



**ASSOCIATION ACTUARIELLE INTERNATIONALE
INTERNATIONAL ACTUARIAL ASSOCIATION**

September 25, 2008

Ms. Tamara Oyre
Assistant Corporate Secretary
IASC Foundation
30 Cannon Street
London EC4M 6XH
United Kingdom
(Email: constitutionreview@iasb.org)

Dear Madam

**Re: IAA comments on the Discussion Document *Review of the Constitution:
Public Accountability and the Composition of the IASB Proposals for Change***

In response to the request for comments on the Discussion Document *Review of the Constitution: Public Accountability and the Composition of the IASB Proposals for Change* (the DD), I am pleased to transmit on behalf of the International Actuarial Association (IAA) our comments and recommendations.

These comments have been prepared by the Committee on Insurance Accounting 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 that Committee, Sam Gutterman, or any of the other members of the Committee. The IAA will be pleased to develop these ideas further with you.

Yours sincerely

Yves Guérard
Secretary General

Attachment: IAA comments

**A Commentary on the
REVIEW OF THE CONSTITUTION
PUBLIC ACCOUNTABILITY AND THE COMPOSITION OF THE IASB
ISSUED BY THE INTERNATIONAL ACCOUNTING STANDARDS COMMITTEE FOUNDATION: JULY 2008**

International Actuarial Association

The International Actuarial Association (the “IAA”) represents the international actuarial profession. Our sixty Full Member actuarial associations represent more than 95% of all actuaries practicing around the world and are listed in an Appendix to these comments. 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.

IAA Commentary

Overall, the IAA is pleased with the continued emphasis being placed by the IASCF on the accountability and transparency of operation of the IASB. As it continues to increase in importance to the capital markets, regulators and users of financial reporting around the world, timely and regular reviews of its transparency and performance will be of even greater importance. We believe that the independence of the IASB, its due process procedures, and the vigorous pursuit of the public and user interests are of significant importance

Q1 Do you support the creation of a link to a Monitoring Group in order to create a direct link of public accountability to official institutions?

IAA Comments. We support the creation of a link between the Trustees to such a group. We believe that the Trustees should be the primary and ultimate body to be in charge of governance of the standards setting process. The role of the oversight group should be limited to the monitoring of the IASCF's operations. In addition, we do not believe that it would be appropriate for the oversight group to become involved in any direct standard or standard priority-setting discussions, since that could be interpreted as inappropriate political interference with the accounting standard setting process.

As a result of these potential concerns, we strongly encourage the discussions of the Monitoring Group, if formed, to be as transparent as possible, with the only possible exception being discussions of the performance of specific individuals.

We believe that, although such a group could have the authority to recommend Trustee candidates to the Trustees themselves or to oversee this process, we would not give such a group the sole power to appoint a Trustee.

We are concerned that the addition of yet another governance or advisory group adds to the bureaucratic and administrative burden of the IASCF and IASB that may not add substantial value. We encourage efforts to minimize this potential spreading of resources

Q2 The proposals contemplate a Monitoring Group comprising representatives of seven public authorities and international organizations with a link to public authorities. While recognising that the Monitoring Group is an autonomous body, the Trustees would welcome comments regarding the Monitoring Group's membership and whether other organisations accountable to public authorities and with an interest in the functioning of capital and other financial markets should be considered for membership.

IAA Comments. Although we support its creation, with the caveats provided in our response to Q1, we do not have a firm opinion regarding the size or composition of this group. We do believe that it is important to describe the basis for the selection of organizations to serve on the group, as it has not yet been made clear. We note that the proposed membership includes three national or regional organizations representing areas of well-developed economies. Although a representative of IOSCO's Emerging Markets Committee is proposed for membership in this group, we wonder whether at least one national or regional organization representing an emerging market might be an appropriate inclusion, either instead or in addition to the other proposed membership organizations; possibly such a position might involve a rotating membership every three years.

Q3 The Trustees will remain the body primarily responsible for the governance of the organisation and the oversight of the IASB. Their responsibility to a Monitoring Group will enable regulatory and other authorities responsible for the adoption of IFRSs to review the Trustees' fulfillment of their constitutional duties. Does the formulation of the Monitoring Group's mandate and the Trustees' reporting responsibilities, as described in the proposed Section 19, appropriately provide that link, while maintaining the operational independence of the IASC Foundation and the IASB?

IAA Comments. We agree with the proposed responsibilities, with the amendments noted in our response to Q1. Nevertheless, we suggest that, prior to implementation and following a year of operation, reviews of the responsibilities be conducted to ensure that only a minimal overlap of responsibilities, both actual and apparent to the public, develops.

Q4 Given the proposed creation of a Monitoring Group, would there be a continued need for the Trustee Appointments Advisory Group in the selection of Trustees? If so, what should be the role of the composition of the Trustees Appointments Advisory Group?

IAA Comments. To the extent that the description of the objectives of the TAAG in the DD is complete, we believe that there would not be a need to continue to have such an advisory group.

Q5 Do you support the principle behind expanding the IASB's membership to 16 members in order to ensure its diversity, its ability to consult, liaise and communicate properly across the world, and its legitimacy?

IAA Comments. We do not have firm opinion regarding the optimal number of members of the IASB Board. Nevertheless, we observe that, although the functions it performs are quite important, the Board should not become so large as to be unwieldy and slow its deliberations, impede effective discussions and decision-making, or impose an undue burden on available funding. Although functions of Board members outside the standards setting process, including serving in liaison roles, can be important, if they are seen to drain too much of their time, they should be further delegated to staff.

Q6 Do you support the geographical formulation suggested by the Trustees?

IAA Comments. Although we note that the geographical formulation does include the word “normally”, we would like to emphasize that we believe that it is more important for the Board to be composed of individuals of the highest technical competence, rather than their selection being constrained by a geographical membership quota. No one should want to dilute the overall quality of Board members, although diversity of backgrounds and experiences is important.

At the same time, a concentration of members of the Board in a relatively small number of regions carries the risk of a bias in the formulation of concepts and standards that may not be as practically applicable (e.g., reliable measures in the sense that they are faithful representations of what they are intended to be) around the world as an international standard should be.

Q7 The Trustees are suggesting that the Constitution should provide flexibility on the matter of part-time membership. Do you support that proposal?

IAA Comments. We agree with this proposal. We note that it is important that part-time members be as qualified to serve on the IASB as full-time members.

Appendix A

Members of the IAA Insurance Accounting Committee

Sam Gutterman	Chairperson
David Congram	Co-Vice-Chairperson
Francis Ruygt	Co-Vice-Chairperson
Gunn Albertsen	Den Norske Aktuarforening
Yutaka Amino	Institute of Actuaries of Japan
Victor Hugo Cesar Bagnati	Instituto Brasileiro de Atuária (IBA)
Daniel N. Barron	Israel Association of Actuaries
Ralph Blanchard	Casualty Actuarial Society
Guy Castagnoli	Association Suisse des Actuaire
Antonella Chiricosta	Istituto Italiano degli Attuari
David Congram	Canadian Institute of Actuaries
Alexander Dollhopf	Svenska Aktuarieföreningen
Guillermo Lopez De La Garma	Instituto de Actuarios Españoles
Mark J Freedman	Society of Actuaries
Kavassery S. Gopalakrishnan	Institute of Actuaries of India
Rokas Gyls	Lietuvos aktuariju draugija
William C. Hines	American Academy of Actuaries
Armand Maurice Ibo	Institut des Actuaire de Côte d'Ivoire
Dragica Jankovic	Udru enje Aktuara Srbije
Burton D Jay	Conference of Consulting Actuaries
Jelica Klucovska	Slovenska Spolocnost Aktuarov
Ad Kok	Het Actuarieel Genootschap
Christoph Krischanitz	Aktuarvereinigung Österreichs (AVÖ)
Kurt Lambrechts	Association Royale des Actuaire Belges
Yin Lawn	Actuarial Institute of Chinese Taipei
Kristine Lomanovska	Latvijas Aktuaru Asociacija
Brian Morrissey	Society of Actuaries in Ireland
Andreja Radic	Hrvatsko Aktuarsko Drustvo
Nithiarani Rajasingham	Singapore Actuarial Society
Thomas Ringsted	Den Danske Aktuarforening
Matthew Saker	Faculty of Actuaries
Jaanus Sibul	Eesti Aktuaaride Liit
Dieter Silbernagel	Deutsche Aktuarvereinigung e. V. (DAV)
Lisa Nicole Simpson	Institute of Actuaries of Australia
Pentti Soinen	Suomen Aktuaariyhdistys
Bjarni Thórdarson	Félag Islenskra Tryggingastærðfræðinga
Charles Vincensini	Institut des Actuaire
Peter Withey	Actuarial Society of South Africa
Derek Wright	Institute of Actuaries
Jana Zelinkov	Ceská Spolecnost Aktuárù
Jesús Zúñiga San Martin	Colegio Nacional de Actuarios A. C.

Full Member Associations of the IAA

Consejo Profesional de Ciencias Económicas de la Ciudad Autónoma de Buenos Aires
(Argentina)
Institute of Actuaries of Australia (Australia)
Aktuarvereinigung Österreichs (AVÖ) (Austria)
Association Royale des Actuaire Belges (Belgique)
Instituto Brasileiro de Atuária (IBA) (Brazil)
Bulgarian Actuarial Society (Bulgaria)
Canadian Institute of Actuaries/Institut Canadien des Actuaire (Canada)
Actuarial Institute of Chinese Taipei (Chinese Taipei)
Institut des Actuaire 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 Actuaire (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)
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 Actuaire (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)
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)
Faculty of Actuaries (United Kingdom)
Institute 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)