



Financial Reporting Group Terms of Reference

Overview of the FRG

The FRG reports to the International Board owing to its cross-practice, global remit and supports the IFoA's representative on the IAA's Insurance Accounting Committee.

As a cross-practice steering group, the FRG:

- supports the IFoA in the formulation and delivery of the IFoA's opinion on accounting matters by responding to consultations and engaging with stakeholders; and
- considers accounting and financial reporting issues affecting the relevant IFoA practice areas, for the UK and internationally.

Examples of when the Practice Boards might seek FRG support

- Consultation responses that require technical expertise on accounting and reporting matters.
 - Previous consultation responses led by the FRG:
 - International Accounting Standards Board – A review of the Conceptual Framework for Financial Reporting (January 2014)
 - Financial Reporting Council – Draft FRS103 Insurance Contracts (July 2013)
 - International Accounting Standards Board – Revised Exposure: Draft Insurance Contracts (June 2013)
- Stakeholder engagement on accounting and reporting matters.
- Input to research on accounting and reporting matters.

Purpose:

To support the Institute and Faculty of Actuaries (IFoA) in the formulation and delivery of the IFoA's opinion on accounting matters through consultation responses or wider engagement with stakeholders.

The Financial Reporting Group (FRG) will consider, at a high level, accounting and financial reporting issues affecting the relevant IFoA practice areas for the UK and internationally. The FRG will have the ability to deep-dive into the technical detail of the issues as required for stakeholder engagement and review of consultation responses and will also consider accounting issues from the broader strategic viewpoint of the actuarial profession.

"Relevant IFoA practice areas" covers insurance, both life and non-life (including Health & Care), and pensions. However, other financial areas may become relevant to the IFoA through for example: wider work stream involvement beyond consultations, member migration to alternative sectors, changes in regulatory policy. FRG should aim to adapt to these changing circumstances by being at the forefront of developments, heralding potential changes and by seeking appropriate additional or replacement expertise on the FRG.

Responsibilities:

1. Looking out for financial reporting issues across relevant actuarial practice areas which may affect IFoA members in the UK and / or globally.

2. To operate as a 'steering group' in the technical arena of accounting as it pertains to actuaries with the freedom to set up working groups of volunteers.

2.1. These working groups would consider in detail and draft responses to specific consultations, standards or wider communications.

2.2. In particular, FRG will be one step removed from this level of detail and has the requirement to review drafted responses following input by relevant Practice Boards and prior to final submission for approval by the Public Affairs and Consultations Committee.

3. Manage, with support from the Executive, the progression and timely completion of consultation responses or other workstreams being undertaken by the FRG or its working groups.

3.1. Working groups should be composed of expert volunteers willing to develop the IFoA response consistent with the IFoA strategic objective for public affairs and promotion "To speak up on relevant matters of public interest and to raise awareness of the work that actuaries do and the value we add to society."

3.2. FRG members can join working groups if they have sufficient capacity and would then operate as any member of a working group responsible for developing the response in addition to their separate role on the FRG itself. Working groups should nominate a chair of the group for that workstream who would provide updates to a relevant appointed member of the FRG, alongside Executive support.

4. Support international representatives on relevant International Actuarial Association (IAA) and (should they become active in the relevant fields) Actuarial Association of Europe (AAE) committees, through productive frequent engagement with these committees and the facilitation of knowledge sharing, while also considering the need for separate IFoA responses to consultations or other input.

5. When appropriate and with relevant members of the IFoA Executive, engage externally with relevant accounting organisations where active participation in the IAA / AAE is unlikely adequately to serve the needs of the IFoA.

Operational arrangements:

6. Members of the FRG report to the Chair of the FRG. The Chair of the FRG reports to International Board. It is expected that, as a minimum, the Chair of the FRG will provide a quarterly written report to International Board and will attend one International Board meeting annually. There will be an open communication channel between the FRG and International Board (through the Chairs) should any issues require earlier engagement.

7. Quarterly meetings of the FRG will be held, with tie in to IAA meeting schedules. Additional conference calls will take place as and when required. Quarterly meetings will be held at IFoA, London with conference call facilities made available. Times convenient to members in different time zones will be accommodated where possible.

8. The representatives of the FRG are volunteers appointed by virtue of their skill-set in particular practice areas. To ensure effective dissemination of information between members the FRG will: utilise the Practice Area Links of the International Board; be conscious of utilising members with appropriate expertise also involved in IFoA consultation sub-committees; and seek appropriate Practice Board input. The Chair of the FRG will aim to achieve this balance. Additional executive staff members can also join meetings to provide relevant input. The IFoA will provide secretariat support to the FRG:

Role fulfilled	Number of members
Chair of the FRG	1
Life insurance accounting expert	2
Non-life insurance accounting expert	2
Pensions accounting expert ¹	1
IAA representative ²	1
Representative of the accounting profession	1
Representative of accounting standard users	1
Total	9