

Monitoring of the Use of ESAPs and EANs by AAE member associations

The first ESAP is ready for agreement by the General Assembly in Helsinki. This is really just the first step in respect to implementation of a standard. Each association needs to consider it, and whether to adopt, adapt, translate, declare their existing standards to be substantially consistent, or to take no action in respect of it.

The same will be true, in due course, of ESAP2, and any further ESAPs that are agreed.

The IAA already has 2 ISAPs in place, and a monitoring process has already begun in respect of them. I attach a document (the second in the series) showing current consideration of ISAPs 1 and 2. It is a matter of concern that the substantial number of associations yet to take action reduces before too long. There is a regulatory risk for the international actuarial profession if international model standards from IAA and AAE exist, but there are substantial numbers of actuaries not bound by them as their associations have not taken action in regard to them.

A similar monitoring system for AAE standards would, along with the IAA surveys, keep the situation under review to assist both international organisations, and I propose such a system be set up for the AAE. If agreed, a suitable group of individuals to carry out this work would be needed.

Similar monitoring of the reaction of associations to EANs might also be appropriate.

David Martin, Chairperson of the AAE Standards, Freedoms and Professionalism Committee.

September 2014

Summary of FMA responses to ISAPs 1 and 2

	ISAP 1	% */ remarks	ISAP 2	%*/ remarks
Informed members about the ISAPs	26	45%	26	45%
Not informed members	22	38%	22	38%
Not responded to the question	10	17%	10	17%
Translating	6	10%	4	7%
Acceptance / Consistency of ISAPs				
Adopted as written	7	12%	5	9%
Adopted substantially consistent	4	7%	4	7%
Already consistent	3	5%	2	3%
Have modified or becoming consistent	2	3%	2	3%
Other (supportive)	2	Bulgaria, Hungary	1	Bulgaria
	18	31%	14	24%
Not inclined to adopt/adapt				
Have standards - no comment	5	4 US FMAs & Hong Kong	5	4 US FMAs & Hong Kong
Will not take action	3	Norway, Serbia, SOA (US)	5	France, Netherlands, Norway, Serbia, SOA (US)
	8	14%	10	17%
Pending				
Still Deciding	23	40%	24	41%
Not specified	9	16%	10	17%
	32	55%	34	59%

* as a percentage of total number of FMAs responded

Total number of FMAs responded	58	89%
FMAs yet to respond	7	11%
TOTAL FMAs	65	

Responses to Questions regarding ISAP 1 in the IAA Annual Confirmation Form

			ISAP 1 (Q 3.3 and Q 3.4)										Q 3.5
Country	Q 3.1*	Q 3.2**	Members informed about ISAP	Translating into:	Adopted as written	Adopted substantially consistent	Already consistent	Have modified or becoming consistent	Have standards - no comment	Will not take action	Still Deciding	Other	Comments
Argentina	N	Local association				√							
Australia	Y	Local association and a regulator	Y								√		Per gesution 3.2, the Institute does not have members in multiple jurisdictions with different standards setting processes. Re question 3.4, the Institute has a very large number of professional standards and practice guidelines. We are currently reviewing the degree of congruence of these with the ISAPs.
Austria	N	Local association and a regulator	Y								√		
Belgium	Y	Local association	N									n/a	
Bosnia	N	Not specified	Y		√								
Brazil	N	Local association / A regulator									√		
Bulgaria	N	Local association	N									√	The both standards have been uploaded on the web site of BAS under section Professional standards (through direct link to the IAA web site). On the next step they will be translated and presented at the annual meeting in May for approval by the General Assembly.
Canada	N	A separate actuarial standards body	Y					√					
Caribbean	Y	Local association / Another actuarial body / A separate actuarial standard body	Y								√		The CAA's Common Standards Committee is currently examining ISAP 1 and deliberating on whether to adopt this Standard in its current format or if modifications are necessary. The association has not yet discussed ISAP2.
China	N	Local association and a regulator	N									n/a	
Chinese Taipei	N	Local Association					√						ISAP1 Life---Have standards that apply and our standards were already substantially consistent with the ISAP. General Ins.---Have standards that apply and we make no comment about whether they're substantially consistent with the ISAP
Colombia	N	Local association	Y		√								
Cote d'Ivoire													
Croatia	N	members are not subject to actuarial standards of practice	N									n/a	
Cyprus	N	Local Association			√								
Czech Rep													
Denmark	N	Some other entity	Y									n/a	
Egypt													
Estonia	N	members are not subject to actuarial standards of practice	N									n/a	
Finland	N	Another actuarial body, A regulator	Y								√		
France	N	Local association	N								√		Institut des actuaires is considering ISAP 1 after integration in European standards (GCASP 1)
Germany	Y	Local association	N								√		
Greece	N	A regulator									√		
Hong Kong	N	Local association	N						√				
Hungary	N	Local association	Y	Hungarian								√	ISAP1 is being translated into Hungarian.
Iceland													
India	N	Local association	Y								√		
Indonesia	N	Local association	N									n/a	
Ireland	N	Local association	Y								√		ISAP1: It is possible that we will defer taking action in respect of ISAP1 until we decide what other work we need to do on standards in light of Solvency II.
Israel	N	Local association	Y								√		
Italy	N	Another actuarial body	Y	Considering							√		As far as question 3.2 regards the other actuarial body that sets all of the actuarial standards of practice for the members is by law CNA (Consiglio Nazionale degli Attuari) As far as question 3.4 regards we have not taken action yet because we are undergoing a procedure of merging between IIA (Istituto Italiano degli Attuari) and CNA (Consiglio Nazionale degli Attuari). This procedure is now in its final stages and hopefully will become operative in the next few months.

[illegible]

Country	Q 3.1*	Q 3.2**	Members informed about ISAP	Translating into:	Adopted as written	Adopted substantially consistent	Already consistent	Have modified or becoming consistent	Have standards - no comment	Will not take action	Still Deciding	Other	Comments
UK	N	Local association/ a regulator	N					√				√	In collaboration with our oversight body, the Financial Reporting Council (FRC), we aim to make a statement later this year to the effect that the UK framework of actuarial standards is substantially consistent with ISAP 1. We believe that there are two principal issues which require to be addressed before we can make that statement. The first relates to the scope of the UK Technical Actuarial Standards (TASs) (which are narrower in their scope than ISAP 1). The FRC is currently reviewing the scope of the TASs as part of a broader review of its standards and currently intends to consult in the first half of this year on a more broadly applicable Technical Code, in addition to new specific standards. Secondly, we do not currently have a specific requirement in relation to the application of peer review, other than in relation to certain specific aspects of pensions work. The IFoA is currently consulting on a broader standard of general application in relation to peer review. Subject to these two steps, we believe that we will be in a position to declare that the UK framework is substantially consistent with ISAP 1. We are additionally currently considering whether to endorse ISAP 1 as, in effect, a minimum threshold standard for all of our members, including those practising overseas and who are not as such subject to UK technical standards.
US-AAA	N	Local Association							√				
US-ASPPA	N	Another actuarial body	Y						√				
US-CAS	N	Another actuarial body / A separate actuarial body / A regulator / Some other entity							√				CAS does not create or adopt standards of practice. CAS members practice in a great many different countries, and are subject to the relevant standards for the location where their work product is intended to be used. Our response to question 3.2 is intended to be illustrative of the range of standard setting bodies. Our largest population of members is in the US, where the standards are set by the American Academy of Actuaries / Actuarial Standards Board. Our response to question 3.4 is based on the response to this question by the American Academy of Actuaries, since this is the relevant response for the great majority of CAS members.
US-CCA	N	Some other entity	N						√				
US-SOA	N	A separate actuarial body	N							√			
TOTAL	58	57	26	6	7	4	3	2	5	3	23	12	

* Question 3.1 Did your association initiate or modify its formal process to adopt standards of practice during 2013?

** 3.2 Are some or all of the actuarial standards of practice for your members set by (check all that apply)

- 0 Your association
- 0 Another actuarial body
- 0 A separate actuarial standards body
- 0 A regulator
- 0 Some other entity
- 0 Your members are not subject to actuarial standards of practice

Responses to Questions regarding ISAP 2 in the IAA Annual Confirmation Form

			ISAP 2 (Q 3.3 and Q 3.4)										Q 3.5
Country	Q 3.1	Q 3.2	Members informed about ISAP	Translating into:	Adopted as written	Adopted substantially consistent	Already consistent	Have modified or becoming consistent	Have standards - no comment	Will not take action	Still Deciding	Other	Comments
Argentina	N	Local association			√								
Australia	Y	Local association and a regulator	Y								√		Per qesution 3.2, the Institute does not have members in multiple jurisdictions with different standards setting processes. Re question 3.4, the Institute has a very large number of professional standards and practice guidelines. We are currently reviewing the degree of congruence of these with the ISAPs.
Austria	N	Local association and a regulator	Y								√		
Belgium	Y	Local association	N									n/a	
Bosnia	N	Not specified	Y		√								
Brazil	N	Local association / A regulator									√		
Bulgaria	N	Local association	N									√	The both standards have been uploaded on the web site of BAS under section Professional standards (through direct link to the IAA web site). On the next step they will be translated and presented at the annual meeting in May for approval by the General Assembly.
Canada	N	A separate actuarial standards body	Y					√					
Caribbean	Y	Local association / Another actuarial body / A separate actuarial standard body	Y								√		The CAA's Common Standards Committee is currently examining ISAP 1 and deliberating on whether to adopt this Standard in its current format or if modifications are necessary. The association has not yet discussed ISAP2.
China	N	Local association and a regulator	N									n/a	
Chinese Taipei	N	Local Association									√		ISAP1 Life---Have standards that apply and our standards were already substantially consistent with the ISAP. General Ins.---Have standards that apply and we make no comment about whether they're substantially consistent with the ISAP
Colombia	N	Local association	Y		√								
Cote d'Ivoire													
Croatia	N	members are not subject to actuarial standards of practice	N									n/a	
Cyprus	N	Local Association			√								
Czech Rep													
Denmark	N	Some other entity	Y									n/a	
Egypt													
Estonia	N	members are not subject to actuarial standards of practice	N									n/a	
Finland	N	Another actuarial body, A regulator	Y								√		
France	N	Local association	N							√			Institut des actuaires is considering ISAP 1 after integration in European standards (GCASP 1)
Germany	Y	Local association	N								√		
Greece	N	A regulator									√		
Hong Kong	N	Local association	N						√				
Hungary	N	Local association	Y								√		ISAP1 is being translated into Hungarian.
Iceland													
India	N	Local association	Y								√		
Indonesia	N	Local association	N									n/a	
Ireland	N	Local association	Y								√		ISAP1: It is possible that we will defer taking action in respect of ISAP1 until we decide what other work we need to do on standards in light of Solvency II.
Israel	N	Local association	Y								√		
Italy	N	Another actuarial body	Y	Considering							√		As far as question 3.2 regards the other actuarial body that sets all of the actuarial standards of practice for the members is by law CNA (Consiglio Nazionale degli Attuari) As far as question 3.4 regards we have not taken action yet because we are undergoing a procedure of merging between IIA (Istituto Italiano degli Attuari) and CNA (Consiglio Nazionale degli Attuari). This procedure is now in its final stages and hopefully will become operative in the next few months.
Japan-IAJ	N	Local association	Y	Japanese							√		
Japan-JSCPA	Y	Local association / Another actuarial body / A regulator	N								√		
Kenya	N	Local association / Another actuarial body / A regulator	Y					√					
Latvia	N	Local association	N			√							
Lebanon	N	Another actuarial body	N									n/a	
Lithuania	N	members are not subject to actuarial standards of practice										n/a	We plan to start implementation of ISAP1 in 2014
Malaysia	N	Another actuarial body / A regulator									√		Our members need to comply with actuarial standards of other overseas professional actuarial bodies eg: SOA, IFoA ect which they belong.
Mexico	N	Local association	Y								√		We are in the process of adopting ISAP 1 as it is.
Morocco													
Netherlands	N	Local association	Y							√			
New Zealand	N		N				√						
Norway	N	Local association / A regulator / Some other entity	Y							√			In general, Den Norske Aktuarforening does not have standards of practice for our members. However, there was made one very technical in connection with IAS calculations for pensions. Also, for IAS the Norwegian counterpart of IASB makes some semi-standards for Reporting. The Finance supervisor have also introduced some semi-standards for reporting in connection with Solvency II

Country	Q 3.1	Q 3.2	Members informed about ISAP	Translating into:	Adopted as written	Adopted substantially consistent	Already consistent	Have modified or becoming consistent	Have standards - no comment	Will not take action	Still Deciding	Other	Comments
Pakistan													
Philippines	N	Local association, A regulator	Y				√						
Poland	N	Local association	Y								√		
Portugal	N	Local association	N			√							
Russia	N	Local association	N								√		
Serbia	N	A regulator								√			
Singapore	N	Local association	N								√		We have renewed our actuarial committee members and please communicate again about compulsory or optional requirements regarding action about ISAP and ISAP 2 and what is in the pipeline.
Slovakia	N	Local association	N								√		
Slovenia	N	Local association / A regulator	N									n/a	
South Africa	N	Local association	Y			√							
South Korea	N	Local association	Y	Korean							√		Translation of ISAP 1 and 2 is completed, and it is under review by related committees and organizations.
Spain-Col.Legi	Y	Another actuarial body	Y	Catalan								n/a	
Spain-Instituto	N	Local association	Y		√								
Sweden	N	members are not subject to actuarial standards of practice	N								√		
Switzerland	N	Local association	Y			√							
Thailand													
UK	N	Local association/ a regulator	N								√		In collaboration with our oversight body, the Financial Reporting Council (FRC), we aim to make a statement later this year to the effect that the UK framework of actuarial standards is substantially consistent with ISAP 1. We believe that there are two principal issues which require to be addressed before we can make that statement. The first relates to the scope of the UK Technical Actuarial Standards (TASs) (which are narrower in their scope than ISAP 1). The FRC is currently reviewing the scope of the TASs as part of a broader review of its standards and currently intends to consult in the first half of this year on a more broadly applicable Technical Code, in addition to new specific standards. Secondly, we do not currently have a specific requirement in relation to the application of peer review, other than in relation to certain specific aspects of pensions work. The IFoA is currently consulting on a broader standard of general application in relation to peer review. Subject to these two steps, we believe that we will be in a position to declare that the UK framework is substantially consistent with ISAP 1. We are additionally currently considering whether to endorse ISAP 1 as, in effect, a minimum threshold standard for all of our members, including those practising overseas and who are not as such subject to UK technical standards.
US-AAA	N	Local Association							√				
US-ASPPA	N	Another actuarial body	Y						√				
US-CAS	N	Another actuarial body / A separate actuarial body / A regulator / Some other entity							√				CAS does not create or adopt standards of practice. CAS members practice in a great many different countries, and are subject to the relevant standards for the location where their work product is intended to be used. Our response to question 3.2 is intended to be illustrative of the range of standard setting bodies. Our largest population of members is in the US, where the standards are set by the American Academy of Actuaries / Actuarial Standards Board. Our response to question 3.4 is based on the response to this question by the American Academy of Actuaries, since this is the relevant response for the great majority of CAS members.
US-CCA	N	Some other entity	N						√				
US-SOA	N	A separate actuarial body	N							√			
TOTAL	58		26	4	5	4	2	2	5	5	24	11	

* Question 3.1 Did your association initiate or modify its formal process to adopt standards of practice during 2013?

** 3.2 Are some or all of the actuarial standards of practice for your members set by (check all that apply)

- 0 Your association
- 0 Another actuarial body
- 0 A separate actuarial standards body
- 0 A regulator
- 0 Some other entity
- 0 Your members are not subject to actuarial standards of practice