

The Actuarial Profession
making financial sense of the future

Pensions, Benefits and Social Security Colloquium 2011 - Panel Session

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Standards of Practice Should they be International?

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International Standards - Agenda

- Need and Purpose for Standards –
 - Who are they for?
 - What is their purpose?
- How should Standards be written
 - Rules versus Principles based standards
- Who should set Standards?
 - Should they be International?
 - Role of Countries in setting Standards?
 - What if local Standards do not exist currently ?
 - Partnering with other organisations (e.g. IASB)

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Standards of Practice

- A visit to the ISSA/ILO
- Other International Standard Setters

Standards of Practice

- Created to protect the Practicing Actuary

Standards of Practice

- Created to protect Public Consumers

Purpose of standards ...

- In general?
- For a specific application or practice area?
- For a specific nation or region?
- For the IAA?

What might be accomplished with standards?

- Specific accomplishments might include
 - Protection of beneficiaries
 - Protection of actuaries
 - Assistance to users
 - Assistance to regulators
- General accomplishments might include
 - Ensure quality, consistency
 - Serve the public interest
 - Enhance credibility of the profession

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What should Standards try to achieve?

- A relevant consideration – how high to set the bar?
 - Minimum acceptable practice
 - Good practice
 - Best practice

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How standards are written – Rules v principles

1. “In the beginning” actuaries used only their judgment
2. In some associations – eg UK and US, gradually a body of standards were drawn up, on an “as needed” basis
3. These became largely rules based
4. Actuaries became dependent on these
 - Were they “spoon – fed”?
5. A move back to Principles
 - Is this a “happy medium” between 1. and 3.?

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Who sets Standards? - IAA influence

- Associations of the IAA
 - ❖ all require Code of Conduct and Disciplinary Process
 - ❖ How many Associations?
- Currently 63 Full Members
- Actuaries have influence worldwide
- IAA – partnering with global organisations
- Actuaries all have same ideals – quality advice
- So who should set Standards?

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Who sets Standards? - Objective

- Not self serving – degree of independence to set standards
- Consistent – Standard Setters Round Table + IAA
- Structure evolving in Associations and IAA
 - Overarching code (Behaviour) and
 - Specific Standards (Behaviour + Technical)
- Traditional work tends to be covered by Specific
 - Wider fields?
 - Every Business has an accountant -> will have actuary ?
 - Standards must evolve to meet needs

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Who sets Standards? – Country approach

- UK - BAS + UK Actuarial Profession
 - ❖ Technical Standards - Independent of UK Actuarial
 - ❖ Reporting, Data, Modelling, Pensions, Insurance, Transformations, Projections
 - ❖ Behavioural Standards – UK Actuarial Profession
 - ❖ Code of Conduct, Practice or Topic Specific
- Degree of independence - examples
 - ❖ Canada – ASB + CIA
 - ❖ USA – ASB + Academy of Actuaries (input SoA + CAS)
 - ❖ Japan – Institute of Actuaries of Japan + Japanese Society of Certified Pension Actuaries (JSCPA).
- IAA – collective input
- Option to adopt IAA Standards-helpful for smaller Associations

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Partnering with other Organisations

- IASP1 and Topic Specific Standards
- Partnering with the IASB