

# Standard Setters Round Table

**Sunday, 18 October 2015 08:30-12:30**

**The Westin Bayshore Hotel, Vancouver, British Columbia, Canada**

## Minutes

*The attendance list is at the end of these minutes.*

### **1. Welcome and introductions**

Yvonne Lynch, Chairperson of the SSRT, welcomed all attendees to the meeting. Yvonne took a moment to remember Ricardo Frishtak, expressed condolences to his family and confirmed that Brazil will be sending a new member in due course. Introductions were then made around the table.

### **2. Approval of the agenda**

The agenda was approved as presented. In an attempt to keep the minutes shorter this time around, it was agreed that country reports would be posted to the SSRT webpage and linked in the minutes.

### **3. Approval of minutes from meeting held in Zurich (April 2015)**

The minutes were approved as presented.

### **4. Matters arising from the last meeting**

- Yvonne was pleased to inform that the Instituto de Actuarios Españoles has decided to send a representative, Manuel Huerta, to participate in the SSRT, though he was not available for this meeting.
- '3 votes at Council' criterion for membership / encouraging observers – members agreed that the '3 votes' criterion was no longer necessary or appropriate and that it would better to allow more standard setters to participate in the SSRT. Also, observers/interested parties should have access to SSRT papers.

*ACTION: Yvonne to draft a note, for circulation to IAA Council members, describing the SSRT, inviting associations that currently set standards to join, and encouraging other associations to engage as interested parties.*

### **5. International Standards of Actuarial Practice (ISAPs) - post-Zurich update on responses from FMAs**

Birgit Kaiser provided an update and overview of the responses received from members on ISAPs. There were 63 responses received and she noted that there still seems to be a high number of associations in the "pending/ still deciding" category for adoption and implementation of both ISAPs 1 and 2. She observed that a significant amount of time

and effort is required by each association to locally adopt/adapt ISAPs. The discussion that followed cited the processes in a few countries represented at the meeting.

## **6. Actuarial Standards Committee Update – Oral Report by Alf Gohdes**

Alf gave an update on the activities of the ASC since the last meeting held in Zurich:

- ISAP 3 on IAS 19 Employee Benefits was approved by Council in Zurich. The adoption was followed by a well-received Webinar to introduce the ISAP. There is a suggestion to consider hosting webcasts to present the EDs (for both ISAP 1A and 5). The ASC agreed that it was an idea worthy of more careful consideration, but no decision has been reached yet.
- The strategic action plan for ISAPs was updated to add ISAP 1A, Governance of Models, and the updated strategic action plan was approved by Council by electronic vote in July 2015. The Exposure Draft (ED) of ISAP 1A was published for consultation on October 1<sup>st</sup>, with a comment deadline of 31 March 2016. The SOI for ISAP 1A was approved by EC in September and ratified by Council in Vancouver.
- The ED of ISAP 5 was published on 8 October 2015 for consultation. The comments on the ED are also due by 31 March 2016. The ED for ISAP 6 is in the preliminary stages of drafting.
- The ISAP 7 Task Force is working closely with the IAIS, and looking at completing the ISAP within 2017 or by 2018.
- There is an expectation that ISAP 4 would be completed by 2019.
- Risk aspects of ISAPs were discussed at EC and long term risk management action is proposed by the Risk Oversight Task Force. The ASC agreed that work should continue in managing the risks with a more structured approach.

## **7. Professional Committee Update – Oral Report by David Martin**

David provided a brief update from the PC's work since the last meeting:

- Regarding governance of international actuarial work, results of the survey conducted revealed that a small number of associations believe they did not have the authority to take disciplinary actions should an actuary be operating outside of their scope of responsibilities, outside their geographical borders. The PC TF is considering some recommendations to encourage associations to review their disciplinary processes in this regard.
- The PC was consulted on a few public statements made by the Insurance Regulation Committee on IAIS consultations. The IAIS is reviewing their Insurance Core Principles. The PC hopes to be involved in developing comments on future consultations relevant to the work of the PC.
- There is work in progress on a number of International Actuarial Notes (IANs). The issue of a single glossary for both ISAPs and IANs vs. separate glossaries was discussed at length at the ASC as well as the PC meetings. There was general consensus that a single glossary would be helpful to users. However, due to the different due processes applicable in developing ISAPs and IANs, several problems relating to combining the two glossaries were identified. In conclusion, it was agreed that if a common glossary is introduced for ease of user reference, the ISAP

definitions and the IAN definitions should be clearly differentiated (e.g. by using different colour, font etc.) and the source of each term clearly mentioned. The final responsibility for constructing and maintaining such a common glossary should rest with a single committee, logically the PC, but the ISAP definitions would remain the responsibility of the ASC.

- The questions in the annual confirmation form for 2015 will be the same as 2014, with the addition of ISAP 3 presented in a tabular format. The questions on ISAPs are currently mandatory. The questions and their status within the annual confirmation form will be reviewed for 2016.
- David informed that Cecil Bykerk provided an update on behalf of the Business Ethics TF of the PC. The code of conduct of the IAA may be reviewed at some point. AAE is currently reviewing their code of conduct.
- The PC also had a discussion on the new syllabus and provided input to the Syllabus Review TF on the professionalism topics.
- A draft framework identifying PC Committee papers suitable for labelling as “professionalism guideline” was discussed. This would help to structure the papers appropriately and keep them current.
- A paper on actuaries in non-traditional roles was presented. Three main questions were discussed at the meeting. The general conclusion was that adherence to the Code of Conduct in all of an actuary’s endeavours should be included in branding efforts and other publicity for the profession, potentially enhancing the reputation of the actuary to the public and helping to further what is recognized as actuarial practice. The PC plans to refer this recommendation to the Branding and Communications Subcommittee to follow through.

## **8. Topics for Discussion:**

- i. **SSRT Terms of Reference: updates to “Mission and Purpose” and “Role”**
  - Dave Pelletier briefly recapped what had transpired since the meeting held in Zurich in April. A working group was formed to finalize the ToR document. He referred to the 3 versions that were attached to the agenda that included the revisions done in Zurich, the current markup and clean copies with the latest revisions.
  - The group discussed whether or not to retain item (d) under the Role. It was decided to keep it with some rewording. There was some rewording suggested for Membership as well as the Mission and Purpose. The ToR were approved subject to these changes. Dave will make the suggested revisions and circulate to the group as soon as possible. [The final version includes all the agreed changes – the document is attached here.](#)
- ii. **What should be included in the annual questionnaire about the implementation of ISAPs?**
  - Birgit Kaiser addressed this topic, informing that the wording of the questionnaire was going to be reviewed by the Accreditation Committee.

Comments and suggestions from SSRT would be forwarded to the AC for consideration.

- It was understood that the AC was reviewing the questionnaire primarily for structure and/or for its length in general.
- Alf reported that the ASC hopes to make a greater effort to engage with the member associations to get non-formal responses to better understand where each association is in the process of adopting ISAPs. Very often the person who is filling out the questionnaire will not be the person who is most knowledgeable about the status of actuarial standards in their country. The ASC felt that it would be good to put a process in place to reach out to the correct contacts within each association to get more meaningful information. Alf stressed that the ASC does not want to interfere with the process conducted by the PC and AC; the objective was to get a better sense of the issues faced by member associations in this regard.
- Everyone agreed that it was important to know where each member association was with regard to the adoption of ISAPs. Some member associations want to adopt ISAPs, but do not know where or how to begin the process. Judging by many of the responses received, there may be many smaller associations in this situation requiring help to initiate and implement a process to adopt/adapt ISAPs locally.

*ACTION: Although there were no suggested changes/additions to the questionnaire for 2015, Yvonne requested that if anyone identifies anything specific they wanted conveyed back to the AC, to forward such comments to David Martin and Amali.*

iii. **What are the issues arising from the implementation of ISAPs? How are associations dealing with those and what lessons are learned from this process?**

- The key points that came out of the discussion were:
  - General lack of appreciation/understanding about the objectives and purpose of the ISAPs.
  - Some actuaries perceive ISAPs as creating more work or being overly prescriptive. This might be an initial reaction that is not based on a thorough reading / consideration of the ISAPs. The ISAPs are principles-based and should not create more work in addition to what an actuary is already doing. Also, where appropriate, they reference the principles of proportionality and materiality. The only way to resolve this issue is through more dialogue with actuaries.
  - It is time-consuming and sometimes difficult to compare existing standards with the ISAPs and decide how they could be integrated. Avoiding inconsistencies and duplication can be a very complex process involving a lot of time and resources. Some associations lack resources to commit to this process.

- Those not accustomed to working with standards may view standards as being bureaucratic.
- Language – non-English associations have to translate the ISAPs and ensure that the translations are appropriately done so as to not lose important elements of the ISAP in the translation. Finland is an interesting example, where they have chosen to change their legislation to adopt the ISAPs in English although their working language is Finnish.

iv. **For the benefit of smaller associations in particular: how do associations go about setting up the structure to implement standards?**

The group discussed how to reach out and help the smaller associations to implement standards. The following suggestions were made:

- Expand the membership of the SSRT to allow smaller associations to join (see item 4. of these minutes).
- Use the Advice and Assistance (A&A) Committee to reach out to smaller associations. A resources document could be made available on the A&A webpage for smaller associations to use.
- Cathy Lyn reported that the Caribbean Actuarial Association has an architecture that can be shared with the SSRT to modify and use as appropriate.
- Developing dialogue with regulators can be important, e.g. where an association does not have standard setting authority or not all practising actuaries are members of the association (so, it is up to the regulator to say whether non-members should follow the standards).
- Gabor Hanák reported that Hungary has some experience and can share the process used for ESAP 1.

A small working group comprising of Yvonne, Alf, David and Ann Muldoon agreed to take this forward.

## 9. Country and Regional Updates

[Australia - Institute of Actuaries of Australia](#)

[Canada - Actuarial Standards Board](#)

[Germany - Deutsche Aktuarvereinigung e. V.](#)

[Ireland - Society of Actuaries in Ireland](#)

[Japan - Institute of Actuaries of Japan](#)

[Mexico - Colegio Nacional de Actuarios A. C.](#)

[South Africa - Actuarial Society of South Africa](#)

[United Kingdom - Institute and Faculty of Actuaries](#)

[United Kingdom – Financial Reporting Council](#)

[USA - Actuarial Standards Board](#)

**10. Suggestions of topics for discussion at St. Petersburg meeting**

- Invite one association out of the membership to go into detail about their standard setting process, their experiences in responding to ISAPs etc. Birgit offered to present on processes and experiences in Germany at the next meeting.
- Institute and Faculty of Actuaries standard (APS X2) on "Review of actuarial work" – an update on the experience since adoption.

**11. Chairperson for 2016**

Birgit Kaiser was nominated to serve as Chair of the SSRT in 2016. Birgit accepted the appointment.

**12. Any other business**

There being no other business, Yvonne thanked the SSRT members for their cooperation and support during her tenure as Chair.

The members in turn thanked Yvonne for her able leadership during 2015.

**13. Next meeting**

St. Petersburg Russia — 25-29 May 2016

## Attendance List:

### Members

|                         |  |
|-------------------------|--|
| Yvonne Lynch, Chair     | [Society of Actuaries in Ireland]                |
| Thomas Béhar            | [Institut des Actuaire, France]                  |
| Maryellen Coggins       | [Actuarial Standards Board of US]                |
| Chris Daykin            | [Actuarial Association of Europe]                |
| Alfred Gohdes           | [Chairperson, IAA Actuarial Standards Committee] |
| John Instance           | [Financial Reporting Council]                    |
| Birgit Kaiser           | [Deutsche Aktuarvereinigung e.V. (DAV)]          |
| Tom Karp                | [Actuaries Institute Australia]                  |
| Yoshiaki Maebayashi     | [Institute of Actuaries of Japan]                |
| David Martin            | [Institute and Faculty of Actuaries, UK]         |
| Sang Rae Park           | [Institute of Actuaries of Korea]                |
| Dave Pelletier          | [Actuarial Standards Board of Canada]            |
| Jesus Zuniga San Martin | [Colegio Nacional de Actuarios A.C.]             |
| Mike MacDougall         | [Actuarial Society of South Africa]              |
| Amali Seneviratne       | IAA Secretariat                                  |

### Observers:

|               |  |
|---------------|--|
| Mary Downs    | [American Academy of Actuaries US]                   |
| Gabor Hanák   | [Actuarial Association of Europe]                    |
| Jongkuk Im    | [Institute of Actuaries of Korea]                    |
| Ben Kemp      | [Institute and Faculty of Actuaries UK]              |
| Daegyu Kim    | [Institute of Actuaries of Korea]                    |
| Cathy Lyn     | [Vice-Chair, IACA Section]                           |
| John Maroney  | [International Association of Insurance Supervisors] |
| Ann Muldoon   | [Financial Reporting Council]                        |
| Michael Smith | [IAA Delegate, IACA Section]                         |