



**ASSOCIATION ACTUARIELLE INTERNATIONALE
INTERNATIONAL ACTUARIAL ASSOCIATION**

April 4, 2011

Prof. Arnold Schilder, Chair
International Auditing and Assurance Standards Board
545 Fifth Avenue, 14th floor
New York City, NY 10017
United States

Dear Professor Schilder

Re: IAA comments on the IAASB Strategy and Work Program for 2012-2014 Consultation Paper

In response to the request for comments on the IAASB's Consultation Paper, I am pleased to transmit on behalf of the International Actuarial Association (IAA) our comments and recommendations.

These comments have been prepared by the Insurance Accounting Committee of the IAA. If, upon reading these comments, you identify any points that you wish to pursue, please do not hesitate to contact the chairperson of the committee, Sam Gutterman, care of the IAA Secretariat. The IAA will be pleased to develop these ideas further with you.

Yours sincerely

Jean-Louis Massé
Secretary General

cc: Mr. Peter Windsor, IAIS
Mr. Richard Thorpe, IAIS

[Attachment](#): IAA comments

**A Commentary on the
Proposed IAASB Strategy and Work Program for 2012-2014
Released by the International Auditing and Assurance Standards Board: January 3, 2011**

International Actuarial Association and its Due Process

The International Actuarial Association (the “IAA”) represents the international actuarial profession. Our sixty-three Full Member actuarial associations, listed in an Appendix to this statement, represent more than 95% of all actuaries practicing around the world. The IAA promotes high standards of actuarial professionalism across the globe and serves as the voice of the actuarial profession when dealing with other international bodies on matters falling within or likely to have an impact on the areas of expertise of actuaries.

The IAA is pleased to be given the opportunity to provide input to the IASB on this Request for Views. These comments have been prepared by its Insurance Accounting Committee, the members of which are listed in an Appendix to this statement. It has also been subject to the due process required for it to constitute a formal view of the IAA, and will be posted to the IAA’s official web site.

Comments

We thank the Board for continuing to seek input from its stakeholders regarding its strategy and the projects/activities that it expects to allocate its resources toward. We believe that its transparency adds significant value to its governance process and ultimate the value of its output.

We do have several observations regarding the plan, as noted below.

1. Auditing of insurance entities. We agree with the suggestions put forth in the comment letter of the International Association of Insurance Supervisors (IAIS) that there is a need to address the audit of insurance entities at an international level. In this regard, we believe that the comment made on page 35, “National Standard Setters, however, have previously indicated the view that developing international guidance in a highly nationally-regulated industry (on in other specialized industries, such as insurance) may not be possible” is somewhat out-of-date in the case of insurance. Over the last fifteen years, standards for the insurance industry and its contracts have and will continue to change in a significant manner. Divergence in products offered, structure of entities that offer them and, more relevant, standards by which the entities conduct and report on their business are being reduced.

International discussions relating to insurance have significantly progressed with the enhancement and maturity of the IAIS. The revisions to IFRS 4 expected to be adopted by the IAIS in the near future will move the insurance industry toward more consistent reporting on a global basis. It will also introduce an increase in the application of professional judgment in the area of estimating values. In addition, the actuarial profession has and we expect will continue to play an important role in the measurement and review of calculated values.

We believe that the uniqueness of the industry and its contracts with a long-term view within fair value language all involving level 3 inputs leads to our conclusion that there would be significant benefit to add a project, relating to the audit of insurance entities, that recognizes the relationships among the preparer, the regulator, the auditor and actuaries. We agree with the IAIS that the existing work on proposed IAPS 100, *Special Considerations in Auditing Complex Instruments*, will add significant value to the audit of the assets in an insurance entities portfolio and that additional material relating to the audit of the liabilities associated with contracts offered by insurance entities will also prove to be a valuable supplement. We believe that, in parallel with discussions relating to the audit of insurers and the relationship between banks, supervisors and external auditors, further discussions regarding appropriate treatment involving insurers should also be held.

As does the IAIS, we are eager to provide resources to a working party to develop appropriate guidance in this area. We believe that the period of 2012-2014 would be most appropriate to undertake such an effort.

2. The role of experts as a stakeholder. We believe that a key stakeholder involved in the audit, both in terms of participation in the audit process and in the preparation of financial statements, is the expert. As recognized in the recent changes in IAS 500 and 620, the expert plays a significant role. As such, we believe that the description of the key stakeholders given on page 11 of the document is incomplete and should include experts. We certainly believe that actuaries in their role as experts are affected by, and affect, the audit process in many areas, including insurance contracts and employee benefits.
3. Dynamic nature of planning. Although it is pointed out in the document, we would like to emphasize the need for the IAASB to remain flexible regarding its strategy and work plan. For example, it was quite difficult to anticipate the scale and effects of the recent global financial crisis. Events are bound to arise that will require reallocation of resources during the period of this review, and the IAASB should be in the position to react or, in key areas, to anticipate such developments where practical. Nevertheless, having a sound strategy in place will enable transparent decision-making by the IAASB to react in an appropriate manner.
4. The role of risk management. In some respects, aspects addressed in this document relating to corporate governance and internal control really relate to an overarching element of risk management. We have focused considerable attention and activity to risk management and enterprise risk management. Risk management in some areas seems to have been added as an afterthought rather than as a central theme. We believe that discussions of these elements might be enhanced with a greater emphasis on overall risk management. Please note that in this observation we are not asking for any change in the strategy in this regard. We simply are identifying the interconnection of these elements and that risk management and audit quality are closely related and should be kept in mind in developments and discussions in these areas.

Appendix A

Members of the IAA Committee on Insurance Accounting

| | |
|-----------------------------|--|
| Sam Gutterman | Chairperson |
| David Congram | Vice-Chairperson |
| Francis Ruygt | Vice-Chairperson |
| Gunn Albertsen | Den Norske Aktuarforening |
| Victor Bagnati | Instituto Brasileiro de Atuária (IBA) |
| Daniel N. Barron | Israel Association of Actuaries |
| Guy Castagnoli | Association Suisse des Actuaire |
| Antonella Chiricosta | Istituto Italiano degli Attuari |
| Alexander Dollhopf | Svenska Aktuarieföreningen |
| David Finnis | Institute of Actuaries of Australia |
| Mark J Freedman | Society of Actuaries |
| Kavassery S. Gopalakrishnan | Institute of Actuaries of India |
| Rokas Gylys | Lietuvos aktuariju draugija |
| Jozef Hancár | Slovenska Spolocnost Aktuarov |
| Armand Maurice Ibo | Institut des Actuaire de Côte d'Ivoire |
| Dragica Jankovic | Udru enje Aktuara Srbije |
| Burton D Jay | Conference of Consulting Actuaries |
| Ad Kok | Het Actuarieel Genootschap |
| Christoph Krischanitz | Aktuarvereinigung Österreichs (AVÖ) |
| Kurt Lambrechts | Institut des Actuaire en Belgique |
| Yin Lawn | Actuarial Institute of Chinese Taipei |
| Kristine Lomanovska | Latvijas Aktuaru Asociacija |
| Mike Lombardi | Canadian Institute of Actuaries |
| Ana Maria Martins Pereira | Instituto dos Actuários Portugueses |
| Brian Joseph Morrissey | Society of Actuaries in Ireland |
| Yoshio Nakamura | Institute of Actuaries of Japan |
| Marc F Oberholtzer | Casualty Actuarial Society |
| Manuel Peraita Huerta | Instituto de Actuarios Españoles |
| Andreja Radic | Hrvatsko Aktuarsko Društvo |
| Nithiarani Rajasingham | Singapore Actuarial Society |
| Ravi Clifton Rambarran | Caribbean Actuarial Association |
| Thomas Ringsted | Den Danske Aktuarforening |
| Jaanus Sibul | Eesti Aktuaaride Liit |
| Henry W Siegel | American Academy of Actuaries |
| Dieter Silbernagel | Deutsche Aktuarvereinigung e.V. (DAV) |
| Mateja Slapar | Slovensko Aktuarsko Društvo |
| Pentti Soinen | Suomen Aktuaariyhdistys |
| Bjarni Thórdarson | Félag Islenskra Tryggingastærðfræðinga |
| Arseny Timakov | Russian Guild of Actuaries |
| Charles Vincensini | Institut des Actuaire |
| Peter Withey | Actuarial Society of South Africa |
| Derek Wright | Institute and Faculty of Actuaries |
| Jana Zelinkova | Ceská Spolecnost Aktuárù |
| Jesús San Martín | Colegio Nacional de Actuarios A. C. |

Full Member Associations of the IAA

Caribbean Actuarial Association
Consejo Profesional de Ciencias Económicas de la Ciudad Autónoma de Buenos Aires (Argentina)
Institute of Actuaries of Australia (Australia)
Aktuarvereinigung Österreichs (AVÖ) (Austria)
Institut des Actuairens en Belgique (Belgique)
Instituto Brasileiro de Atuária (IBA) (Brazil)
Bulgarian Actuarial Society (Bulgaria)
Canadian Institute of Actuaries/Institut Canadien des Actuairens (Canada)
China Association of Actuaries (China)
Actuarial Institute of Chinese Taipei (Chinese Taipei)
Institut des Actuairens de Côte d'Ivoire (Côte D'Ivoire)
Hrvatsko Aktuarsko Društvo (Croatia)
Cyprus Association of Actuaries (Cyprus)
Česká Společnost Aktuárů (Czech Republic)
Den Danske Aktuarforening (Denmark)
Egyptian Society of Actuaries (Egypt)
Eesti Aktuaaride Liit (Estonia)
Suomen Aktuaariyhdistys (Finland)
Institut des Actuairens (France)
Deutsche Aktuarvereinigung e. V. (DAV) (Germany)
Hellenic Actuarial Society (Greece)
Actuarial Society of Hong Kong (Hong Kong)
Magyar Aktuárius Társaság (Hungary)
Félag Islenskra Tryggingastærðfræðinga (Iceland)
Institute of Actuaries of India (India)
Persatuan Aktuaris Indonesia (Indonesia)
Society of Actuaries in Ireland (Ireland)
Israel Association of Actuaries (Israel)
Istituto Italiano degli Attuari (Italy)
Institute of Actuaries of Japan (Japan)
Japanese Society of Certified Pension Actuaries (Japan)
The Actuarial Society of Kenya (Kenya)
Latvijas Aktuaru Asociācija (Latvia)
Lebanese Association of Actuaries (Lebanon)
Lietuvos Aktuariju Draugija (Lithuania)
Persatuan Aktuari Malaysia (Malaysia)
Colegio Nacional de Actuarios A. C. (Mexico)
Association Marocaine des Actuairens (Morocco)
Het Actuarieel Genootschap (Netherlands)
New Zealand Society of Actuaries (New Zealand)
Den Norske Aktuarforening (Norway)
Pakistan Society of Actuaries (Pakistan)

Actuarial Society of the Philippines (Philippines)
Polskie Stowarzyszenie Aktuariuszy (Poland)
Instituto dos Actuários Portugueses (Portugal)
Academia de Actuarios de Puerto Rico (Puerto Rico)
Russian Guild of Actuaries (Russia)
Udruženje Aktuara Srbije (Serbia)
Singapore Actuarial Society (Singapore)
Slovenska Spolocnost Aktuarov (Slovakia)
Slovensko Aktuarsko Drustvo (Slovenia)
Actuarial Society of South Africa (South Africa)
Col.legi d'Actuaris de Catalunya (Spain)
Instituto de Actuarios Españoles (Spain)
Svenska Aktuarieföreningen (Sweden)
Association Suisse des Actuaires (Switzerland)
Society of Actuaries of Thailand (Thailand)
Institute and Faculty of Actuaries (United Kingdom)
American Academy of Actuaries (United States)
American Society of Pension Professionals & Actuaries (United States)
Casualty Actuarial Society (United States)
Conference of Consulting Actuaries (United States)
Society of Actuaries (United States)