

# HIGH LEVEL ROUNDTABLE OF INSURANCE SUPERVISORS

5-6 September , 2017 - Manila, Philippines

## The role of actuaries and actuarial standards in developing insurance and pension markets

Presenter: Fred Rowley MA FIAA CERA, Past President, IAA

*Moving the profession forward internationally*

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# Overview

- Brief introduction to the IAA
- Actuarial Standards & Professionalism
- IAA and IAIS partnerships
- Role of Standards and Development
- Questions?



# About the IAA



**Worldwide association of professional actuarial associations**

- 70 FMAs\*
- 28 AMAs\*
- representing 60,000+ actuaries in 108 + countries

**7 special interest Sections for individuals:**

AFIR-ERM  
ASTIN  
AWB  
IAAHS  
IACA  
Life  
PBSS

5000+  
**Section members**

**800+ volunteer actuaries**

**Council and committees** meet twice a year

**Sections** host colloquia  
**International Congress of Actuaries** every 4 years.

300+ conference calls annually

Constituted in Switzerland

based in Ottawa, Canada

11 staff

Exists to encourage the development of a global profession

Acknowledged as technically competent and professionally reliable

To ensure the public interest is served

*\*FMAs: Full Member Associations; AMAs: Associate Member Associations*



# Vision

The actuarial profession is:

- Recognised worldwide as a major player in the decision-making process within the financial services industry
  - in the area of social protection and in the management of risk
- Contributing to the well-being of society as a whole.



# Mission

- To represent the actuarial profession and promote its role, reputation and recognition in the international domain
- To ....
  - promote professionalism
  - develop education standards, and
  - encourage research.... to address changing needs



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# IAA and Actuarial Standards

- IAA Full Member Associations ('FMAs') are often standard-setting bodies in their own right
- Most work closely with local regulators to establish standards for actuarial work & conduct
- Many also cooperate on standards development with local prudential regulators
- IAA has worked closely with the International Association of Insurance Supervisors ('IAIS') on supervisory theory and standards, over many years --- and the IASB !



# Enforcement

- Full Member Associations that set standards for their members enforce them through Codes of Professional Conduct and Discipline
- Supervisors enforce through local regulations
- Sometimes there can be overlaps



# IAA and Actuarial Standards

- IAA issues International Standards of Actuarial Practice ('ISAPs') as models for consideration by **relevant actuarial standard-setting bodies**
- IAA encourages them to maintain a ... set of standards that is substantially consistent with ... ISAP(s) to the extent that the content ... is **appropriate for actuaries in their jurisdiction.**



# What do ISAPs cover?

- **ISAP 1**      **General Actuarial Practice**
- **ISAP 1A**    **Governance of Models**
- **ISAP 2**      **Financial Analysis of Social Security Programs**
- **ISAP 3**      **IAS 19 Employee Benefits**
- **ISAP 4**      **IFRS 17 (etc) Insurance Contracts**
- **ISAP 5**      **Insurer Enterprise Risk Models**
- **ISAP 6**      **ERM Programs under IAIS**  
**Insurance Core Principles 8 & 16**
- **ISAP 7**      **“Current estimates” etc in relation to**  
**IAIS capital standards**

**Due Process, Glossary, Action Plan etc.**



# How can ISAPs be used?

- IAA encourages standard-setters to:
  - Consider using the ISAPs and their framework
  - Form a view as to the extent they can make use of them in their own territories
  - Take action to implement as they consider appropriate

# How can ISAPs be used?

- Some may choose to:
  - Adopt all or part of the (customised) ISAPs
  - Declare that all or part of an ISAP is suitable for (voluntary) use
  - Use ISAPs as an input to the evolution of their own standards
- Some degree of customisation by the standard-setter will often be needed, to suit local conditions and policy settings.

# What else does IAA provide?

- Professionalism Ctee papers - includes:
  - “Principles of professionalism”
  - Discipline (cross-border)
  - Ethics
  - Whistle-blowing
  - Framework, etc.
  
- 12 International Actuarial Notes (‘IANs’) on educational topics



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# IAIS / IAA Partnerships

- IAA contributes to:
  - Development of regulatory theory and practice (e.g. Blue Book, Risk Book)
  - Consultations (e.g. ICS, updates of ICPs)
  - Capacity Building (Core Curriculum)
  - Framework Papers for Accessible Insurance Markets



# Overview

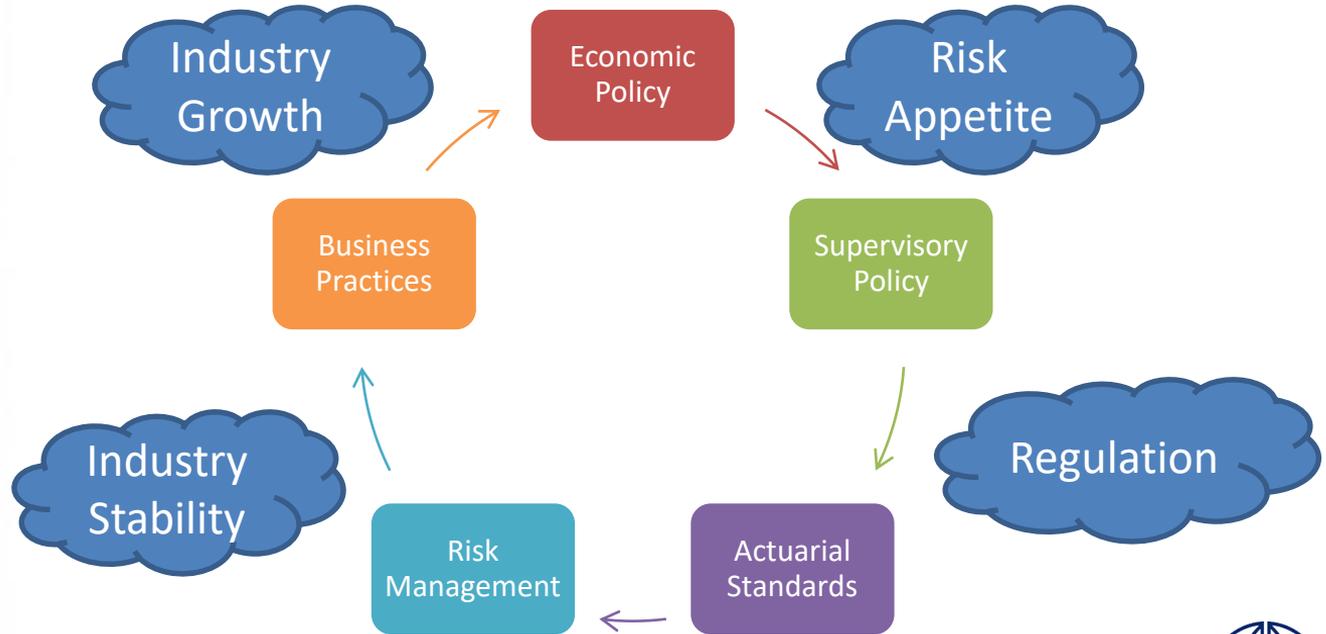
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# Actuarial Standards and Economic Development (1)

- Stability of financial institutions is fundamental to economic stability
- Actuarial skills are also fundamental
- Matching needs and resourcing  
.... in the industry and supervisory body
- Standards should reflect local conditions  
.... and local aspirations
- Economic policy framework is a key driver  
.... may be interaction

# Actuarial Standards and Economic Development (2)



# Actuarial Standards and Economic Development (3)

- Actuarial science doesn't change much by jurisdiction – but conditions do !
- Regulatory requirements and supervisory practice will reflect local conditions  
(e.g. conditions of emerging securities markets; micro/mass insurance enterprises, etc.)
- Standards and skillsets need to equip actuaries and others to cope with that range of conditions
- Clear definition of regulatory / supervisory requirements will benefit everyone
- Cooperative approach can benefit everyone



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# Thank you!



<http://www.actuaries.org>

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