

Standard Setters Round Table
Sunday, May 29, 2016 - 08:30-12:30
Corinthia Hotel, St. Petersburg, Russia
Room: Moscow 2

Minutes

The attendance list is at the end of these minutes.

1. Welcome and Introductions

Birgit Kaiser, Chair of SSRT, welcomed everyone to the meeting and introduced new members of the SSRT that included Ikuo Kudoh, Secretary General from the Institute of Actuaries of Japan (who was present at the meeting), as well as Zheng Wang from the China Association of Actuaries, Ernst Visser from the Actuarial Association of the Netherlands and Biljana Koteska, interested person from the Macedonian Actuarial Association.

Introductions were then made by everyone around the table.

2. Approval of the agenda

The agenda was approved as presented.

3. Approval of last meeting minutes

The minutes from the Vancouver meeting were approved as presented.

4. Matters arising

Birgit referred to matters arising from the last meeting that included the following action items:

- As a result, of the letter of invitation sent to member associations in March 2016, several new members have joined.

ACTION: The invitation letter will be sent out again in preparation for the next meeting to be held in Cape Town, South Africa, as soon as the detailed Cape Town schedule is published.

- Revised Terms of Reference approved in Vancouver have been published.

5. Actuarial Standards Committee (ASC) Update

Alf Gohdes, Chair of the ASC, referred to the report he presented at Council on Saturday which included the work in progress on Standards (5 altogether). ISAP 1A on Model Governance and ISAP 5 on ERM are expected to be completed in April 2017. The standard requiring the largest amount of work is ISAP 4 on IFRS X Insurance Contracts. Drafting of ISAP 7 on IAIS Capital Standards is continuing with some difficulties due to the IAIS Capital Standards being a work in progress itself. ISAP 6 on ERM is in the early stages of drafting. The ASC had a successful webcast to present the EDs of ISAP 1A and ISAP 5. Similar webcasts are planned for introducing future EDs as well as ISAPs following their adoption.

The ASC is planning to have a Standards Seminar in Budapest in April 2017.

6. Professionalism Committee (PC) Update

David Martin, Chair of the PC, reported that the PC meeting had a full agenda and discussed several important topics.

- Governance of International Actuarial work, addressing issues relating to actuaries practicing outside the jurisdiction of their home association was topic of discussion in the PC. Following a discussion with the EC, the PC will focus on four issues relating to cross border work by actuaries:
 - a. Should members be subject to the standards and regulations applicable in the jurisdiction (host/cross border jurisdiction) in which the work applies, subject to meeting the requirements in the home association's code of conduct (CoC)?
 - b. If there are gaps in the standards between the home association and the host association, should the actuary refer the differences back to the home association?
 - c. Should the members be encouraged to join the association in the host country?
 - d. Should the member associations be encouraged to review their CoCs to include a requirement for their members to follow standards applicable in the local jurisdiction to which their work applies?
- The PC is working on labelling papers on Professionalism guidelines (PGs) as a separate series of papers within the IAA. Two papers Principles of Professionalism paper (PG1), and Governance of International Actuarial Work (PG2) will be published as such in the coming months.
- The PC discussed matters relating to ISAPs, and received updates on the activities of the ASC and its TFs drafting ISAPs. The PC also discussed the summary of FMA responses to ISAPs and the way forward regarding engaging with FMAs to get information on ISAPs and whether they are inclined or not inclined to adopt or adapt ISAPs.
- The PC approved a revised template for IANs and a numbering convention for future IANs. A common glossary of defined terms used in ISAPs and IANs will be developed and maintained by the PC. The terms used in ISAPs will be clearly differentiated within the common glossary. The ASC will continue to maintain a separate glossary for ISAPs.
- Other topics of discussion in the PC were Business Ethics, Professional considerations for actuaries in non-traditional roles and a new project on gathering and sharing information on disciplinary cases with reference to the codes of conduct in the different jurisdictions. The PC plans to have a conference call sometime in September to follow up and plan for Cape Town.

7. Topics for discussion:

i. **Responses from FMAs for 2015: current status of implementation processes regarding International Standards of Actuarial Practice (ISAPs)**

Birgit referred to the [document summarising the responses](#) received from FMAs regarding the status of action taken with regard to ISAPs in their country.

- 42 out of 67 FMAs had responded to the questions for 2015, to date

- Responses were summarised by standard setting FMAs vs. FMAs not setting standards, combining the responses received for 2014 and 2015.
- ISAP 1 was adopted by IAA 4 years ago, 57% of the standard setting FMAs indicated “high acceptance” of ISAP 1 (meaning any of the following: “adopted as written; adopted substantially consistent variation; already consistent; have modified or becoming consistent or other). 7% said they would not adopt ISAP1 (meaning they have standards and have no comment; or will not take action) while 36% were still undecided (meaning still deciding; no action at all; or not responded to the specific questions).
- The data indicated that the FMAs are slow in taking action on ISAPs 2 and 3 (with high acceptance among standard setting FMAs of 26% and 15% respectively); ISAP 2 mainly due to the low number of practitioners in most jurisdictions; and ISAP 3 since it was adopted only recently.

ACTION: An update will be provided at the next meeting as more responses are received. Amali to prepare the update.

A brief discussion ensued regarding the ISAP questionnaire. There is some push back on the ISAP questions being mandatory in the annual confirmation form. Some FMAs were not happy with having to answer the same questions every year, particularly if they have already taken action or indicated that no action will be taken. Still others questioned the purpose of the questionnaire. Some suggested that the “still deciding” category should be the target for gathering information. Some FMAs have a concern that including ISAP related questions in the annual confirmation form might imply a notion that the adoption of ISAPs is a condition to the FMA status (which is not the case). The question whether to include the questionnaire in the next year’s annual confirmation form will be discussed and decided at the EC involving the ASC, the PC and the Accreditation Committee.

ACTION: Alf Gohdes and David Martin will keep the SSRT updated on future developments.

A suggestion was made to populate the previous year’s responses to the questionnaire to make it easy for the FMAs to complete the questionnaire.

Other potential ideas for collecting responses were discussed. In particular, the idea came up to ask PC members to collect the relevant information, perhaps in collaboration with members of the ASC and the Accreditation Committee. It was agreed that the process of collecting this information should be revisited and discussed in depth at a later time.

It was agreed that a starting point could be understanding the SSRT member associations’ difficulties/challenges and experiences in the process of adopting ISAPs. It was agreed to survey and analyse the experiences of the SSRT members. A group of volunteers agreed to work on this and present a proposal in Cape Town. It was agreed that the discussion in Cape Town will take place in camera and not be recorded.

Birgit will coordinate with the Secretariat to schedule the SSRT meeting before the ASC meeting in Cape Town to enable providing timely feedback to the ASC on this topic for discussion in Cape Town.

ACTION: Alf Gohdes, Ann Muldoon, Tom Karp, and Dave Pelletier volunteered to work on formulating 3 to 5 questions in advance for discussion at the SSRT meeting in Cape Town. Once finalized, the proposals will be presented to the ASC for further discussion in Cape Town.

ii. For the benefit of smaller associations in particular: best practices regarding setting up a structure to implement standards - Update from the working group (Alf Gohdes, Yvonne Lynch, David Martin and Ann Muldoon)

Yvonne presented a draft paper prepared by the working group. The objective is to reach out to the smaller associations and help them implement a suitable process for standard setting, i.e. adopting/adapting ISAPs locally. Several suggestions were made on what the SSRT, ASC and PC could do to help in this area:

- Conduct a seminar similar to the one in Zurich in the Budapest in 2017, reaching out particularly to associations which were not present in Zurich;
- Provide a page on the IAA website which will act as the main resource for associations wanting further information on reviewing and implementing ISAPs in their local jurisdiction. E.g. Q & A documents, sample processes, templates etc.;
- Provide an update/spreadsheet on the website of those associations that have accepted the IAA and AAE standards. There was some opposition to including AAE material since this was not directly related to the IAA and since one would have include other regional organisations too (e.g. Caribbean).
- Reach out to smaller associations through the regional subcommittees of the Advice and Assistance Committee (A&A). Make presentations at their regional seminars.
- Explore the possibility of making presentations in conjunction with the IAIS regional seminars, to reach the regulators.
- Use the resources of the Actuaries without Borders (AWB) where possible.

ACTIONS:

- *Yvonne to update the draft paper following the feedback received in St Petersburg.*
- *Present the final paper to ASC, A&A and PC.*
- *Involve the AWB leadership when implementing the proposed measures.*

iii. Exchange of experiences among standard-setters: DAV, Germany (presentation by Birgit Kaiser)

Birgit made a very interesting presentation giving an overview of the Deutsche Aktuarvereinigung (DAV), its structure, standard setting process and experiences over the years. [Please click here](#) to access the presentation slides.

The DAV has a disciplinary process that has existed for 20 years. However, only one case has been reported and been through the disciplinary process so far. DAV currently doesn't have a whistle-blowing process in place, mainly due to such a process not being supported culturally.

Birgit mentioned the DAV's experiences in their effort to adopt ISAP 1. All Standards have to be adopted and published in German. So the first step was to translate ISAP 1 into German, which has been completed. It was a challenge to translate some of the

terms keeping the same meaning. In Germany, Standards are developed/reviewed by the relevant technical committees and approved by the Executive Committee. In the case of ISAP1, the Professionalism Committee is taking the lead to review ISAP 1 and is considering adopting a modified version of ISAP 1.

Birgit stated that the DAV has had various difficulties in considering and adopting ISAP 1. Besides the translation issue, the Professionalism Committee had to sort out in detail which parts of the content of ISAP 1 should best be covered in the German code of conduct, which in a DAV standard of practice and which perhaps in additional actuarial notes. Moreover, DAV has so far been focussing on technical standards applying to specific practice areas so it has been difficult for the DAV's technical committees to figure out how to consider ISAP 1 as a general practice standard.

A proposal on how to proceed is currently discussed with the Committees and the Board of DAV. DAV expects a final decision to be taken before the end of this year.

The members agreed that it is useful to share experiences similarly at future meetings. Birgit invited members to volunteer to present in Cape Town.

ACTION: Tom Karp volunteered to present experiences from Australia at the next meeting in Cape Town.

8. Brief country and regional updates

i. APS X2 "review of actuarial work": update on experiences

Ben Kemp provided a brief overview of the new IFoA practice standard APS X2 on Review of Actuarial Work. This is a cross-practice standard and will apply to all members responsible for actuarial work, regardless of where that work is being carried out or the member's geographic location. Where it is deemed appropriate and proportionate to apply work review and/or independent peer review to the actuarial work, APS X2 requires members to apply that review to the work. Members must exercise their professional judgement in determining the most appropriate and proportionate form of review to apply in the particular circumstances.

Implementation of APS X2 helps to better align the UK standards with ISAP 1, thus becoming substantially consistent with ISAP1. The earlier APS P2, which imposes requirements in relation to compliance review for certain reserved scheme actuary work, has been withdrawn. APS X2 has a broader application than APS P2.

It was agreed that this was a requirement that is rather difficult to implement in some countries, and that it might be a one of the difficulties faced by some associations in moving forward with the implementation of ISAP 1.

ii. Country updates:

Several written reports were provided prior to the meeting including the following:

[Germany](#); [Canada](#); [FRC UK](#); [Japan](#), [Mexico](#); [ASB US](#); [IFoA UK](#); [South Africa](#); [AAE](#); [Australia](#)

9. Topics for discussion at Cape Town meeting

- Update on how members are dealing with implementing ISAPs in their country/region
- Update on Australian Standards Setting Process
- Update from the working group on best practices regarding setting up a structure to implement standards

10. Any other business

As the IAA Council & Committee Meetings in Cape Town will end after four instead of five days the next SSRT meeting will have to be re-scheduled. Birgit and Amali will provide more information as soon as possible.

There being no other business, Birgit thanked everyone for their attendance and adjourned the meeting.

Next meeting: Cape Town, South Africa, November 18-21, 2016

Attendance List:

Members

Birgit Kaiser, Chair	[Deutsche Aktuarvereinigung e.V. (DAV)]
Maryellen Coggins	[Actuarial Standards Board of US]
Alfred Gohdes	[Chairperson, IAA Actuarial Standards Committee]
Gabor Hanák	[Actuarial Association of Europe]
Tom Karp	[Actuaries Institute Australia]
Ikuo Kudoh	[Institute of Actuaries of Japan]
Yvonne Lynch	[Society of Actuaries in Ireland]
Ann Muldoon	[Financial Reporting Council]
Dave Pelletier	[Actuarial Standards Board of Canada]
Amali Seneviratne	IAA Secretariat

Observers:

Mary Downs	[American Academy of Actuaries]
Ben Kemp	[Institute and Faculty of Actuaries, UK]
Paul Kollmer-Dorsey	[American Academy of Actuaries]
David Martin	[Chair, Professionalism Committee]
Michael McDougall	[Actuarial Society of South Africa]
Mike Smith	[Caribbean Actuarial Association]