About the IAA

Worldwide association of professional actuarial associations

- 68 FMAs*
- 29 AMAs*
- representing 63,000+ actuaries in 112+ countries

7 special interest Sections for individuals:
- AFIR-ERM
- ASTIN
- AWB
- IAAHS
- IACA
- Life
- PBSS
  - 5000+ Section members

800+ volunteer actuaries

Council and committees meet twice a year

Sections host colloquia

International Congress of Actuaries every 4 years

300+ conference calls annually

Constituted in Switzerland

Based in Canada

11 staff

Exists to encourage the development of a global profession

Acknowledged as technically competent and professionally reliable

To ensure the public interest is served

*FMAs: Full Member Associations; AMAs: Associate Member Associations
About the IAA
Vision

The actuarial profession is:

- Recognized worldwide as a major player in the decision-making process within the financial services industry
  - in the area of social protection and in the management of risk
- Contributing to the well-being of society as a whole.
Mission

➢ To represent the actuarial profession and promote its role, reputation and recognition in the international domain

➢ To promote professionalism, develop education standards and encourage research, with the active involvement of its member associations and Sections, in order to address changing needs
6 Strategic Objectives

1. Identify, establish, promote and maintain relationships with key supranational audiences
2. Facilitate the coordination, use and expansion of scientific knowledge and skills of the actuarial profession, including to wider fields to enhance the scope, quality, and availability of actuarial services
3. Establish, maintain and promote common standards of actuarial education and common principles of professional conduct. Promote the development and issuance of actuarial standards in the jurisdictions of all Full Member Associations, and the global convergence of actuarial standards.
4. Support the development, organization, and promotion of the actuarial profession
5. Provide a forum for discussion
6. Improve recognition of the actuarial profession (branding)
Relationship with the IAIS

IAA Strategic Objective 1 -relationships with key supranational audiences

• Providing actuarial input on matters of importance, and strengthening our relationship
• Working closely with the IAIS in support of the development of the risk based global Insurance Capital Standard (ICS)
• Working on a joint IAA-IAIS project on actuarial services in inclusive insurance markets
• Creation of an online “Risk Book” for non-technical audiences with short chapters on processes used to manage complex risk
Risk Book Details

• Current chapters can be found at:

• Soon to be added chapters include:
  – Financial Statements
  – Capital
  – Model Governance
  – ALM
  – Dynamic Hedging
  – Communicating Uncertainty
IAA strategy on actuarial standards

IAA Strategic Objective 3

... Promote the development and issuance of actuarial standards in the jurisdictions of all Full Member Associations, and the global convergence of actuarial standards.

Objectives for ISAPs

- Model standards widely accepted as a basis for convergence by local standard-setters
- Recognized by the parties who rely on actuarial standards such as IASB, IAIS, IOSCO and the local regulators and auditors
- Widely seen as contributing to the public good
- Promote high quality actuarial practice
The ASC develops and maintains all model International Standards of Actuarial Practice (“ISAP”s), in accordance with the Vision Statement, the Due Process and the Statement of Objectives for ISAPs, all adopted by Council.

ASC membership protocol established to:

• Achieve a reasonable balance by practice area, territory, size of home association.

• Include members with experience in the varying forms of regulatory framework for actuarial standards which exist, and experience in writing actuarial standards
Are Model Standards useful to actuaries?

Yes:

- Cornerstones of good governance of the profession are:
  - (local) Codes of Professional Conduct
  - (local) Professional Standards of Qualification and
  - (local) Professional Standards of Practice
- G20 demanding standards for all professions
- Facilitate convergence in actuarial standards
- Increase public confidence in actuarial services
- Self-regulation better than externally imposed regulation
ASC activity (last six years)

- **2010**: Interim Actuarial Standards Subcommittee (IASSC) was constituted. The IASSC was later established as a permanent standing committee (ASC) in 2012.
- **2011**: Due Process for ISAPs defined
- **2012**: ASC established as a limited membership committee.
  Council adopted ISAP 1 (General Actuarial Practice)
- **2013**: Council adopted ISAP 2
  (Financial Analysis of Social Security Programs)
- **2015**: Council adopted ISAP 3
  (IAS 19 – Employee Benefits)
ASC activity – Model ISAPs being developed

- **ISAP 1A (Governance of Models)**
  - Exposure draft consultation 1 October 2015 – 31 March 2016
  - Final review consultation in progress – comment deadline 18 September 2016
  - Expected completion November 2016

- **ISAP 4 (IFRS X – Insurance Contracts)**
  - Drafting in progress
  - Exposure draft consultation planned in 2017
  - Expected completion late 2018/ early 2019
ASC activity – Model ISAPs being developed

- **ISAP 5 (Insurer Enterprise Risk Models)**
  - Exposure draft consultation 8 October 2015 – 31 March 2016
  - Final review consultation in progress – comment deadline 18 September 2016
  - Expected completion November 2016

- **ISAP 6 (Enterprise Risk Model Programs and IAIS ICPs)**
  - Drafting in progress
  - Expected completion 2017

- **ISAP 7 (Current Estimates and other matters in relation to IAIS Global Insurance Capital Standard)**
  - Drafting in progress
  - Expected completion 2018
ISAP 4 is expected to address

- Purpose and Scope
- Relevant Knowledge requirements, materiality and proportionality
- Identification and combinations of insurance contracts, and separation of components of contracts.
- Recognition, Derecognition and Modification
- Measurement Approach – BBA, PAA
- Selecting Assumptions – general and specific considerations
- Presentation
- Disclosure
- Transition Rules
Apart from ISAPs there are also International Actuarial Notes (IANs) and Monographs

IANs and Monographs are

- **Educational** in nature
- Promulgated by the **technical committees of the IAA** (not the ASC)
- Subject to the IAA Due Process for IANs

The IAA Professionalism Committee has oversight responsibility for IANs and Monographs
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<td><strong>1</strong> Measurement - Building Block Approach</td>
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<td><strong>2</strong> Current Estimates - including &quot;unbiased&quot; definition; acquisition cost relative to initial measurement</td>
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<td><strong>3</strong> Discount Rates</td>
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<td><strong>5</strong> Contractual Service Margin - initial and subsequent measurement</td>
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<td><strong>9</strong> Presentation - Including Earned Premium, OCI</td>
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<td><strong>10</strong> Participating &amp; performance-linked contracts/features</td>
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<td><strong>11</strong> Classification of contracts, including contract boundaries</td>
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<td><strong>13</strong> Transition</td>
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Relevant Educational Monographs

• Risk Adjustment Monograph (work in progress)
• Discount Rates in Financial Reporting *A Practical Guide* (October 2013)
• Stochastic Modeling — *Theory and Reality from an Actuarial Perspective* (May 2010)
QUESTIONS?

www.actuaries.org

Moving the profession forward internationally