



# **International Actuarial Association An Update on International Standards of Actuarial Practice**

***Presentation to IAIS Executive Committee***

**Kurt Wolfsdorf, President  
October 16, 2013 – Taipei**

*Moving the profession forward internationally*

# History of IAA and IAIS Collaboration

## October 2010

- Address by Peter Braumüller to IAA Council
  - strong call for international standards of actuarial practice
- In response, IAA created:
  - Interim Actuarial Standards Subcommittee (IASSC) converted to standing Actuarial Standards Committee on January 1, 2013
  - Task Force on Due Process
  - Task Force on Strategic Action Plan for ISAPs
  - Task Force on the Role of the Actuary

# History of IAA and IAIS Collaboration – *cont'd*

## **June 2012**

- Address by IAA President to IAIS EC to review IAA structure and update on relevant activities, in particular development of standards
- Signing of MOU between IAA and IAIS

## **April 2013**

Meeting between IAA President and Chair of IAIS EC to discuss ongoing collaboration between two organizations in line with MOU

## **October 2013**

Peter Braumüller addresses IAA Council

Kurt Wolfsdorf addresses IAA EC; speaker at IAIS roundtable at annual conference in Taipei

# IAA Strategic Objectives

1. Build relationships with key supranational organizations
2. Help enhance the scope, availability, and quality of actuarial services
3. Common standards of actuarial education; common principles of professional conduct; global convergence of actuarial standards
4. Development of actuarial profession in areas of the world in which it is not present or is not fully developed
5. Provide a forum for discussion among actuaries and actuarial associations throughout the world
- 6. Improve recognition of the actuarial profession among external audiences – global branding *New***

# Value Proposition and Role of the Actuary Paper

*adopted by Council June 2013*

Intended to help someone not familiar with work of actuaries understand when and why to engage services of an actuary

## Highlights

- ▶ **You Can Do More to Safeguard the Future of Your Organization:** Actuaries are equipped to help their clients (**including regulators**) make informed choices and develop efficient solutions to safeguard their future in an ever changing world.
- ▶ **A Trusted Source of Expertise and Integrity:** An actuary who belongs to a full member association of the IAA has demonstrated mastery of actuarial science, is bound by a code of professional conduct, and is subject to a disciplinary process.
- ▶ **Problem Solver and Risk Manager:** Actuaries have the techniques to provide relevant, reliable and realistic solutions to complex financial and other measurable problems; especially over long time horizons and for uncertain events, using a control process to monitor and refine solutions over time.

# Vision Statement for International Standards of Actuarial Practice (ISAPs)

*adopted by Council September 2012*

- The IAA's vision statement for ISAPs is that ISAPs are:
  - Widely accepted as a basis for convergence by local standard-setters and recognised by parties who rely on actuarial standards such as audit firms, IASB, **IAIS**, IOSCO and the local regulators.
  - Clear, logically structured, and unambiguous - in terms of applicability, scope, and requirements; well-suited for understanding by non-actuaries, and for translation into languages other than English.
  - Widely seen as contributing to the **public good**, by supporting the community's confidence in professional work produced by actuaries.
  - Drafted so as to apply to clearly defined areas of actuarial work, and it is clear in what circumstances they apply.
  - The quality and usefulness of ISAPs motivate IAA Full Member Associations (FMAs) to ensure that their members are fully aware of ISAPs under development or adopted.

# Revised Due Process for ISAPs

*adopted by Council January 2012*

- provides governance and a high level of transparency
- allows the IAA to proactively identify the need for new ISAPs (or revision of existing ISAPs) and to respond rapidly when development (or revision) is approved
- properly balances the benefits of standards with the likely cost impact on users of actuarial services

# Revised Due Process for ISAPs – *cont'd*

Our due process is such that

## **1. Users and end-users of actuarial services:**

- have confidence that the due process ensures the quality and suitability of ISAPs
- understand and value the processes by which their views can be made known and will be responded to

## **2. FMAs, standard-setters, other interested parties:**

- recognise the value of ISAPs
- be fully engaged where appropriate in the development process

## **3. Actuaries:**

- have confidence that ISAPs have been prepared by competent people who understand actuarial work and the commercial and professional framework in which they will be applied

# Strategic Action Plan for ISAPs

*adopted by Council August 2013*

- ▶ Developed and maintained by Executive Committee
- ▶ Approved by Council
- ▶ Welcome proposals for ISAPs from IAIS
- ▶ Proposals should outline the scope of the proposed ISAP and describe the rationale for the ISAP

# Criteria for topics to be considered for ISAPs

- ▶ Will serve the public interest or good
- ▶ Are in a recognized or emerging area of actuarial practice
- ▶ There is an expectation that a sufficient number of FMAs or standard setters will find the ISAP useful
- ▶ Need to justify the work involved in producing the ISAP

# Standards and other actuarial work of interest to regulators

- **ISAP on IFRS 4 – Insurance Contracts:** 2017
- **Paper on Stress testing and scenario analysis –** released August 2013
  - Both support IAIS ComFrame and proposed insurance capital standard
- **Enterprise Risk Management:** will be an International Actuarial Note initially

**ISAP 1 General Actuarial Practice** (adopted 2012)