

Standard Setters Round Table

Thursday, 27 March 2014 8:00-12:30
Omni Shoreham Hotel Washington, United States
Room: Capitol

Minutes

Note: The attendance list is at the end of these minutes

1. Welcome and introductions

The Chair, David Martin, welcomed everyone and the attendees introduced themselves. Birgit Kaiser [Deutsche Aktuarvereinigung e.V. (DAV)] sent her apologies.

2. The agenda was approved without change. Peter Doyle requested item 7 to be taken in advance because he had to leave early.

3. The [minutes of meeting in Singapore on 13 October 2013](#), approved by e-mail vote, were noted to be recorded as such in the minutes.

On the request of Yoshiaki Maebayashi, the following correction to the minutes was approved: In item 6 in the minutes under Japan's response to ISAP 1 the statement "FSA is the standard setting body" is to be corrected to read as "FSA is an oversight body". The Secretariat will make the change in the Singapore minutes. (*Done*)

4. Actuarial Standards Committee (ASC)

Dave Pelletier, Chairman of the ASC gave an update on the activities of the ASC.

- ISAP 1 (General Actuarial Practice), ISAP 2 (Financial Analysis of Social Security Programs) and the Glossary have been adopted.
- ISAP 3 IAS 19 Employee benefits - Consultation on the exposure draft ended on 14 March 2014. Twenty-six comment letters were received and the task force is busy dealing with these comments. Approval of a final ISAP is expected in May 2015.
- ISAP [4] IFRS X, Insurance Contracts – Consultation on the draft Statement of Intent (SOI) ended on 28 February 2014. The task force is considering the comments received. There is general support for developing an ISAP. The exposure draft will take some time, given that the IFRS X is not final yet. An exposure draft is expected around August 2015.
- The details of the comments received on both ISAP 3 and ISAP [4] are available on the IAA website. The ASC website provides updates on all ISAPs.
- The ASC is starting work on three other ISAPs, ISAPs [5] and [6] relating to ERM and ISAP [7] relating to the IAIS standard on Basic Capital Requirements (BCR). The preliminary drafts of the SOIs relating to ISAPs [5] and [6] have been prepared and are being discussed in Washington. The scope of these two ISAPs will be narrower than the proposed scope in the 2012 SOI on ERM. They will be published for consultation soon after the meetings in Washington. Although the IAIS work on BCR is on-going, there is enough material available to develop a draft SOI, which the ASC is aiming to publish by July.

- Dave explained the procedure for allocating numbers to ISAPs. The square bracket around the number indicates that it is a tentative number assigned to a potential ISAP, which is still in the preliminary stages of development, i.e. in the SOI development stage. This tentative number will be fixed when the ISAP reaches the exposure draft stage. The tentative number will be recycled if an SOI is not approved. The current numbers assigned are as follows:
ISAP 3 – ISAP on IAS 19 Employee Benefits
ISAP [4] - ISAP on IFRS X Insurance Contracts
ISAP [5] - ISAP on Insurer Enterprise Risk Models
ISAP [6] - ISAP on ERM Programs and IAIS Insurance Core Principles
ISAP [7] - ISAP on IAIS's proposed Basic Capital Requirement (in particular the calculation of current estimate liabilities).
- Dave invited the members to provide feedback on what the ASC has done well, has not done so well and anything that the ASC has not done so far that can improve the work of the ASC. Some was provided under agenda items 5(e) and 5(f) below.

5. International Standards of Actuarial Practice:

The chair asked participants about their jurisdictions' and organisations' responses to the ISAPs so far. In the discussions that followed scope and peer review were identified as two areas that generally pose a challenge to declaring local standards as being substantially consistent with ISAP 1, although Dave pointed out that ISAP 1 does not call for peer review, but rather only for considering if it would be appropriate. The Chair suggested that it may be worthwhile to find out how associations are dealing with these areas.

a. Responses with respect to ISAP 1 were:

Australia – is in the process of restructuring their standards and is considering moving the material relating to general actuarial practice in to a separate standard similar to ISAP1. The scope of ISAP 1 is wide and this is an issue that needs to be dealt with when drafting a local general standard. Peer review is not a problem in Australia as the regulations call for peer review.

Ireland – there is a lot of commonality with the existing local standards, but there are some gaps as well. Ireland is considering adopting ISAP 1 with minor modifications. Regarding the issue of scope, Ireland is looking at producing a guide to help users understand what the expectations are when ISAP 1 is adopted. This may even be in the form of FAQs. All standards will be reviewed over time with Solvency II coming in.

UK – There are three areas that pose problems i) scope – the technical standards are limited in scope to particular items of actuarial work and geographically to the UK. The FRC is planning to consult to extend the scope of the generic standards to cover all professional actuarial work. ii) Consideration of peer review is not in all the UK standards and will be included in the draft standard that will be consulted on. iii) Regulating members working outside the UK – minimum threshold of the standards applicable will be ISAP 1. It will be non-prescriptive, and will give the option to the actuary of complying with ISAP 1 or the UK standards or the standards of another organisation that are consistent with ISAP 1, so that a minimum standard will apply. This will be implemented subject to consultation. UK is unlikely to adopt ISAP 1 but will work towards being able to achieve substantial consistency.

France –The Code of Conduct (CoC) allows a standard to be proposed only after an educational note has first been issued and implemented for one year. Currently working on three educational notes i) ORSA – this is in the exposure draft stage ii) Actuarial modelling and iii) IAS 19. The CoC is being reviewed in parallel.

Actuarial Association of Europe (formerly Groupe Consultatif) – will embrace ISAP 1 and it will be adopted as model standard ESAP 1. The consultation indicated support for adopting ISAP 1 as ESAP 1. ESAP 1 will have wording in the preface to choose ISAP 1 or ESAP 1 for adoption by AAE associations. ESAP 1 will be approved later this year. The only substantive difference between ESAP 1 and ISAP 1 is the glossary; ESAP 1 has the defined terms within ESAP 1. AAE expects to make changes to ESAP 1 whenever changes are made to ISAP 1 or the definitions in the glossary relating to ISAP 1.

A working draft of ESAP 2 on Actuarial Function Reporting is expected to be issued in May. Issuing of a final version of ESAP 2 is being delayed due to delays in publication of the related regulations. The AAE equivalent to SOIs may be considered in due course for ESAPs 3, 4 and 5 relating to Risk Management. AAE is waiting to see the work of the IAA in this space. Specific requirements in Solvency II include the risk management function and the actuarial function contributing to the risk management function. Gábor Hanák is Chair of a task force looking at these topics.

US – Most of the provisions in ISAP 1 were already in the existing standards, but US will not declare substantial consistency due to legal issues. One area of difference concerns the provisions of the engagement. This topic is not covered in US standards and it is unlikely that changes will be made to do so. In addition, ISAP 1 probably has a few non substantive areas covered more artfully than the US standards and those will be picked up over time.

US actuaries working in other jurisdictions have to follow the requirements of the local jurisdiction and comply, but will be bound by the code of conduct.

Canada –the ASB took a close look at ISAP 1 and five areas were identified where the local standards were not substantially consistent with ISAP 1. Three of these are minor. Consideration of peer review and the requirement for disclosure in the report if the assumptions are not appropriate are two major areas identified for change. These changes are being put forth to achieve substantial consistency. Members working in other jurisdictions is not a major issue and is covered by the code of conduct. The latter is more a matter for the CIA than the Actuarial Standards Board.

Japan – Not much progress made. It will take time to consider ISAP 1 due to lack of human resources. ISAP 1, ISAP 2 and the Glossary have been translated in to Japanese and published in the IAJ magazine.

b. Responses with respect to ISAP 2 were:

UK- has looked at ISAP 2. It is an area of huge public interest, but is not a topic currently covered by the UK standards. It is possible that UK will develop a standard on this topic due to the public interest factor. However there is concern about the requirement for an opinion on sustainability in ISAP 2. This topic is subject to further consultation with the Government Actuary's Department.

Canada- Similar to the UK, it is an area of public importance, and social security in Canada continues to have significant involvement by actuaries. However, to date there has not been in Canada an actuarial standard specific to social security. The Canadian ASB is studying ISAP 2, and how best to incorporate it into Canadian standards.

US - believes it is already well covered by its standard ASOP 32.

Australia – not required as the Treasury publishes the relevant analysis

Japan- already translated ISAP 2 in to Japanese.

AAE – Recommendations have been made in discussions with the European Commission regarding improving transparency along the lines of ISAP2 in projections made by member states for the Ageing Report.

The other countries did not have much interest in ISAP 2 as there were not many social security practitioners in these countries.

c. & d. Responses with respect to ISAP 3 and ISAP [4] generally indicated that it was too early for the associations to comment on the action each association would take in relation to these ISAPs. However, while some believed the extent of detail in ISAP 3 was too great, and others questioned the need for ISAP [4], there was general support for the development of these ISAPs.

e. Should ASC focus on developing any other ISAPs?

- Should ORSA be a topic for a potential ISAP? It was noted that the definition of ORSA is not the same in different jurisdictions. The ORSA process was recognised as an important one. Would an IAN be more appropriate at this stage?
- It was noted that there are two ISAPs being proposed for ERM. The re-emergence of proposed ISAPs for ERM was for a number of reasons. The new proposals are for standards much narrower in scope than before.

ISAP [5] - ISAP on Insurer Enterprise Risk Models

ISAP [6] - ISAP on ERM Programs and IAIS Insurance Core Principles

Draft SOIs for these ISAPs will be published for consultation shortly after the Washington meetings. (*Later note: The SOIs were published for consultation on 11 April 2014 with a comment deadline of 13 June 2014*)

- ISAP [7] – relating to IAIS’s proposed Basic Capital Requirement is expected to be placed on the Strategic Action Plan for ISAPs. John Maroney gave a brief update on the IAIS activities. The IAIS is working on developing Global Insurance Capital Standards (ICS) over the next three to five years starting with Basic Capital Requirements (BCR). The consultation on BCR has been completed. The IAIS is looking to the IAA to support this initiative with one or several actuarial standards to achieve comparability and consistency. The IAIS is due to release a public statement regarding the ICS within the next week or two and will continue to put out more information over the coming months which will help the IAA to better understand the requirements.

The ASC’s task force is looking at the possibility of developing an ISAP relating to the calculation of the current estimate of insurance liabilities, in the context of the IAIS’s BCR.

f. Advice for the ASC

- Suggestion to provide more detail in SoIs - setting out what the problem is, what problem could be solved by having a standard, what areas it would cover and a very minimal amount of the detail, as it should not be a first draft of the standard.
- The IAIS wanted IAA recognition and assistance in a standard related to the new capital standards.

- Exploration of ways to get more comments from outside organisations and other professions.
- Supranational organisations want more actuarial standards while there is push back from individual actuaries and some larger associations against proposals for more standards. A balance has to be maintained keeping in mind that smaller associations who don't have a process to develop their own standards or lack the resources to do so do benefit from the ISAPs. Having good International Standards in place will also be helpful in cross-border work.

6. Translations of ISAPs into different languages – developments since October

It was noted that Korea, Japan, Spain (Catalan), Mexico (Spanish), Hungary have already translated ISAP 1. Italy is considering translating ISAP 1. ISAP 2 has been translated into Korean, Japanese and Catalan. The translations will be made available on the IAA website as unofficial translations.

7. Professionalism Committee (PC)

Peter Doyle, Chair of the PC, provided a brief update on the PC activities relating to standards:

- The PC task force carrying out a limited review of the Due Process for ISAPs has completed their work. The task force has recommended changes after considering the comments received from the PC, ASC and EC. Most of the proposed changes are editorial in nature, with the key substantive changes being to keep Council informed on a timely basis should substantial changes to the scope occur during the development of the ISAP and the introduction of a “*fatal flaw review*” towards the end of the process. The recommended changes are on the Council agenda for discussion in Washington.
- The PC collected feedback on the actions FMAs have taken on ISAPs 1 and 2 by introducing specific questions in the annual confirmation form for 2013. Fifteen associations out of the forty nine that responded have either adopted/adapted or confirmed (or will confirm) substantial consistency with ISAP 1. Fifteen are in the process of making a decision. Six Associations have translated ISAP 1. Six associations have reported that they have their own standards and make no comment on consistency. ISAP 2 will have a more limited application, but the responses were similar. These results were discussed in detail at the PC meeting and any further actions required discussed and agreed. It was noted that most associations hadn't informed their members about the ISAPs.

The summary of responses was distributed to the SSRT for information.

- Peter also mentioned that a PC paper on *Principles for the Governance of International Actuarial Work* has been submitted to EC. The PC is continuing to do more work on this topic. Some case studies on Ethics and Professionalism from an International Perspective were presented at the ICA in a joint session with the American Academy of Actuaries by a group led by David Martin.
- The Chair mentioned that the PC will also discuss the IANs and the proposed changes to the existing IANs.

8. Consideration of possible future agenda items.

The following suggestions were made for future agenda items:

- Keep ISAP 1 on the agenda
- Practising certificates – what are the requirements around the world?
- Relationships between actuaries and accountants

9. Review of Membership of SSRT (Member organisations)

The Chair noted that the membership information on the SSRT website is not up-to-date. There was a discussion on setting suitable criteria to invite other countries to join the SSRT.

It was agreed to invite associations which have three or more votes at Council that have a local standards setting process to join the SSRT. However, other associations may be accepted on a case by case basis if particular interest is shown to join the SSRT. It was suggested at the meeting to invite South Korea, Hong Kong, Brazil, Belgium and Spain to join the SSRT.

The Secretariat will identify the Countries that meet the above criteria and draft a suitable invitation letter to be sent out in consultation with the Chair. It was noted that the Secretariat would have information on the standard setting process of each country. It was agreed to add Ireland and South Africa to the list of member organisations with Yvonne Lynch and Peter Doyle as representatives respectively, as they meet the criteria and have been active participants at the SSRT meetings.

Each member organisation should be represented by a member. The members are nominated by the organisations. The Secretariat will check if the members and their details listed on the website are current and make corrections as necessary.

Peter Doyle's role in the SSRT included both attending as Chair of PC and representing South Africa. Both these representations need to be clarified for the future. Rob Brown to be added to the list of members as President of the IAA in keeping with the TOR and kept duly informed.

10. Brief country and regional updates.

In addition to the oral updates the following written country reports were provided to be included in the minutes:

A) UK: IFoA UPDATE

GENERAL

The IFoA is responsible for the regulation, in the public interest, of all of its members worldwide. It is subject to independent oversight, in the exercise of its regulatory functions in relation to the UK, by the Financial Reporting Council (FRC). The FRC is additionally responsible for the setting of Technical Actuarial Standards in the UK.

The IFoA's regulatory policy agenda is the responsibility of its Regulation Board, which includes two lay members, in addition to a lay Chair. The Regulation Board has published the IFoA's Regulatory Strategy, which is available at:

<http://www.actuaries.org.uk/research-and-resources/documents/professional-regulation-executive-committee-2012-regulatory-strat-2>

**CURRENT REGULATORY ACTIVITY
STANDARDS**

ACTUARIAL PROFESSIONAL STANDARD X1 (APS X1) (APPLYING STANDARDS INTERNATIONALLY)

We are about to consult on a new standard which is intended to set out a framework of principles to assist members in determining the standards which they should appropriately apply, wherever they are practising. APS X1 proposes that all members will require to meet the standards set out in ISAP 1. This proposed threshold requirement could be met either by applying ISAP 1 directly, or by applying an appropriate combination of other standards which, considered collectively, are substantially consistent with ISAP 1. In the UK, this requirement might be met by applying a combination of UK ethical and technical standards. Additionally, APS X 1 recognises that members may be required to apply other standards, as set by other national regulators or associations, to the extent that these are relevant to the work they are undertaking and the location in which that work is being undertaken.

It is envisaged that APS X1 will, once finalised, go some way towards addressing the possible standards gap arising from the fact that IFoA members undertaking work outside the UK are not subject to UK technical standards. The aim is to address the potential gap through the application of an appropriate framework of principles, while allowing members to exercise judgement, according to their circumstances and to avoid unnecessary regulatory duplication. We expect shortly to consult upon these proposals, which will include some supporting guidance.

APS X2 (QUALITY ASSURANCE AND PEER REVIEW)

We have just consulted on a new standard and guidance which, once approved, would require consideration to be given to the appropriateness of applying peer review to actuarial work and, where appropriate, to apply it. The consultation material can be found here: <http://www.actuaries.org.uk/research-and-resources/documents/actuarial-quality-and-peer-review-consultation-document>

APS X3 (EXPERT WITNESSES)

We have recently consulted upon a new standard and guidance in relation to actuaries performing the role of expert witness or expert advisor in a variety of different contexts. The consultation package is available here: <http://www.actuaries.org.uk/research-and-resources/documents/actuary-expert-consultation-paper>

The outcome of the consultation, which is now closed, is currently being considered.

PROFESSIONAL SKILLS

We have published a range of case-study based video material, focusing on the topic of Conflicts of Interest. A further suite of new material is being developed and expected to be published on the IFoA website later this year; this time with a core theme of open communication, speaking up and whistleblowing. More information about this material can be obtained from Fiona Goddard (fiona.goddard@actuaries.org.uk).

QUALITY ASSURANCE SCHEME FOR ORGANISATIONS

We expect to pilot in 2014 a new Quality Assurance Scheme targeted at employers of actuaries. Under the scheme, which will be voluntary, organisations will have the opportunity to submit to an accreditation and monitoring regime in relation to their quality assurance systems and procedures, focusing on the following:-

1. Conflicts of Interest;
2. Engagement and communication with users;
3. Development and training of members;
4. Whistleblowing;

5. Handling of complaints and disputes

Accredited firms will receive a range of feedback and will be entitled to publicise their Quality Assurance qualification for marketing purposes. Further information on the proposals, as consulted upon in 2013, may be found here:

<http://www.actuaries.org.uk/research-and-resources/documents/quality-assurance-scheme-organisations-consultation-package>

JOINT FORUM ON ACTUARIAL REGULATION

We are engaging in an initiative led by our oversight body, the FRC, along with the UK sectorial regulators, the Financial Conduct Authority, the Pensions Regulator and the Prudential Regulation Authority, with a view to achieving a greater level of coordination regarding actuarial regulation. The key plank of this initiative, which follows from a review of the UK actuarial regulatory framework instigated by the FRC in 2012/13, is a cross-practice risk mapping exercise drawing on the regulatory work of each of the participant bodies. (Ben Kemp, 24 March 2014)

UK: FRC Update

The FRC is developing a revised framework for its standards which is likely to include a new Technical Actuarial Code which will be applicable to all actuarial work. The Code will be based on its existing Generic Technical Actuarial Standards (TASs) on Data, Modeling and Reporting. It is expected that the Code will contribute to enabling the FRC and IFoA to say that their standards are substantially consistent with ISAP 1. The Code will be supported by a small number of TASs targeted on areas of actuarial work which present a significant risk to the public interest. The FRC expects to consult on the new framework and Code in Q3 2014.

We published the results of a post-implementation review of its TASs in insurance related actuarial work¹. The key points arising from the review include:

- users consider that reporting has improved either through better focus on material matters or the provision of additional useful information.
- practitioners are generally comfortable with the extent of the scope and content of the TASs although some report difficulties in making judgements on:
 - materiality leading to longer reports and more information being provided to users; and
 - proportionality leading to more detailed work being performed and documented.
- there is some uncertainty concerning what exactly is in the scope of the TASs with a larger than expected proportion of work being reported by some practitioners as not being subject to TASs; and
- there are indications that there is a lack of familiarity with TASs among less experienced practitioners.

We published a review of the accumulation rates² used in the annual statements required to be sent to individuals in defined contribution pension arrangements. These statements provide an indication of the pension the member might receive in retirement – over 20 million of these statements are issued each year. We had previously removed the cap on

¹ <https://frc.org.uk/Our-Work/Publications/Actuarial-Policy-Team/TAS-post-implementation-review-insurance.pdf>

² <https://frc.org.uk/Our-Work/Publications/Actuarial-Policy-Team/AS-TM1-Survey-of-accumulation-rate-assumptions-for.pdf>

the accumulation rate and wanted to check on the market response. There was a wide range of rates selected for individual asset classes but overall rates appear reasonable.

B) GERMANY: DEUTSCHE AKTUARVEREINIGUNG E.V. (DAV)

a) DAV Standards of Practice

In Germany, standards of practice for actuaries are set by DAV, the German association of actuaries.

The DAV process for the adoption of professional standards of practice has been revised and approved by the General Assembly in April 2013. A translation in English has recently been prepared and has already been added to the resource webpage organized by the IAA Professionalism Committee.

Until today, DAV has issued 63 standards of practice:

- 12 being guidelines (i.e. standards of practice with regulations that, except in justifiable individual cases, may not be deviated from) and
- 51 being advisory notes (i.e. standards of practice that are to be taken into account in actuarial considerations, the application of which can be freely decided upon in individual cases, however, within the framework of the code of conduct).

b) IAA Standards of Practice

The DAV Professionalism Committee has recently prepared a translation in German of ISAP 1 “General Actuarial Practice” and will now start a discussion process with the technical committees within DAV whether and how this model standard could be adapted in order to be adopted as a DAV standard of practice.

As regards ISAP 2 “Social Security” the DAV Committee on Old-Age Provisions will examine this model standard at its next meeting in April and give a recommendation whether and how this model standard could be adapted in order to be adopted as a DAV standard of practice.

The DAV Committee on Old-Age Provisions has recently submitted its comments on the Exposure Draft of ISAP 3 “IAS 19”.

The DAV Accounting and Solvency Committee has submitted its comments on the Statement of Intent for ISAP 4 “IFRS 4” on 7 February.

C) UNITED STATES: KEY RECENT PROJECTS OF THE US ASB

Continuing work on our pension standards improvement projects:

- The final versions of the revised ASOP No. 27, *Selection of economic assumptions for measuring pension obligations*, and the revised ASOP No. 4, *Measuring Pension Obligations and Determining Pension Plan Costs or Contributions*, were approved by the ASB at their September and December 2013 meetings, respectively.
- ASOP No. 6, *Measuring Retiree Group Benefits Obligations and Determining Retiree Group Benefits Plan Costs or Contributions*, was discussed extensively at the March, 2014 ASB meeting but is still under revision.
- The comment period for a revised version of ASOP No. 35, *Selection of Demographic and Other Noneconomic Assumptions for Measuring Pension Obligations*, expired at the end of January. This standard is currently in the final revision phase.
- A new standard on disclosure of pension risk is in the discussion draft phase. Discussion of an exposure draft of this standard is now scheduled for September, 2014.

- A blue-ribbon panel commissioned by the Society of Actuaries to review the financing of public pensions recently completed its work and produced a report that suggested certain changes to actuarial standards. The ASB is currently studying those suggestions as well as other relevant industry events as part of its ongoing pension projects.

Continuing work on our modeling projects:

- A general modeling standard that covers things to consider when selecting, designing, building, modifying, developing or using models was exposed in July, 2013. The exposure draft generated substantial comment and the task force responsible for this project is currently reviewing those comments. Discussion of the next phase of this project is scheduled for the ASB's June meeting.
- A revision of ASOP 38, *Catastrophe Models*, was approved, pending final approval of the general modeling standard, at the March 2014 meeting. This standard is now focused on catastrophe modeling including hurricanes, earthquakes, severe convective storms, terrorist acts, and pandemics. Financial catastrophes are not included in scope.

Working on

- A revision to ASOP No. 8, *Regulatory Filings for Health Benefits, Health Insurance, and Entities Providing Health Benefits*, was discussed by the ASB at its March, 2014 meeting. Changes to this standard were motivated by Obamacare as well as a few other reasons.
- The comment period for a new standard on *Medicaid Managed-Care Capitation Rate Development and Certification* expires in May.
- The comment period for an exposure draft of a new ASOP on Principles Based Reserves for life insurance expired in December, 2013. The principles based reserve concept is new and wending its way through the state regulatory process. Our standard work is trying to pace the regulatory work.
- A new version of ASOP No. 25, *Credibility Procedures*, was approved by the ASB at its December, 2013 meeting. The new version expands the scope of this standard from casualty only to all practice areas.
- ASOP No. 48, *Life Settlements Mortality*, was also approved at the December meeting.

Other projects

- Working with the Academy on better marketing of ASB activities. Expect new internet presence (working on an app), new logo and new format for announcements.

D) CANADA – ACTUARIAL STANDARDS BOARD OF CANADA

Developments since the SSRT meeting in October 2013 include:

- Notice of Intent (NOI) last year to amend our standards to have them be “substantially consistent” with ISAP 1. ED up for approval at ASB in April.
- Designated Group (Canadian ASBese for “task force”) being established to integrate ISAP 2 into our CSOP. DG will recommend how.
- ED issued several months ago, after several QISes, on revising the economic reinvestment assumptions utilized in insurance company valuation. Will have potentially significant impact on life insurers. Approval by the ASB of the final standard is expected in April

- Following research by the CIA, the ASB is now preparing to update the mortality and mortality improvement assumptions to be used in the calculation of commuted values for terminating members of pension plans
- NOI is expected in April on a standard on the use of models

E) IRELAND: SOCIETY OF ACTUARIES IN IRELAND

ISAP 1: Our Actuarial Standards of Practice relate mainly to regulatory or statutory work, whereas the scope of ISAP 1 is broader. Our Practice Committees have considered the implications of adopting ISAP 1 (either as is or with minor modifications). We would need to edit existing standards as some duplications would arise. Many of the current ASPs will need to be revised anyway in light of Solvency II. We would also, we feel, need to provide guidance to members on what the new standard means for non-regulated work in different contexts (e.g. work performed for one's employer v. work done by a consulting actuary for a client). We therefore intend to draft a guide, before consulting with the full membership (in accordance with our standard-setting process) on the new standard.

Regulatory consultation: In late 2012, we responded to a consultation paper issued by the insurance regulator on "Reserving and pricing for non-life insurers and [all] reinsurers". We supported certain proposals aimed at improving the governance of the reserving process and we welcomed statements setting out the respective roles and responsibilities of the Board of Directors and the Signing Actuary. We cautioned against discontinuing requirements for Signing Actuaries to be members of the Society of Actuaries in Ireland and to hold practising certificates issued by the Society. We argued that retaining these requirements would strengthen the proposed regulatory framework and would allow the Society to develop and enforce standards of practice for the performance of regulated work. On data checks, we pointed out that the Signing Actuary will need to rely to some extent on other experts, in particular the Head of Claims. We proposed that the responsibilities of other parties in relation to data, and the extent to which the Signing Actuary may reasonably rely on them, should be clearly set out; otherwise, the proposed requirements would place a disproportionate and unrealistic reliance on the Signing Actuary and would not adequately address known reserving-related risks. We also provided suggestions on the implementation of mandatory peer review of Signing Actuary work and on proposed guidance relating to the calculation of technical provisions and a (separately enumerated) margin for uncertainty. We now await publication of the new regime.

Updates to ASPs: Our CPD Scheme is set out in the form of an ASP. We plan to introduce an updated version shortly. Changes will include an increase in the amount of CPD required (from 15 hours to 25 hours for practising certificate holders, 20 hours for other actuaries, phased in over 2 years). Other ASP work under consideration relates to Solvency II, conflicts of interest and peer review.

Institute & Faculty of Actuaries ethical standards: Most of our members are also members of the IFoA and therefore our work on standards includes reviewing any ethical standards that the IFoA proposes and responding to consultations where appropriate. We have recently responded to consultations on proposed standards on 'The Actuary as an Expert' and 'Actuarial Quality and Peer Review'. Our discussions on these highlighted the

importance of taking a principles-based approach where a standard is intended to have international application.

11. Next meeting : London, United Kingdom — 10–14 September 2014

The meeting ended with the Chair thanking everyone for their contributions.

Attendance List:

Members

David Martin	Chairperson
Thomas Béhar	
Chris Daykin	
Peter Doyle	
John Instance (substitute for Paul Kennedy)	
Tom Karp	
Yvonne Lynch	
Yoshiaki Maebayashi	
Robert G Meilander	
Dave Pelletier	

Invited Guests

John Maroney	International Association of Insurance Supervisors
--------------	--

Observers

Mary Downs	American Academy of Actuaries
Keith Jones	American Academy of Actuaries
Godfrey Perrott	Co-Vice-Chairperson, Actuarial Standards

Staff Liaison

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