

PROFESSIONAL STANDARDS

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- 
- History of standards development
 - Current situation
 - What does the future hold?
 - Why should we care?

History of Standards Development

- Professional standards
- National standards
- Supranational standards
- IAA progress



Hippocratic Oath (~420 BC)

- I will prescribe regimens for the good of my patients according to my ability and my judgment, and never do harm to anyone.
- I will not cut for stone, even for patients in whom the disease is manifest; I will leave this operation to be performed by practitioners, specialists in this art.
- In every house where I come I will enter only for the good of my patients, keeping myself far from all intentional ill-doing and all seduction and especially from the pleasures of love with women or men, be they free or slaves.
- All that may come to my knowledge in the exercise of my profession or in daily commerce with men, which ought not to be spread abroad, I will keep secret and will never reveal.



Partial National History

Country	Code of Conduct	Actuarial Standards	Topic of Initial Standard(s)
Australia	1976	1982	Financial condition examinations of insurance companies
Canada	1968	1979	
Ireland	1993	1994	DB pension reports
Mexico		2001	
UK		1975	Long term insurance business
US	1956	1986	Managing Universal Life insurance policies



Supranational Standards

- IAA started developing “Standards” (really just educational material) in 2000
- IAA started developing model standards in 2010
- AAE (then GC) started developing European Solvency II standards in 2011



IAA Vision for ISAPs

- ISAPs will be widely seen as contributing to the public good, by enhancing user's confidence in actuarial work.
- ISAPs will be widely accepted as a basis for convergence by local standard-setters.
- ISAPs will be recognized by the parties who rely on actuarial standards such as IAIS, IOSCO, IASB, national regulators, and audit firms.



Purpose of ISAPs

- The purpose of ISAPs is to promote high quality actuarial practice. High quality actuarial practice:
 - Helps serve the public interest by benefiting users of actuarial work, regulators, and participants and beneficiaries of financial products and services, including social security programs; and
 - Benefits actuarial associations and individual actuaries by enhancing the credibility of the actuarial profession.



Characteristics of high quality actuarial practice include

- Professionalism – providing work that is rigorous, objective, soundly-based, and reflective of current thinking and practices;
- Consistency – providing users of the actuarial work product with confidence that practice is consistent across clients subject to similar requirements;
- Usefulness – adding substantial value to financial and risk analysis; and
- Clarity – clearly articulated and understandable



Current and planned ISAPs

ISAP	Topic	Adoption
1	General Actuarial Work	Nov 2012
2	Social Security	Oct 2013
3	Employee Benefits (IAS 19)	[Apr 2015]
4	Insurance Accounting (IFRS X)	[Oct 2017]
5	Insurer Enterprise Risk Models	[Nov 2016]
6	ERM Programs and IAIS Insurance Core Principles	[Nov 2016]
7	Current Estimates (IAIS BCR)	[Apr 2017]
[1]	Expansion to Model Governance	[Oct 2017]

What does the future hold?

- Likely
- Possible
- Unlikely

What is Likely

- A set of ISAPs (model standards) covering most actuarial work
- Adoption (with minimal modification) of ISAPs by some members associations (e.g. Catalonia, Caribbean, South Africa)
- Adoption of ISAP 1 by Actuarial Association of Europe

Possible

- Adoption by one or more larger FMAs
 - Canada is quite likely
 - France, Germany, and Japan are possibilities

Unlikely

- Global actuarial standard setter
- Oversight entity including non actuaries



**Why does it
matter?**



Advantages of Convergence

- G20 is demanding common standards of all professions
- If we do not make reasonable progress ourselves, someone else may impose common standards on us
- Convergence facilitates:
 - Cross Border work
 - Cross Border migration
 - Sharing ideas and best practices



Improbability of Uniform Standards

- Legal systems are country specific
- Liability of actuaries is country specific
- Expectations of consumers varies by country

Realistic objective

- Countries will move towards standards that are “are substantially consistent with each ISAP.”

What next



Thank you



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