

**International Actuarial Association
Interim Actuarial Standards Sub-Committee
Conference Call of Thursday, 18 September 2012
7:30-10:10 Eastern Daylight-Saving Time
Minutes**

Attendance

Albert Beer
Gábor Hanák
Thomas Karp
Esko Kivisaari
Ryoichi Nakamura
Dave Pelletier Chair
Godfrey Perrott
Francis Ruygt

Amali Seneviratne IAA Secretariat

Regrets:

Andrew Chamberlain, Alfred Gohdes and Jesús Zúñiga sent their regrets.

Attendance by invitation

Dave Ingram – invited to discuss items 5 and 6 on the agenda

Rob Brown – invited to discuss item 8 on the agenda

1. Welcome and roll call

Dave Pelletier conducted a roll call and welcomed the members. Dave informed the members that Dave Ingram and Rob Brown would join the call later to discuss items relevant to them on the agenda.

2. Approval of agenda

The agenda was reviewed and approved as presented.

3. Approval of minutes of the conference call meeting of 2 August 2012

Minutes circulated prior to the meeting were approved without amendments.

4. Previous decisions by email vote mentioned below were noted to be recorded as such in the minutes of the meeting

- a) Approval of almost-final text of ISAP 1, subject only to final editing for style, as noted in email of 8 August
- b) Approval of style guide, as noted in email of 10 August to IASSC
- c) Approval of ISAP 1 Report on Treatment of Comments on Exposure Draft, as noted in email of 10 August to IASSC
- d) Approval of final text of ISAP 1, as noted in email of 14 August to IASSC

5. A discussion on the Draft Position Paper on IAA Strategy for ISAPs and IANs (item 6 on the agenda) was led by the Chair.

The document was seen as an improvement to the last version. Comments sent earlier to the IASSC by Godfrey Perrott and Gábor Hanák were acknowledged and discussed. Several further concerns were voiced.

Action:

Al Beer will provide a first draft of the written response due to the EC liaison on the draft discussion paper. The first draft will be made available by Friday, 21 September for review by Dave, Godfrey and Tom prior to distribution for approval to the full IASSC. The deadline for response to the EC liaison is 28 September.

6. ERM – proposed revised SOI

Al and Dave Ingram led the discussion on this. The comments received through the Zoomerang survey on the draft SOI indicates that significant changes involving a lot of effort will be required in order to get the support to develop an ISAP on ERM. With the current level of scepticism and the lack of support, it was questioned whether this would be the right time for the IAA to consider developing an ISAP for ERM.

The group agreed that although the time may not be right with the IAA for various reasons to develop an ISAP, there was a global need for some guidance to be provided to actuaries in the area of ERM.

Two possible approaches in moving forward were discussed.

- a) To halt further work on an ISAP, pending the outcome of the strategic position paper.
- b) Develop an IAN and use that as a springboard towards developing an ISAP in the future.

The Chair conducted a vote on the two approaches and a majority (5 out of 8 present) voted for developing an IAN.

Action:

The Chair requested Dave Ingram to consider this as a communication to Dave Ingram as Chair of the Enterprise and Financial Risk Committee that the IASSC, based on feedback received, will not proceed at this point to develop an ISAP but that it recommends that the EFR Committee start work on producing an IAN. It was agreed that the task force on ERM will not be disbanded, so that at an appropriate point in the future it can work on developing an ISAP, presumably built off the IAN recommended to be developed now by the EFR Committee.

Dave Ingram undertook to inform both his task force and the EFR Committee accordingly and left the call as the discussion on this agenda item ended.

Al Beer too left the call due to a prior appointment, after giving his inputs on items 7 and 8 on the agenda.

Rob Brown joined the call at this point to discuss agenda item 8.

7. A discussion led by Rob and Godfrey ensued on the ED on Social Security Valuation – aiming for conceptual approval (agenda item 8).

It was noted that this ED was picking up the already existing IASP which has the effect of an IAN. A relatively small group is affected by this ISAP and hence a low volume of responses is expected on the ED.

Questions were raised, particularly by Gabor, over paragraphs 2.6, 2.10 and 2.14 in the ED. After discussion a change was agreed to 2.6 which resolved the 2.6/2.14 issue. No other concerns surfaced.

The issue with 2.10 is that the definition of Report in the SS ISAP is deliberately different (and narrower) than the definition in ISAP 1. The IASSC agreed that definitions among ISAPs should be consistent absent a compelling reason to differ. It did not feel the SS ISAP TF (through Godfrey and Rob) had presented such a compelling reason.

Action:

Take the ED back to the task force to discuss the views expressed during the call regarding 2.10. The TF needs to come back with a compelling reason why the definition of report should be different or adopt the ISAP 1 definition. Once these issues are resolved by the task force (which our liaison Godfrey and Chair Rob will attempt to do by email vote), the IASSC will carry out an e-mail vote on the ED.

8. ISAP dealing with IAS 19 (agenda item 7):

a) Inclusion or exclusion of Workers Compensation

Godfrey led the discussion on this item citing his comments circulated to the group prior to the call. Self-insured Workers' Compensation benefits (WC) is mainly an issue in the US and is virtually non-existent in other parts of the world. Self-insured WC benefits are valued by casualty actuaries in the US, in a manner consistent with the valuation of self-insured property/casualty coverages but in a somewhat different manner from the approach utilized in valuing pensions and other employee benefits.

The pros and cons of including WC in the ISAP dealing with IAS19 were discussed.

Considering the fact that valuation of WC has aspects very specific to it alone, a separate ISAP covering the valuation of WC was seen as more appropriate than covering WC in the ISAP dealing with the non-WC-related items covered by IAS 19.

We agreed to advise the task force against the route of including WC in the proposed ISAP relating to IAS 19; this will be discussed further with the task force in Nassau. If at some point this decision is reversed, additional personnel with casualty experience would need to be recruited to the task force.

Action:

Godfrey will draft for circulation to the IASSC for comment prior to its distribution to the IAS 19 Task Force an appropriate preamble to the IAS 19 ISAP (or transmittal letter).

b) Update on IAS 19 TF progress

Esko reported on the progress of the task force. It was noted that the deadline for comments on the draft SOI was 1 October 2012. So far, one response (from Mexico) has been submitted to the zoomerang consultation questionnaire.

9. ISAP 1 – Responses from commenters to email to the commenters regarding our dealing with comments, and next steps

Godfrey led the discussion using the ‘Round 2 Comments’ document circulated prior to the meeting. Round 2 comments were received (in response to the email from the Chair to all commenters on the Exposure Draft) from the following 10 commenters:

Félix Arias Bergadá	Personal
Pierre Mieke	Institut des Actuaire (France)
Sam Gutterman	Personal
Ralph Blanchard	Personal
Yvonne Lynch	Society of Actuaries Ireland
John Instance	FRC (UK)
Jean-Claude Menard	Office of Chief Actuary (Canada)
Nick Dumbreck	I&FA (UK)
Anne Peters	Actuaries Institute (Australia)
Al Beer/Bob Meilander	US Actuarial Standards Board (accidentally submitted late)

Comments relating primarily to 4.2, 1.5.2, 3.3 and scope were discussed based on points raised during the call.

The IASSC was informed that some further interchange by phone and email had taken place with some of the commenters prior to the preparation of the marked up version of ISAP 1 circulated the previous evening along with a summary of the comments received.

By named vote taken, the 6 members on the call at this point voted (6-0) to approve the marked up version of ISAP 1 circulated on Monday, although Gabor emphasized that the positive vote on the issue does not waive our duty to make further efforts to try to reach as broad support for the ISAP as possible.

Actions:

- Godfrey will send all of the concern comments received to the IASSC after the call.
- Dave will complete the voting process on the revised ISAP 1 by email with those not present at that time. [Subsequently 4 of the remaining 5 members voted to approve by e-mail. One member did not vote.]
- All members to write Godfrey in the next two days with any suggestions for enhancing the comment summary, to provide more detailed explanations of the courses of action taken by the IASSC.
- Some further direct outreach to the commenters will be undertaken, including providing the revised version and comment summary.

10. Next meetings

The next meeting will be in Nassau:

- Thursday, 15 November 2012, 8:00-12:30
- Saturday, 17 November 14:00-18:30 (hopefully not the full four hours)
- Saturday, 17 November – dinner with accompanying persons

An agenda for the meetings in Nassau will be developed and circulated in due course.

With no other matters to discuss the meeting was adjourned.

Later note: The IASSC approved the minutes by electronic vote. Chair confirmed approval by majority vote by e-mail dated 10 October 2012.