interested parties.
 - Internal. All national actuarial associations. The professionalism committee, Insurance Accounting Committee and Enterprise and Financial Risks Committee need to be coordinated.
 - External. Insurance industry, regulators and supervisors.
- d. Plan. Provide inputs to relating Task Force within IAA on roles of actuary.
 - In 2013. Participate in the IAA Task Force on the Role of the Actuary
- e. Persons in overall charge: Godfrey Perrott.

Com Frame Task Force

4. Support the IAIS ComFrame project

- a. Description. Provide input to IAIS ComFrame development through IAA ComFrame Task Force both by proactive research and on a request basis or in response to ComFrame Dialogue and formal consultation papers. The TF will be terminated by the end of June 2013.
- b. Significance. Highly significant to the profession and to the insurance industry.
- c. Other interested parties.
 - Internal. Most of all national actuarial associations, Insurance Accounting committee and Enterprise and Financial Risk Committee.

- External. Insurance industry, regulators and supervisors.
- d. Plan.
- The Task Force needs to report to the Insurance Regulation Committee by no later than June 2013 and determine next structure to consider issues on ComFrame.
 - By June 2013. Provide input to IAIS in the development of their priority C elements and draft ComFrame paper. Consider how to contribute to the Field Test phase in 2013 and 2014.
 - By August 2013. Provide formal response to IAIS consultation paper on Draft ComFrame
- e. Person in overall charge: Dave Sandberg.

5. Group diversification

1. Description. Develop a paper on group solvency issues such as fungibility of capital, transferability of assets and diversification effects.
2. Significance. Highly significant to the profession and to the insurance industry.
3. Other interested parties.
 - Internal. All national actuarial associations. The Insurance Accounting Committee and Enterprise and Financial Risk Committee.
 - External. Important to insurers and regulators and supervisors.
4. Plan
 - Develop a paper to be discussed at the IAA meeting
 - Make a presentation at the IAIS Solvency and Actuarial Issues Subcommittee on aggregation issues
5. Persons in overall charge: Dave Sandberg and Henk van Broekhoven.

Solvency Subcommittee

The Solvency Subcommittee continues to develop a structure for a risk-based solvency capital system for insurance from quantitative perspective.

6. Scenario/stress testing paper

- a. Description. Develop the paper on scenario/stress testing which supplements the Internal Model Paper
- b. Significance. Highly significant to the profession and to the insurance industry.
- c. Other interested parties
 - Internal. All national actuarial associations. The Insurance Accounting Committee and Enterprise and Financial Risk Committee.

- External. Important to insurers and regulators and supervisors.
- d. Plan
 - By ?. Shorten and finalize the draft.
 - By ?. Finish editorial adjustment and publish it as Committee Paper
- e. Person in overall charge: Philipp Keller.

7. Blue Book revision

- a. Description. Commission a series of individual papers that will be updates of topics in the book or deal with important material that had not been covered in the book. The emphasis is on education.
- b. Significance. Important to the profession and to the insurance industry.
- c. Other interested parties.
 - Internal. All national actuarial associations. The Insurance Accounting Committee and Enterprise and Financial Risk Committee.
 - External. Educations around the world.
- d. Plan
 - By Nassau meeting. Decide on the topics to be developed.
 - Recruit the authors for each topic by Nassau meeting.
 - Develop the papers by the end of 2014
- e. Person in overall charge: Kris DeFrain.

Own Risk and Solvency Assessment (ORSA) Working Group

Advance the actuarial view of the ORSA and promote the competencies of actuaries to perform the ORSA.

8. ORSA development

- a. Description. Keep up to date on developments in jurisdictions adopting ORSA, especially the quantitative elements of the ORSA requirement, and work with regulators on a proactive basis in this regard.
- b. Significance. Highly significant to the profession and to the insurance industry.
- c. Other interested parties
 - Internal. All national actuarial associations. Co-chaired by the members of the Enterprise and Financial Risk Committee.
 - External. Important to insurers and regulators and supervisors.
- d. Plan

- By Nassau meeting. Develop plan and seek for volunteers to draft the actuarial guidance on ORSA including comparison of ORSA between the US and EU Solvency II.
- e. Person in overall charge: Maryellen Coggins.

Reinsurance Subcommittee

The Reinsurance Subcommittee continues to liaise with the IAIS and other international organisations on reinsurance-related issues.

9. Comment on IAIS consultation papers on reinsurance

- a. Description. Provide inputs or comments on IAIS consultation papers on reinsurance and other forms of risk transfer.
- b. Significance. Highly significant to the profession and to the insurance industry.
- c. Other interested parties.
 - Internal. All national actuarial associations.
 - External. Insurance industry, regulators and supervisors.
- d. Plan. Provide informal inputs or formal response to consultation papers.
 - By the end of 2013. Captive guidance paper
- e. Person in overall charge: Michael Eves

10. Comment on reinsurance issues in the IASB IFRS on Insurance Contracts project

- a. Description. Provide inputs or comments on IASB IFRS on Insurance Contracts project relating to reinsurance.
- b. Significance. Highly significant to the profession and to the insurance industry.
- c. Other interested parties.
 - Internal. All national actuarial associations. The Insurance Accounting Committee.
 - External. Insurance industry, regulators and supervisors.
- d. Plan. Provide inputs to Accounting Committee on IASB IFRS on Insurance Contracts relating to reinsurance.
- e. Person in overall charge: Michael Eves.

11. Contribute to the development of an International Standard of Actuarial Practice on reinsurance

- a. Description. Provide draft paper or inputs to the Interim Actuarial Standards Subcommittee (IASSC) on its development of an International Standard of Actuarial Practice on reinsurance.
- b. Significance. Significant to the profession and to the insurance industry.

- c. Other interested parties.
 - Internal. All national actuarial associations. The IASSC.
 - External. Insurance industry, regulators and supervisors.
- d. Plan. Provide inputs to IASSC on the International Standard of Actuarial Practice on reinsurance.
- e. Persons in overall charge: Michael Eves.

12. Study on the effects of reinsurance in systemic risk regulation

- a. Description. Study systemic risk from the reinsurance perspective and make an input to IRC and the IAIS
- b. Significance. Highly significant to the profession and to the insurance industry.
- c. Other interested parties.
 - Internal. All national actuarial associations.
 - External. Insurance industry, regulators and supervisors.
- d. Plan.
 - Develop comments on the IAIS consultation paper and questions from FSB and others.
- e. Person in overall charge: Michael Eves.

13. Develop papers relating to reinsurance

- a. Description. Develop notes relating to reinsurance and make an input to IRC and the IAIS
- b. Significance. Important to the profession and to the insurance industry.
- c. Other interested parties.
 - Internal. All national actuarial associations.
 - External. Insurance industry, regulators and supervisors.
- d. Plan.
 - Develop a notes on standard formula for non proportional reinsurance as an extension to the Blue Book
 - Create a notes on intra-group reinsurance to contribute the discussion on ComFrame
- e. Persons in overall charge: Eberhard Muller and Michael Eves.