International Actuarial Association
An Update on International Standards of Actuarial Practice

Presentation to IAIS Executive Committee

Kurt Wolfsdorf, President
October 16, 2013 – Taipei

Moving the profession forward internationally
History of IAA and IAIS Collaboration

October 2010

- Address by Peter Braumüller to IAA Council
  - strong call for international standards of actuarial practice
- In response, IAA created:
  - Interim Actuarial Standards Subcommittee (IASSC) converted to standing Actuarial Standards Committee on January 1, 2013
  - Task Force on Due Process
  - Task Force on Strategic Action Plan for ISAPs
  - Task Force on the Role of the Actuary
June 2012
• Address by IAA President to IAIS EC to review IAA structure and update on relevant activities, in particular development of standards
• Signing of MOU between IAA and IAIS

April 2013
Meeting between IAA President and Chair of IAIS EC to discuss ongoing collaboration between two organizations in line with MOU

October 2013
Peter Braumüller addresses IAA Council
Kurt Wolfsdorf addresses IAA EC; speaker at IAIS roundtable at annual conference in Taipei
IAA Strategic Objectives

1. Build relationships with key supranational organizations
2. Help enhance the scope, availability, and quality of actuarial services
3. Common standards of actuarial education; common principles of professional conduct; global convergence of actuarial standards
4. Development of actuarial profession in areas of the world in which it is not present or is not fully developed
5. Provide a forum for discussion among actuaries and actuarial associations throughout the world

6. Improve recognition of the actuarial profession among external audiences – global branding New
Value Proposition and Role of the Actuary Paper
adopted by Council June 2013

Intended to help someone not familiar with work of actuaries understand when and why to engage services of an actuary

Highlights

- **You Can Do More to Safeguard the Future of Your Organization:** Actuaries are equipped to help their clients (including regulators) make informed choices and develop efficient solutions to safeguard their future in an ever changing world.

- **A Trusted Source of Expertise and Integrity:** An actuary who belongs to a full member association of the IAA has demonstrated mastery of actuarial science, is bound by a code of professional conduct, and is subject to a disciplinary process.

- **Problem Solver and Risk Manager:** Actuaries have the techniques to provide relevant, reliable and realistic solutions to complex financial and other measurable problems; especially over long time horizons and for uncertain events, using a control process to monitor and refine solutions over time.
The IAA’s vision statement for ISAPs is that ISAPs are:

- Widely accepted as a basis for convergence by local standard-setters and recognised by parties who rely on actuarial standards such as audit firms, IASB, IAIS, IOSCO and the local regulators.
- Clear, logically structured, and unambiguous - in terms of applicability, scope, and requirements; well-suited for understanding by non-actuaries, and for translation into languages other than English.
- Widely seen as contributing to the public good, by supporting the community's confidence in professional work produced by actuaries.
- Drafted so as to apply to clearly defined areas of actuarial work, and it is clear in what circumstances they apply.
- The quality and usefulness of ISAPs motivate IAA Full Member Associations (FMAs) to ensure that their members are fully aware of ISAPs under development or adopted.
Revised Due Process for ISAPs
adopted by Council January 2012

• provides governance and a high level of transparency
• allows the IAA to proactively identify the need for new ISAPs (or revision of existing ISAPs) and to respond rapidly when development (or revision) is approved
• properly balances the benefits of standards with the likely cost impact on users of actuarial services
Revised Due Process for ISAPs – cont’d

Our due process is such that

1. **Users and end-users of actuarial services:**
   - have confidence that the due process ensures the quality and suitability of ISAPs
   - understand and value the processes by which their views can be made known and will be responded to

2. **FMAs, standard-setters, other interested parties:**
   - recognise the value of ISAPs
   - be fully engaged where appropriate in the development process

3. **Actuaries:**
   - have confidence that ISAPs have been prepared by competent people who understand actuarial work and the commercial and professional framework in which they will be applied
Developed and maintained by Executive Committee

Approved by Council

Welcome proposals for ISAPs from IAIS

Proposals should outline the scope of the proposed ISAP and describe the rationale for the ISAP
Criteria for topics to be considered for ISAPs

- Will serve the public interest or good
- Are in a recognized or emerging area of actuarial practice
- There is an expectation that a sufficient number of FMAs or standard setters will find the ISAP useful
- Need to justify the work involved in producing the ISAP
Standards and other actuarial work of interest to regulators

- **ISAP on IFRS 4 – Insurance Contracts**: 2017
- **Paper on Stress testing and scenario analysis** – released August 2013
  - Both support IAIS ComFrame and proposed insurance capital standard
- **Enterprise Risk Management**: will be an International Actuarial Note initially

**ISAP 1 General Actuarial Practice** (adopted 2012)