

ISAP 7 – “Current estimates” and other matters in relation to IAIS Capital Standards

IAA Professionalism Committee Review of Compliance with Due Process

28 March 2023

Prepared by:

Mary Frances Miller (MFM – up to 31 Dec 2022); Christophe Heck (CH) and Jason Vary (JV) (1 January 2023 onwards)

Professionalism Committee Task Force (TF) to review compliance with Due Process for ISAP 7

Status Report on ISAP 7 – “Current estimates” and other matters in relation to IAIS Capital Standards

Strategic Action Plan for ISAPs*

		Date	Evidence	Verified (1)	Verified (2)
1.	Consider proposal (SPC)				
	<i>Note that Strategic Planning Committee (SPC) should consider whether an IAN would be more appropriate.</i>				
2.	Add to Strategic Action Plan for ISAPs (Council)				

Statement of Intent*

		Date	Evidence	Verified (1)	Verified (2)
3.	Prepare draft SOI (ASC)				
	<i>SOI should include: reasons why ISAP is desirable; purpose(s) of ISAP; scope of ISAP (including boundaries), roles to which it would apply and high level indication of proposed content, an estimation of the resources required; and confirmation that there is no conflict with principle of subsidiarity.</i>				
4.	Consult on draft SOI (ASC)				
	<i>ASC to consult with relevant IAA committees including the Professionalism Committee, the Strategic Planning Committee. Member associations should be asked to inform local standard-setter.</i>				
5.	Submit proposed final SOI for approval, together with report on consultation (ASC). <i>Copy to PC.</i>				
6.	Approve proposed final SOI, ratification by a vote of Council based on the recommendation of the EC (EC).				
	<i>There should be sufficient demand for the ISAP to justify the work to be done in developing it. ASC should provide to EC and Prof Comm a summary of the key issues from the consultation on the draft SOI and the ASC's responses.</i>				
7.	Ratify approval within 9 months (Council)				
	<i>Council may invite ASC and EC to submit a modified SOI (-> amend this template if necessary).</i>				

8.	Publicise approval (EC/Secretariat)	8 February 2015	IAA Website News Release	CH	MFM
<i>Member associations should be invited to communicate the decision to relevant national bodies.</i>					

*** Professionalism Committee review note:** The SOI was approved some years ago and work has begun on this standard, then suspended when the IAIS reopened the issue of International Capital Standards. Per ASC minutes of 29 September 2020, ASC concluded that a new SOI was not needed, and agreed to restart work on the standard.

Extract from the [ASC minutes of 29 September 2020](#):

Andrew thanked Toshihiro for preparing the background note to re-open ISAP 7. Toshihiro stated that the

next key milestones of the IAIS for ICS are:

2023, Q3; Issue a consultation package on ICS as a PCR,

2024, Q3; Decision on ICS as a PCR.

It will take time for the ASC to develop ISAP 7. We should not wait until 2024, and can adjust draft ISAP 7 according to the final ICS of the IAIS when it is available, possibly in 2025.

There was a discussion whether the SOI approved for ISAP 7 is still valid. It was concluded that it is still valid given the work was only temporarily suspended, waiting for more clarity to emerge on several issues relating

to the ICS. If there is a change in scope as work is being done after re-opening ISAP7, the TF should bring this to the ASC's notice.

It was noted that the SOI for ISAP 7 was developed considering the scope of ISAP 4, so there is no necessity to revisit the SOI on account of ISAP 4.

Exposure Draft

		Date	Evidence	Verified (1)	Verified (2)
9.	Develop an Exposure Draft (ASC)	3 February 2022	Discussion Draft presented at ASC meeting 8 November 2021. ASC vote concluded on 3 February 2022 (9 votes in favour with none against or abstaining). Hillevi was not available to vote during that time (see e-mail from Secretariat).	MFM	CH
<i>Any significant revision of scope, compared with final SOI, requires EC approval. Such revisions should be communicated to the SOC and Council in a timely manner and ratified at the next Council meeting.</i>					
10.	Consult on ED (ASC)	10 February 2022	Exposure draft of ISAP 7 published on 10 February 2022, inviting comments by 15 June 2022 (See Transmittal Memo and ASC minutes)	CH	
<i>Distribute to member associations. Publish on IAA website. Invite comments from member associations, relevant international bodies and other interested parties. Encourage member</i>					

	<i>associations to consult with their own members, actuarial standard-setting bodies in their jurisdictions, legal advisers and applicable national bodies.</i>				
		Date	Evidence	Verified (1)	Verified (2)
11.	Carefully consider comments received; prepare a comprehensive report on the comments and the ASC's response (ASC)	6 December 2022	<i>ASC approval and Consultation report</i>	CH	JV
	<i>ASC may include in the report, or in its drafting notes accompanying the proposed ISAP, any items that led to significant debates / divergent views.</i>				
12.	Consider whether re-exposure is necessary (ASC)	6 December 2022	ASC and ISAP 7 TF agree that a second exposure is not necessary (refer last line on page 1 in the ASC report)	CH	JV
2nd Exposure – Not applicable					
13.	Consult on 2 nd ED (ASC)				
	<i>Distribute to member associations. Publish on IAA website. Invite comments from member associations, relevant international bodies and other interested parties. Encourage member associations to consult with their own members, actuarial standard-setting bodies in their jurisdictions, legal advisers and applicable national bodies.</i>				
14.	Carefully consider comments received; prepare a comprehensive report on the comments and the ASC's response (ASC)				
	<i>ASC may include in the report, or in its drafting notes accompanying the proposed ISAP, any items that led to significant debates / divergent views.</i>				

Development of Final ISAP

		Date	Evidence	Verified (1)	Verified (2)
15.	Develop proposed final ISAP; publish consultation response and proposed final ISAP(ASC)	12 December 2022	Minutes of the ASC meeting on 6 December 2022 ; Consultation period 12 December 2022 – 26 January 2023)	CH	JV

16.	Assess compliance with due process (subject to materiality) (Prof Comm)	Verifiable steps up to the time of this report (28 March 2023) end at this step. The next steps in the due process are noted below for completeness.
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Adoption of ISAP

		Date	Evidence	Verified (1)	Verified (2)
17.	Proposed final ISAP -> EC for approval for submission to Council (ASC)	13 April 2023	Memo from ASC Chair to the EC, comment letters received posted on IAA website and considered in the proposed final version of ISAP 7 and the Glossary.		
18.	Approve proposed final ISAP for submission to Council (EC)	Expected on 13 April 2023			
19.	ISAP -> to Council – 30-day agenda (EC)	Expected on 27 April 2023			

Additional steps (20. – 24.) if any substantive issues arise out of the final review consultation (see 15.)

		Date	Evidence	Verified (1)	Verified (2)
20.	Address substantive issues arising from the final review consultation (ASC)				
21.	Assess compliance with due process in respect of response to the final review consultation (subject to materiality) (Prof Comm)	In the case of ISAP 7, the final review consultation ended on 26 January 2023. There was ample time for the ASC to consider the comments from the final review consultation and the professional editor's review before presenting the proposed final ISAP 7 and the glossary to the EC on 13 April 2023. So, steps 20-24 will be covered in steps 17-19 above.			
22.	Proposed final ISAP (as amended) -> EC for approval for submission to Council (ASC)				
23.	Approve proposed final ISAP (as amended) for submission to Council (EC)				
24.	ISAP -> Council for approval – 30-day agenda (EC)				

		Date	Evidence	Verified (1)	Verified (2)
25.	Adopt ISAP (Council)	Adoption expected on 27 May 2023 at the Council Meeting in Sydney, Australia.			
26.	ISAP promulgated (EC/Secretariat)				

Comments from reviewers:

We confirm that compliance with the Due Process for ISAPs has been thorough and complete up to the date of this report, 28 March 2023.