

Meeting of the Standard-Setters Round Table

April 7, 2011
Sydney, Australia

Tom Karp	Chairman, SSRT and Professional Standards Committee, the Institute of Actuaries of Australia
Thomas Behar	Immediate Past President, Institut des Actuaire, France
Emil Boeke	Actuarial Society of South Africa
Chris Daykin	Chairman, Groupe Consultatif Actuariel Européen and Chairman, Standards Project Team
Mary Downs	Legal Counsel, Actuarial Standards Board (United States) and Executive Director, American Academy of Actuaries
John Instance	Project Director, Board for Actuarial Standards, UK
David Martin	Institute and Faculty of Actuaries, UK
Dave Pelletier	Chairman, IASSC and Chairman, Actuarial Standards Board, Canada
Godfrey Perrott	Actuarial Standards Board (United States)
Michael Pomery	Chairperson, IAA Professionalism Committee
Yosuke Nakano	General Secretary, Institute of Actuaries of Japan
Jesús Zúñiga	President-Elect, Colegio Nacional de Actuarios A.C. (CONAC)
Verónica Sánchez	IAA Secretariat

1. Roll Call

There were no apologies.

2. Agenda

The circulated agenda was confirmed and it was noted that under item 6, there would be a discussion on the objectives of IAA standards.

3. Previous Minutes

3.1 Draft minutes for Vienna (10 Oct 10) had been re-circulated. The minutes were approved with the following changes:

- Delete the last sentence of 3.8.ii and add a new point 3.8.iii as below:
 - In Canada, as in the US, the standards are set by the (Canadian) Actuarial Standards Board and not by the CIA. However, the view in Canada is that both clients and the public interest would better served by international standards in certain areas of practice, particularly recognizing the existence of accounting standards that are now international, not national.
- Delete 5.1.v

3.2 Minutes for the teleconference of 15 November 2010 were approved.

3.3 Minutes for the teleconference of 7 March 2011 were approved with the following changes:

- Include Mary Downs as an apology;
- Correct Chris Daykin's title.

4. Project Updates

4.1 *Mortality assumptions* – Chris Daykin has received no further views, so these are essentially completed. Chris Daykin will re-circulate the document for comments on 'congruence'. Final comments are required by end-June.

4.3 *Claims reserving* – The document is ready for comments and Thomas Behar will circulate it. Final comments are required by end-June.

5. IAA Executive Committee Update

Michael Pomery briefly recounted the setting up of the IASSC and that it is working to develop IAA standards. He outlined the main points in the Due Process Task Force's interim report which was to be discussed in the Professionalism Committee and presented to Council during the Sydney IAA Council and Committee meetings. He was to check if the interim report could be circulated to SSRT members. There was some discussion on the need for, and the benefit of, an actuarial standard on ERM as some concerns have been raised that this may place actuaries at a "price disadvantage" to other professionals in the ERM space. The alternate view is that it would provide actuaries a "quality advantage". It was noted that this issue applied to other areas of work where actuaries did not have a monopoly (eg investment performance measurement and the EU actuarial function).

6. IASSC Update

6.1 Dave Pelletier recounted the background to the IASSC, advised that it has had some early meetings and is now working to develop IAA standards in the following 5 areas, with the detailed work being undertaken by separate task forces:

- General Standard – covering aspects of actuarial work common across practice areas. A draft standard currently exists and SSRT input on it would be useful.
- IFRS 4 – the task force is currently working through existing material to decide what should be included in an IAA standard and what should be in an IAN.
- IAS 19 – the task force is currently "tweaking" existing IAA material to produce an IAA standard as the IASB is not likely to revise IAS 19 for some time.
- Social Security – the task force is well advanced to producing an IAA standard.
- ERM – the task force is at a very early stage in considering a likely IAA standard.

The IASSC has also begun producing a draft purpose and objectives for IAA standards for the IAA Council to approve. SSRT input on this will be useful, including the proposed discussion in this SSRT meeting.

The IASSC views the SSRT as very useful to its work, particularly as a sounding board on the development and implementation of IAA standards. In developing its workplan and how that should be communicated externally, the IASSC seeks SSRT input. The Statement of Intent (Sol) step in the process of producing an IAA standard is regarded as highly important and needs good and effective input from actuarial associations and national actuarial standard setters. There was discussion on the Sol step, the involvement of the Full Member Associations of the IAA (FMA) and the role of the proposed “standards correspondent” of each FMA.

It was noted that the IAA Professionalism Committee is organising a survey of FMAs on the need for IAA standards, and that IASSC input to the survey was requested.

6.2 Tom Karp presented a preliminary list of possible objectives for ISAPs, which the IASSC had considered the previous day. An interesting discussion ensued and the IASSC task force (Karp, Chamberlain and Perrott) took away several suggestions to consider as they continue their work.

7. SSRT Member Region Developments

Australia – no major developments.

Mexico – with the review of the insurance legislation, the actuarial standards development process is being reviewed as new insurance regulations along the lines of the Solvency II approach are expected. The current 7 Standards of Practice will be reviewed. It is expected that new SoPs will be principles-based, there will be a SoP specifically for regulatory work and there will be a single glossary to accompany the SoPs. Most SoPs will be completed around Jan 2012 with the SoP on technical provisions and capital completed around Jan 2013.

USA – the communications standard ASOP 41 has been revised and all other ASOPs are consequently being adjusted. Due to changes in practice in the public pension area, all pension related ASOPs are being reworked; this is part of a separate exercise.

Japan – no changes.

Canada – currently there is an appeal against a standard on actuarial evidence (due process is the only appeal trigger). From discussion, it appears no other jurisdictions have specific appeal mechanisms for actuarial standards. Awaiting IASB’s final IFRS 4, as this will affect the detailed shape of Canadian actuarial standards.

UK – with the creation of the Board for Actuarial Standards (BAS) actuarial standards were split into Technical Actuarial Standards (TAS), which BAS now develops, and ethical standards (Actuarial Professional Standards – APS) which the Institute and Faculty of Actuaries – UK (IFA-UK) develops. However, the IFA-UK does have technical actuarial standards for its members doing work outside the UK. BAS now has issued 7 TASs (3 across practice areas & 4 specific to practice areas) with no new ones on the horizon, even for Solvency II or IFRS, as the TAS are high level, principles-based standards. The next phase is to let the TAS bed into practice. There is a new APS for Lloyds US business and the old APSs related to pensions work are being replaced. The IFA-UK also has a decision tree which is available to help UK actuaries determine which standards they need to comply with in different situations.

France – preparing for the adaptation of EU applicable actuarial standards into the French situation.

Groupe Consultatif – Solvency II is the main driver, especially the ‘actuarial function’ requirements under EU Directive article 48. These require actuarial opinion on the technical provisions, underwriting policy and reinsurance arrangements. It is currently unclear if EIOPA or the Groupe Consultatif (GC) will develop the actuarial standards, but a decision is expected within 6 months. There is a possibility that the GC may develop standards for actuarial work outside of the ‘actuarial function’, but that will depend on GC priorities. Chris Daykin’s note provides further details.

8. SSRT Future Activities

It was agreed that the SSRT needed to remain a forum for discussion and information sharing on actuarial standard setting issues. Clearly, it will also act as a sounding board for the IASSC. It is envisaged that the SSRT can provide assistance on the practical adoption of IAA model standards, particularly to smaller actuarial associations. It may be useful for the SSRT to develop a relationship with the IAA Advice & Assistance Committee to facilitate this.

9. Website

It was decided that the SSRT webpage should include links to all SSRT Member organisation websites.

10. Next Meeting

There is no current need for a conference call. At this stage the next meeting will be a face to face meeting in Zagreb in conjunction with the IAA Committee meetings in Sep-Oct 2011.