Subcommittee on Actuarial Standards  
Vienna, Austria – October 10, 2010  
Minutes

Attendees
David Congram (Co-Chair, Canada), Francis Ruygt (Co-Chair, The Netherlands), Gunn Albertson (Norway), Felix Arias Bergadà (Spain), Guy Castagnoli (Switzerland), Mo Chambers (Canada), Jim Doherty (Canada), Alexander Dollhopf (Sweden), Stefan Engeländer (Germany), Dave Finnis (Australia), Mark Freedman (U.S.), Jacqueline Friedland (Canada), Alf Gohdes (Germany), Sam Gutterman (Chair, Insurance Accounting Committee, U.S.), Jozef Hancár (Slovenia), Eiji Hashimoto (Japan), William Hines (U.S.), Burt Jay (U.S.), Kurt Lambrechts (Belgium), Chris Lewis (Australia), Mike Lombardi (Canada), Nigel Masters (U.K.), Bob Miccolis (U.S.), Jim Milholland (U.S.), Yoshio Nakamura (Japan), Marc Oberholtzer (U.S.), Thomas Ringsted (Denmark), Henry Siegel (U.S.), Pentti Soininen (Finland), Arseny Timakov (Russia), Gino Vissichio (U.S.), Peter Withey (South Africa), Derek Wright (U.K.), Hideyuki Yoshida (Japan), Jesús Zúñiga (Mexico).

1. Francis Ruygt chaired the meeting and introductions were made.

2. Dave Congram (representative of the Insurance Accounting Committee) introduced the Convergence Task Force report that was scheduled for discussion at the IAA Council meeting subsequent to the subcommittee meeting. Overall the comments of the subcommittee were favourable. Kurt Lambrechts suggested that requirements for actuarial standards should be treated in a manner similar to requirements for educational guidance. Bob Miccolis pointed out that since certain IAA members were not tied to jurisdiction; as a result, the wording in several places needs to be refined. Stefan indicated that section 10.2.4a reference is to generic versus financial/regulatory reporting standards also needed refinement. In the Council meeting, there was strong support for the principles included in the report. On Tuesday, the Executive Committee began to assess how to implement the general thrust of the report.

3. Sam pointed out that the subcommittee was obliged by the IAA Due Process to transition the current IASP 2 to either an IASP, IAN or elimination (or a combination that might depend on the features). The Statement of Intent (SOI) indicates that the topics covered in IASP 2 would become a new form IASP. Stefan indicated that the DAV would not vote in favour of the SOI because of the lack of distinction between generic provisions and IFRS practice. Sam indicated that all standards that he has seen have certain or many generic topics. The subcommittee voted in favour of the Statement of Intent (SOI) by 12-3-1 (Council approved it on October 13). The SOI was jointly sponsored with the Pension and Employee Benefits Committee – Alf Gohdes indicated that the Pensions & Employee Benefits Committee was looking at a potential standard that was aimed more at specific IAS 19 applications to be included in an actuarial standard, rather than the topics currently included in IASP 2. Sam indicated that these would not be included in IASP 2 revisions, because inclusion of these would constitute a significant deviation from IASP 2 and would have to comply with the normal due process requirements. Alf did not indicate whether it would participate in transitioning the current contents of IASP 2 with the Insurance Accounting Committee.
Jacque's first draft (referred to as IASP 13) was praised as it was felt that it could serve as an excellent framework from which to work on developing a replacement of IASP 2. Mo Chambers, Dave Congram, Jacque Friedland, Henry Siegel, and Derek Wright volunteered to serve on the group to be formed to work on further enhancements to that draft.

Meanwhile, the Executive Committee is considering a change in the structure that the IAA uses to address actuarial standards, possibly to be implemented in the near future.

4. After the Cape Town meeting, in order to transition IASPs 3-12, Mo had proposed limited revisions to them and circulated the drafts to two subcommittee members. The changes were made in order to comply with developed revisions to IASPs 3-12 in an attempt to develop corresponding IANs (with limited technical changes). Sam indicated that this would not include any updates to correspond with revisions to IAS 18, 32, or 39. After reviewing Mo's draft, Stefan developed an alternative version, with what he believed to be more in the spirit of an IAN that does not include any mandatory features. Time did not permit the formation of a subcommittee view on this issue. Sam indicated that he would seek the services of the Actuarial Standards Board (ASB, U.S.) to assist in finalizing the language used. Previous discussions indicated that there was some sentiment to suggest to the Professionalism Committee to modify the their template for IANs – if pursued, it will be made on behalf of the individuals rather than on behalf of the subcommittee.

5. Since the last meeting of the subcommittee, its Stochastic Modeling book was completed. Both hardbound and electronic versions have sold quite well so far (more than 500 copies of the former and 200 copies of the latter have been sold. In addition, electronic copies are available free to university students upon registration with the IAA. Further effort at promoting the book will be made; subcommittee members were encouraged to pursue this in their associations. Several organizations have already provided webcasts on it.

A discussion of possible e-learning approaches was held. These would use the book's case studies. Although no decision was made, it was thought that such an approach should be explored with the IAA Education Committee. Sam indicated that he would pursue this.

6. Although the subcommittee was the IAA organizational unit that was responsible for developing the request for proposal for a monograph on discount rates and related issues, it had been decided that, for governance purposes (for projects requiring external funding), a vote of the Insurance Accounting Committee was needed. As a result, the subcommittee referred further discussion on the monograph to the Committee.

7. A brief discussion of possible future education efforts was held. It was mentioned that this covered the topic of development of a monograph on risk adjustment techniques was discussed at the Toronto meeting if explicit risk adjustments became a feature of the revised IFRS 4. Jacque mentioned that a Casualty Actuarial Task Force was surveying literature on this topic (as it applies to property & casualty insurance); she indicated that she would share this result. Dave Finnis indicated that the Australian association was also conducting such a survey. This was not discussed further.

Prepared by Sam Gutterman