

## **REPORT OF THE STANDARDS PROJECT TEAM TO THE PROFESSIONALISM COMMITTEE MEETING IN UTRECHT, 21 SEPTEMBER 2018**

Since the meeting of the Standards, Freedoms and Professionalism Committee (SFPC) in Lisbon, 13 March 2018, the Standards Project Team (SPT) reports the following.

### **Terms of Reference**

At its meeting in Lisbon the SFPC (since renamed as the Professionalism Committee, PC) decided to disband the SPT and establish a subcommittee instead and asked the SPT to review and update its Terms of Reference (TOR) accordingly. The SPT has prepared a proposal for the TOR of the Actuarial Standards Subcommittee and submitted it for approval by the PC.

### **Due process for the development of European standards of actuarial practice (ESAPs)**

The SPT has also reviewed the Due Process (DP) and other AAE policies defining the criteria and requirements for ESAPs. The SPT has prepared a proposal for an updated DP which basically does not change the process but streamlines and clarifies the wording. It also combines the separated documents into one document. The SPT has submitted the proposal to the PC for approval.

### **ESAPs**

At the moment no model standards are under work. The AAE has approved three model standards: ESAP1 (General Actuarial Practice), ESAP2 (Actuarial Function Report under Directive 2009/139/EC) and ESAP3 (Actuarial Practise in Relation to the ORSA Process under Solvency II).

The IAA is expected to approve amendments to ISAP1 (our ESAP1) and a new ISAP6 later this year (see below). The AAE needs to discuss and decide what approach to take in respect these IAA plans, e.g. ISAP 6 overlaps partly with ESAP 3.

An updated work-plan for the SPT is in Annex 1.

### **Standard setting activity in the IAA**

The Actuarial Standards Committee (ASC) of the IAA is working on the following ISAPs:

ISAP 1 The ASC has conducted the Final Review Consultation with the comment deadline of 22 July:

- ISAP 1 *General Actuarial Practice*, including the merger of the guidance from ISAP 1A *Governance of Models* into ISAP 1 (and the concurrent rescission of ISAP 1A);
- related amendments to the Glossary associated with ISAPs; and
- a minor conformance change to ISAP 2 *Financial Analysis of Social Security Programs*

The ASC is currently reviewing the responses. It expects to propose it for adoption at the IAA Council meeting in December.

ISAP 4 The ASC released the Exposure Draft of ISAP4 on IRFS17 Insurance Contracts with the comment deadline of 30 June 2018. The ASC is currently reviewing the comments received. The expected completion is in Q4/2019.

ISAP 6 The ASC published the Final Review documents of ISAP 6 *Enterprise Risk Management Programs and IAIS Insurance Core Principles* with the comment deadline of 30 August. The ASC is reviewing the responses. It expects to propose it for adoption at the IAA Council meeting in December.

After the ASC has agreed on ISAPs 1 and 6 it will mark up the conformance changes needed to ISAPs 3 and 5 and propose them for approval of the IAA Council in December.

The SPT will follow the work of the ASC and consider actions especially related to the possible merge of the ISAPs 1 and 1A and the issuance of ISAP 6.

### **Other matters**

The ICA-2018 congress program included several sessions on professionalism including standards. The members of the SPT were among the contributors.

The SPT has operated mainly by emails. Since Lisbon it has held one conference call. The agendas and minutes are available on the AAE websites.

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Chairperson, Standards Project Team  
4 September 2018