

International Actuarial Association (IAA)

Geneva Discussion Forum 2013

Actuarial Guidelines/Standards Social Security and Labour Policy September 18, 2013

Moving the profession forward internationally



Development of Actuarial Standards

Some History

- ▶ National standards
 - ❖ Broad general advisory standards
 - ❖ Specific mandatory standards for reserved roles
 - ❖ Comprehensive general and specific standards
- ▶ Supranational standards
 - ❖ BIAA (2000) – several iterations
 - ❖ GC (2011) – currently limited to Solvency II in the EU.

IAA's Work on Guidelines and Standards

- ▶ Original International Standards Actuarial Standards of Practice (IASP) (2000)
 - Professionalism Committee took responsibility of the due process and suitable committees of the content
 - 4 different levels planned:
 - Mandatory 1
 - Mandatory 2
 - Advisory
 - Educational
 - Only educational IASPs were adopted
- ▶ Revised IASPs (2008)
 - Levels 1 and 2 abandoned
 - Level 3 converted to model standards (ISAPs)
 - Level 4 Educational IASPs converted to IANs (International Actuarial Notes)
- ▶ Restructure to ASC and ISAPs (2011)

International Actuarial Notes (IAN)

- ▶ International actuarial notes are educational and non-binding in nature. They show practices commonly used by actuaries and are not intended to define the practice or practices that would be adopted by all actuaries.
- ▶ Their purpose is to familiarize the actuary with approaches that might be taken in the practice area in question. They also serve to demonstrate to clients and other stakeholders, and to non-actuaries who carry out similar work, how the actuarial profession expects to approach the subject matter.
- ▶ The current IANs 1 to 12 were originally drafted as International Actuarial Standards of Practice (IASPs) level 4 (practice guidelines).

International Actuarial Notes (IAN)

- ▶ IAN 1 – Actuarial Practice for Social Security Programs
- ▶ IAN 2 – Actuarial Practice When Providing Professional Services Concerning Financial Reporting under International Financial Reporting Standards IFRS [2008]
- ▶ IAN 3 – Classification of Contracts under International Financial Reporting Standards IFRS [2005]
- ▶ IAN 4 – Measurement of Investment Contracts and Service Contracts under International Financial Reporting Standards IFRS [2005]

International Actuarial Notes (IAN)

- ▶ IAN 5 – Current Estimates under International Financial Reporting Standards IFRS [2005]
- ▶ IAN 6 – Liability Adequacy Testing, Testing for Recoverability of Deferred Transaction Costs, and Testing for Onerous Service Contracts under International Financial Reporting Standards IFRS [2005]
- ▶ IAN 7 – Recognition and Measurement of Contracts with Discretionary Participation Features under International Financial Reporting Standards IFRS [2005]
- ▶ IAN 8 – Changes in Accounting Policies under International Financial Reporting Standards IFRS [2005]

International Actuarial Notes (IAN)

- ▶ IAN 9 – Accounting for Reinsurance Contracts under International Financial Reporting Standards IFRS [2007]
- ▶ IAN 10 – Embedded Derivatives and Derivatives under International Financial Reporting Standards IFRS [2007]
- ▶ IAN 11 – Business Combinations under International Financial Reporting Standards IFRS [2008]
- ▶ IAN 12 – Disclosure of Information about Insurance Contracts under International Financial Reporting Standards IFRS [2008]

Actuarial Standards Committee (ASC)

- ▶ The purpose of the ASC is to develop and maintain all ISAP's, in accordance with the Vision Statement for International Standards of Actuarial Practice and Due Process and the Statement of Objectives for International Standards of Actuarial Practice, both adopted by Council.
- ▶ ASC members are appointed by the Council in accordance with the criteria established through the Internal Regulations and Nominations Committee Protocol.
 - Most ASC members have standard setting experience
- ▶ ASC reports to, and is overseen by, the Executive Committee
- ▶ Professionalism Committee is responsible for reviewing and commenting on conformance with due process.

International Standards for Actuarial Practice (ISAP)

- ▶ ISAP 1 – General Actuarial Practice
 - Adopted in November 2012
- ▶ ISAP 2 – Financial Analysis of Social Security Programs
 - To be adopted in October 2013
- ▶ ERM
 - Development deferred to later date
- ▶ ISAP on IAS 19 (Employee Benefits)
 - Expected completion 2015
- ▶ ISAP on IFRS (Insurance contracts)
 - Expected completion 2017

What next?

According to Vision Statement for International Standards of Actuarial Practice

- ▶ ISAPs will be widely accepted as a basis for convergence by local standard-setters and recognised by the parties who rely on actuarial standards such as audit firms, IASB, IAIS, IOSCO and the local regulators.
- ▶ ISAPs will be clear, logically structured, and unambiguous - in terms of applicability, scope, and requirements. They will be well-suited for understanding by non-actuaries, and for translation into languages other than English.

What next?

According to Vision Statement for International Standards of Actuarial Practice

- ▶ ISAPs will be widely seen as contributing to the public good, by supporting the community's confidence in professional work produced by actuaries.
- ▶ The quality and usefulness of ISAPs will motivate Full Member Associations (FMAs) to ensure that their members are fully aware of ISAPs that are under development or have been adopted.
- ▶ Each ISAP will be drafted so as to apply to clearly defined areas of actuarial work, and it will be clear in what circumstances it applies.

In the Future

- ▶ If everything will work as we hope, IAA's work will lead to:
 - Global actuarial standard setter
 - Oversight entity including non actuaries

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Thank you

www.actuaries.org

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