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
<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
<th>Region</th>
</tr>
</thead>
<tbody>
<tr>
<td>Michael Banks</td>
<td>Vice Chair</td>
<td>ON</td>
</tr>
<tr>
<td>Jim Christie</td>
<td>Chair</td>
<td>ON</td>
</tr>
<tr>
<td>Luc Farmer</td>
<td>Life</td>
<td>QC</td>
</tr>
<tr>
<td>Ty Faulds</td>
<td>Life</td>
<td>ON</td>
</tr>
<tr>
<td>Conrad Ferguson</td>
<td>WC/Pension</td>
<td>East</td>
</tr>
<tr>
<td>Edward Gibson</td>
<td>Life</td>
<td>ON</td>
</tr>
<tr>
<td>Jay Jeffery</td>
<td>Actuarial Evidence</td>
<td>ON</td>
</tr>
<tr>
<td>Camil Lévesque</td>
<td>Life</td>
<td>QC</td>
</tr>
<tr>
<td>Laura Newman</td>
<td>Pension</td>
<td>ON</td>
</tr>
<tr>
<td>David Oakden</td>
<td>P&amp;C</td>
<td>ON</td>
</tr>
<tr>
<td>Tony Williams</td>
<td>Pension/Investment</td>
<td>West</td>
</tr>
<tr>
<td>Bruce Langstroth (ex officio)</td>
<td>Chair, Practice Council</td>
<td></td>
</tr>
<tr>
<td>Michel Simard (ex officio)</td>
<td>CIA Exec Director</td>
<td></td>
</tr>
</tbody>
</table>
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
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)
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?
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
The Actuarial Standards Board (of Canada)

Dave Pelletier
2014.02.25