

PROFESSIONALISM COMMITTEE REPORT FOR THE PERIOD NOVEMBER 2006 – MARCH 2007

UPDATE FROM MEXICO MEETING

The Professionalism Committee had a very productive meeting in Mexico City, with discussions and progress made on a number of significant topics. Copies of the agenda and material that was considered at the meeting are available on the IAA website. A summary of the highlights from the meeting follows.

1. A discussion paper and recommended approach in relation to proposed (significant) amendments to the IAA Due Process for the Development of International Actuarial Standards of Practice will be developed for discussion at the Council meeting in Dublin in October. A review of the due process has been under discussion for some time within the committee and with other IAA committees. However, a recommended approach has now been agreed by the Committee and supported by the IAA Executive Committee. Further detail will be included in the discussion paper, which will be included with the 60-day agenda for the next Council meeting.
2. Three documents will be developed following an analysis of the results obtained from the recent survey that covered conflicts of interest, whistle-blowing and the public interest. For the first two of these, there is some convergence of approaches and an outline of these approaches will be developed. In the case of the public interest, practice varies quite widely, therefore a summary of the different approaches and their pros and cons will be developed.
3. The Committee has proposed to the IAA Executive Committee that a paper be developed on “The IAA – 10 Years On” which would be a positive statement of what has been achieved in that period. It could also indicate future direction. *(Following the meetings in Mexico City, the Officers met in Ottawa and recommended the immediate creation by provisional Presidential appointment of a Working Group to develop a decennial report covering the IAA from 1998 to 2008 to be available ahead of the 10th anniversary of the restructure of the IAA that will coincide with the Council and Committee meetings in Québec City in June 2008. The Working Group will be led by Walt Rugland.)*
4. The Committee discussed a draft IAA public statement on the importance of Professionalism Education. This will be revised to reflect committee member comments and then released to IAA member associations for comment and approval for release as an IAA public statement. The Committee’s view is that such a document will be very important in demonstrating to external parties the emphasis placed on professionalism by the IAA and its member associations.
5. The Committee also discussed a paper on possible approaches to deal with actuaries that are members of more than one association, and in particular discipline process issues that arise in such circumstances. The discussion also extended to other situations where discipline process issues are not clear and need to be resolved. A further paper will be developed to canvass a

range of possible situations and approaches to address them for discussion at our Dublin meeting.

6. The Committee has also proposed to the IAA Executive Committee that a priority for the IAA should be seeking World Trade Organization (WTO) recognition of the actuarial profession. This would require the countries that are signatories to the WTO to also recognise the profession and would be a significant milestone for the profession. It is proposed that a task force be established to develop and implement a strategy to achieve this.
-

1. Morris Review Taskforce

The Committee's Morris Review taskforce issued its first survey, covering protecting the public interest/whistle blowing and conflicts of interest with a request for responses by the end of March 2007. The survey responses will be analysed and discussed at the Committee's meeting in Mexico. This will include consideration of next steps, which may include developing papers on options and models used and the drivers for use of different models and related issues, and developing best practice case studies and examples. A second survey, addressing the involvement of actuaries in standard setting, peer review and independent scrutiny of actuarial work, will also be considered.

2. IAA International Actuarial Standards of Practice (IASPs) and IAA Due Process

The Committee has been monitoring the progress of the Insurance Accounting Committee and its Actuarial Standards Subcommittee in relation to the release of additional Practice Guidelines (PGs) for International Financial Reporting Standards, and also the progress of the Solvency Subcommittee of the Insurance Regulation Committee with its draft PG on internal model practices.

The Committee has also been further considering issues related to possible revisions to the IAA Due Process for IASPs and there will be a presentation and discussion on possible changes at the Professionalism Committee meeting in Mexico. Given the reasonably significant nature of the changes that are being considered (including a move away from the current four classes of IASP to two distinct categories - model standards and educational notes) this will also be on the agenda for discussion at the Executive Committee meeting.

A note has also been prepared for discussion on glossary and translation/language issues in relation to IASPs.

3. Other items on the Committee's Agenda

The Committee's agenda for the April 2007 meeting is available on the IAA web-site and also includes the following items:

- Development of education on professionalism, including a draft IAA position statement on the importance of professionalism education; and
- Issues related to dual association membership by overseas members.

Helen Rowell, Chairperson