

Standard Setters Round Table
Sunday, 23 April 2017 – 8:30-12:30
Budapest Marriot Hotel, Budapest, Hungary
Minutes

1. Welcome and introductions

Maryellen Coggins, Chair of SSRT, welcomed everyone to the meeting.

2. Approve agenda

The agenda was approved.

3. [Minutes of meeting in Cape Town](#) were approved as presented.

4. Actuarial Standards Committee (ASC)

Chair of the ASC, Alf Gohdes, presented the activities of the ASC since Cape Town.

The following were key updates:

- a. ISAPs 1A and 5 were adopted by Council in Cape Town. The ASC had a webcast following their adoption to present the two ISAPs.
- b. The Standards Forum in Budapest was well received by those who attended. The attendance was lower than expected due to an overlapping meeting for the target audience.
- c. [The ASC dashboard](#) on the website provides an overview of ISAP production by the ASC
- d. The ASC is proposing a review of ISAP 1, and merging ISAP 1A into ISAP 1 at the same time. The ASC has accumulated a list of suggested improvements to the current version. It is almost 5 years since the adoption of ISAP 1; as per the Due Process, the PC has a responsibility to ensure that the ISAPs that have been adopted are reviewed regularly (normally every three years). As such, it is time to review ISAP 1. The ASC will be moving directly to an exposure draft, as it did not deem a Statement of Intent necessary, and the professionalism Committee agreed. The ASC will survey FMAs on the proposal to merge IASP 1A into ISAP 1 during the exposure period of revised ISAP 1.
Some SSRT members indicated their support for the merger. It was suggested to date the versions of ISAP 1 (e.g. ISAP 1 (2014)), to facilitate clear references to the specific version adopted by a member association (MA). Some MAs might be in the process of adopting the current version, or may already have adopted the current version, and may not plan to make changes in the near future. The dated versions will make it easier for MAs to maintain their references.
The ISAP 1 ED is being developed by the ISAP 1 TF. Expected completion in 4th quarter of 2018.
- e. The ASC will step up the interactions with MAs. Planning to hold Webcasts at ED and ISAP adoption stages.
- f. The ASC is also defining what "success" is for the ASC, and will follow up with how to monitor success.

5. Professionalism Committee (PC)

David Martin, Chair of the PC, provided an update on the activities of the PC. The meeting involved good discussions on a number of topics:

- a. The purpose and use of disciplinary schemes was discussed with a clear direction for the relevant task force to choose member associations whose representatives will present to the committee on their own such schemes.
- b. The definition of an IAN was a major topic of discussion. This discussion will continue in the interim conference call planned in July.
- c. The proposed series of papers labelled professionalism guidelines (PGs) was discussed. Steps were taken on finalizing the professional guideline on principles of professionalism. The framework for the production of professional guidelines was agreed.
- d. It was agreed that the task force on general advice for FMAs would pass on to their members, information regarding the choice of standards to use when doing cross-border work.
- e. The PC received an update from the ASC and will continue to monitor compliance with due process for the ISAPs in development.
- f. An interim teleconference will be held to follow up and plan for Chicago.

6. Topics for discussion:

- i. Exchange of experiences among standard-setters:

- [Actuarial Standards Board](#) (Canada)

Dave Pelletier made a presentation giving a brief history of the ASB, their standard setting process, an overview of the standards, and how they deal with the ISAPs. The ASB which is independent of the profession, is responsible for developing, establishing and maintaining Standards of Practice governing actuarial practice in Canada. The Actuarial Standards Oversight Council (ASOC) oversees the activities of the ASB. The ASOC is composed of seasoned professionals and business people with experience in the financial sector.

The ASB adopts principles based standards that provide for the appropriate application of professional judgment of the actuary within a reasonable range.

A comprehensive due process is followed which promotes transparency and consultation through out the development process. The current standards come in seven parts.

The CIA and the ASB are both supportive of IAA's strategic objective of global convergence of actuarial standards. The CIA will strive to achieve substantial consistency with ISAPs. Existing Canadian standards have been reviewed for substantial consistency with ISAPs 1, 1A and 2. ASB will consider adopting ISAP 4 as is. In closing, Dave also shared the ASB's experiences and difficulties encountered when reviewing its standards for

substantial consistency with ISAPs. All documents are published in both English and French.

The presentation sparked many questions and good discussion. Maryellen thanked Dave for the very informative presentation.

- [Russian Guild of Actuaries](#)

Irina Melnikova made an interesting presentation providing insights into actuarial standard setting in Russia. Russia has two levels of actuarial standards: the compulsory federal standards mandated by the regulator and the standards adopted by each of the two actuarial associations. Each association standard may be voluntary or require compliance by the members of that association. ISAP 1 translated into Russian was adopted as a federal standard in 2014. Translating ISAP 1 was a huge challenge and involved a lot of internal discussions. Some of the defined terms did not exist in Russian and appropriate terminology had to be created. Irina's presentation covered the existing Federal Standards, their general structure and those planned for the future. The objective of establishing standards is to improve the quality of actuarial services and promote best practices. There was a marked improvement in the quality of statutory reports after the introduction of standards. The outcome of implementing standards will continue to be monitored. The federal standards are principles based guidance and not prescriptive.

Maryellen thanked Irina for the very informative presentation.

The country presentations made at the SSRT meetings will be posted in a separate section of the SSRT webpage for easy reference ([done](#)).

ii. Update/discussion on how members are dealing with implementing ISAPs in their country / region:

- [The questionnaire revised by the working group](#) comprising of Alf Gohdes, Tom Karp, Ann Muldoon, Dave Pelletier was presented by Alf. The purpose of this questionnaire, consisting of open questions, is to provide a structure to the SSRT members to share their experiences in dealing with ISAPs and the details of their standard setting process within the SSRT. This information would be available to the ASC via the Chair of the ASC who is a member of the SSRT. Following a suggestion, it was agreed to add "Is the content of the ISAP appropriate for actuaries practicing in your jurisdiction?" as a separate question. The updated version of the document will be circulated to the group. The title of the document will be changed to "Guidelines for structuring presentations to share information with the SSRT".

It was clarified that these questions were not intended to gather feedback on ISAPs from the FMAs via the Professionalism Committee (PC) through wider circulation.

David Martin reminded that the PC is responsible for monitoring the FMAs responses to ISAPs. The PC is considering how best to reach out to the FMAs to get feedback on ISAPs. David invited members of the SSRT to join the PC group formulating an appropriate method and questions to reach out to FMAs. Dave Pelletier volunteered to help the PC group.

Alf reported that the Standards Forum had been useful in getting feedback from FMAs. E.g. we got to know that Bulgaria had translated and adopted ISAP 1, which was not reported through the questionnaire. So, alternative options, such as seminars, should be considered to gather information from FMAs regarding their responses to ISAPs.

Maryellen thanked Alf and the group for their work on this topic.

- A proposal by Ann Muldoon, Dave Pelletier and Gábor Hanak on setting up a working group to write up a [thought piece on "substantial consistency"](#) was presented and discussed. The "thought piece" presented for discussion is a compendium of ideas from the group for consideration by the SSRT and should not be taken as proposals/recommendations.

The concept of substantial consistency had been intentionally left "fuzzy" by the IAA. As such, substantial consistency should not have a strict definition and it would be futile to attempt to come up with a strict definition. The IAA has no desire to "police" the FMAs to check for substantial consistency – the objective is to encourage the FMAs to implement standards that are in line with ISAPs. The guidance provided in ISAPs should be adapted and implemented to suit local requirements. There was a general agreement among the members of the SSRT present at the meeting that it is for each jurisdiction to exercise its own judgement in assessing and declaring substantial consistency; however, if a standard setter declares substantial consistency with an ISAP then it is expected that the local standards regime does not have guidance that contradicts the guidance in the ISAP.

The SSRT is interested in hearing from each member association (in the upcoming presentations) how they deal with the issue of substantial consistency – their challenges and experiences. However, it was decided that further SSRT level thinking on a uniform interpretation of substantial consistency is not to be pursued.

- iii. [Responses from FMAs for 2016](#): Birgit Kaiser presented an update on the FMA responses to ISAPs. Only 34 of the 69 FMAs have submitted their annual confirmation forms (ACF) at the date of this compilation. 30 of them ticked the box indicating that their responses remain unchanged from 2015. The Caribbean, Netherlands, Finland and France had reported that they had adopted or adapted ISAP 1 during 2016.

David Martin thanked Birgit and Amali for compiling the FMA responses over the last couple of years and stated that although the use of the ACF had raised some unforeseen concerns, it had served its purpose well, enabling to gather the information we have collected thus far. Going forward, the PC will continue to seek alternate ways of collecting this useful information from the FMAs.

- iv. Yvonne Lynch presented a proposal developed by a group comprising of Alf Gohdes, Paul Kollmer-Dorsey, David Martin and Ann Muldoon on [best practices regarding setting up the structure to implement standards](#) (*for the benefit of smaller associations in particular*). The proposals were well received with the following comments:

- It would be a good idea to present the proposals in a more user-friendly format such as a PowerPoint slide pack, particularly benefitting the non-native English FMAs.
- Ref. point g.i in the report – to what extent should the process be transparent? E.g. should the meetings or the detailed minutes thereof be publicly available? This proposal (along with the other proposals in the report) are merely things that should be thought through when setting up a structure to implement standards. The practices may differ according local circumstances. The proposals are not intended to be prescriptive, but presented as best practices for consideration by a standard setter when implementing a structure. Yvonne agreed that the language in the report can be reviewed to make this clearer, e.g. avoid using “should”. The numbering/formatting too will be reviewed.

Next steps: The group will review and update the report considering the comments received and also develop a slide deck and bring them back to the next meeting. In the meantime, further feedback is welcome by e-mail.

There may be an opportunity to present these proposals/slide deck to small associations at an appropriate session at the ICA 2018 (Birgit and Yvonne will work on this).

7. Brief country and regional updates – written reports

- [Canada](#) - [ASSA](#) - [IFoA](#) - [AAE](#) - [FRC](#) – [Germany](#) – [US ASB](#) – [IAJ](#) - [Australia](#)

8. Suggestions of topics for discussion at Chicago meeting

- Country presentations – UK (IFoA and FRC)
(using the updated guidelines for structuring presentations to share information with the SSRT)
- Best practices regarding setting up the structure to implement standards – Yvonne Lynch
- Update on ICA 2018 program – Birgit Kaiser
- An update on the PC discussions on IANs – David Martin

9. Any other business

Dave Pelletier raised a question on behalf of the ASB Canada – there are certain pension plans in Canada called Shared Risk Plans (similar to those in the Netherlands) and these plans are being valued using stochastic models to determine the level of contributions etc. Dave inquired if there are standards or educational material available in other countries that provide guidance around calibration criteria or the use of stochastic models for such valuations.

Tom Karp offered to share a standard that exists in Australia that might be relevant. Others too will see if they can find anything that might be helpful, and revert back to Dave.

10. Next meeting: Chicago, United States — 08:30 – 12:30 Sunday, 8 October 2017

The Chair thanked everyone and adjourned the meeting.

Attendance:

Members

Maryellen Coggins	Chairperson
Mary Downs	
Alfred Gohdes	
Gábor Hanák	
Birgit Kaiser	
Tom Karp	
Ikuo Kudoh	
Yvonne Lynch	
Helge-Ivar Magnussen	
David Martin	
Mike McDougall	
Irina Melnikova	
Ann Muldoon	
Dave Pelletier	
Ernst Visser	

Observers

Gunn Albertsen	Den Norske Aktuarforening (Norway)
Alexey Anatolevich Arzhanov	Russian Guild of Actuaries
Paul Kollmer-Dorsey	American Academy of Actuaries
Akihiro Hotta	Japanese Society of Certified Pension Actuaries
John Maroney	International Association of Insurance Supervisors
Mike Smith	Caribbean Actuarial Association
Akio Tokuda	Japanese Society of Certified Pension Actuaries

Staff Liaison

Amali Seneviratne	Director, Technical Activities, IAA
-------------------	-------------------------------------