

The Actuarial Standards Board (of Canada)

*Dave Pelletier, Past Chair
2014.02.25*

What I'll cover

- Role of the Actuarial Standards Board
- Our process
- Our standards
- How we're approaching the ISAPs

ASB objectives, as per its Terms of Reference

- Provide continuous review of Standards of Practice (SoPs)
- Direct and manage development of SoPs
- Adopt SoPs, within its sole discretion and pursuant to appropriate procedures (“Due Process”)
- Ensure adequate communication of SoPs to relevant bodies

Criteria for adoption of standards

- Advance the public interest
- Provide for appropriate application of professional judgment within a reasonable range
- Ensure that compliance is practical for actuaries with relevant training
- Be clear, concise, and written in a consistent style

Independence

- Reporting to, and appointed by, the Actuarial Standards Oversight Council (ASOC), not the Canadian Institute of Actuaries (CIA)
- Active dialogue with regulators, but not obedience
- Active dialogue with industry, but not in their pocket
- Active dialogue with the CIA membership, but not governed by consensus

Membership as of 2014.01.01

Michael Banks, Vice Chair	Pension	ON
Jim Christie, Chair	P&C	ON
Luc Farmer	Life	QC
Ty Faulds	Life	ON
Conrad Ferguson	WC/Pension	East
Edward Gibson	Life	ON
Jay Jeffery	Actuarial Evidence	ON
Camil Lévesque	Life	QC
Laura Newman	Pension	ON
David Oakden	P&C	ON
Tony Williams	Pension/Investment	West
Bruce Langstroth (ex officio)	Chair, Practice Council	
Michel Simard (ex officio)	CIA Exec Director	

Due process

- Publication of Notice of Intent (NOI)
- Publication of Exposure Draft, with cover memo:
 - Summary of issues raised in response to NOI
 - Issues on which input particularly sought
 - Discussion forums if any
 - Timeline, contact information

Due process (cont'd)

- Possibly another ED cycle
- Publication of final standard after ASB approval (2/3 majority), with cover memo
 - Summary of issues raised
 - Confirmation that due process followed
 - Effective date, early implementation permitted or forbidden

Actuarial standards in Canada

- Consolidated Standards of Practice (CSOP) in place since 2003, bringing earlier guidance together using consistent format and terminology
- Six Parts (totalling over 250 pages; principles-based):
 - 1000 – General
 - 2000 – Insurance
 - 3000 – Pension Plans
 - 4000 – Actuarial Evidence
 - 5000 – Public Personal Injury Compensation Programs (mostly Workers Compensation)
 - 6000 – Post-Employment Benefit Plans (other than pensions)

Perspectives on ISAPs

- CIA and ASB both supportive of IAA's strategic objective of global convergence of actuarial standards over time
- Integrated nature of Canadian standards makes adoption of ISAPs as is more difficult for now
- Hence, in medium term, ASB likely to strive for achieving substantial consistency with ISAPs, rather than adopting them per se; in longer term, might well move to ISAPs?

ASB action on two ISAPs issued

- ISAP 1 (general):
 - While Canadian standards generally go farther than ISAP 1, five areas identified for change to achieve substantial consistency
 - ASB has issued NOI to make those changes (four minor; one more significant)
- ISAP 2 (social security):
 - Currently no standard applying specifically to social security programs (Part 1000 – General of course applies)
 - Working group created by ASB to recommend whether it should adopt an actuarial standard based on ISAP 2

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