

The Opportunity of IFRS

Presidents Forum
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IFRS

- Promulgated by the International Accounting Standards Board (IASB)
- Applicable to all Publicly Traded Entities
- Brought into any particular jurisdiction by the local Accounting Standards Setter
- Local modifications not permitted



The Threats of IFRS

- Standards set by accountants seek consistency across all types of businesses
 - may miss important insurance differences
- Limited influence, scope of actuaries
- Requires substantial changes in practice
 - technical reserves
 - capital requirements
 - disclosure



The Opportunities of IFRS

- Global uniformity of financial reporting
 - better understanding by policyholders, investors, regulators
- IAA delivery of needed International Actuarial Standards of Practice
 - achieving similar status to IASB
 - international recognition by public, regulators
- Local Associations can influence IASPs in development stage
 - regardless of domestic role re standards



Hierarchy of Guidance

IAA (new)

1. International Actuarial Standards of Practice
2. International Actuarial Notes

Canadian Institute of Actuaries (CIA)

1. Rules of Professional Conduct
2. Standards of Practice
3. Education Notes
4. Research Papers



IFRS Guidance in Canada

- 11 International Actuarial Notes (IAN) re Phase 1 IFRS
- Planned CIA Adoption in 2009
 - 4 as Education Notes
 - 6 as Research Papers
 - 1 not needed



Adopt as CIA Ed Notes

- IAN3 - Classification of Contracts
- IAN4 - Measurement of Investment and Service Contracts
- IAN5 – Assumptions for Investment and Service Contracts, Embedded Derivatives
- IAN9 – Accounting for Reinsurance Contracts



Adopt as Research Papers

- IAN6 - Liability Adequacy Testing
- IAN7 - Discretionary Participation Features
- IAN8 - Changes in Accounting Policies
- IAN10 - Embedded Derivatives and Derivatives
- IAN11 - Business Combinations
- IAN12 - Disclosure of Information about Insurance Contracts



Adoption not Necessary

- IAN2 - Actuarial Practice
- Already well defined in Rules of Professional Conduct and Standards of Practice
- CIA will issue confirmation that CALM meets criteria for Adequacy of Liabilities



Steps to Realize Global Vision

- Upgrade IANs to be good International Actuarial Standards of Practice (2010)
- Comment on IFRS Phase II exposure Draft (2010)
- Work with IASB, IAIS at every stage
- Develop new IAA Standards for Phase II (2011)
- Advocate for Total Balance Sheet Global Capital Standards



Potential Obstacles

- Degree of change inherent in IFRS
- Varying roles and experience of Member Associations in standard setting
- Confusion over applicability of IAA standards to “individual” members of IAA
- Nations opting out
- Ability of IAA to move quickly enough



Why We Should Do It

- It's in the public interest
- It's in our employers' interest
- It's in the interest of the global profession

AND

- It will be fun and exciting to achieve



Questions and Discussion



Questions and Discussion

Small Group Questions

1. What is the strongest reason for the IAA to develop IASPs supporting IFRS?
2. What is the strongest reason for not doing so?
3. Can the IAA move fast enough? Why?
4. What should be the next steps?

