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Report of Standards Project Team to Standards, Freedoms and Professionalism Committee meeting in Buchares, 24 September 2015

Since the meeting of the Standards, Freedoms and Professionalism Committee (SFPC) in Paris on 26 March 2015, the Standards Project Team (SPT) has progressed work on two standards and begun to think about two other possible standards.

ESAP2 – Actuarial Function Report

A second exposure draft of ESAP2 was promulgated to member associations and other stakeholders on 8 June 2015. The exposure period ended on 4 September and comments were received from six member associations and the UK Financial Reporting Council. The drafting team have worked hard to take on board as many of the comments as possible and a final version of ESAP2 is now presented by the SPT to the SFPC for approval and transmission to the General Assembly (Annex IIb).

ESAP3 – Actuarial Practice in relation to the ORSA Process under Solvency II

Following consideration of a preliminary draft of ESAP3 at the SFPC meeting in Paris on 26 March 2015, the Risk Management Rask Force of the SPT has prepared the final version of the formal Exposure Draft. This is now presented to the SFPC for approval prior to being exposed to member associations and other stakeholders (Annex IIc) at the beginning of November. A four month period of exposure is envisaged.

Possible standard on contribution of the actuarial function to the risk management function

In accordance with its existing terms of reference, the Risk Management Task Force will now turn its attention to whether or not the AAE should develop a model standard on the contribution of the actuarial function to the risk management function. It is hoped to prepare a report for the Spring 2016 meeting of the SFPC.

Possible standard on independent review

It has been suggested that a model standard on independent review by an actuary of another actuary's work would meet the criteria for the AAE to consider developing a standard. The AAE has already issued a brochure about independent review and this would form the backdrop. The SPT propose to establish a task force to give detailed consideration to this suggestion and to bring back a recommendation as to whether or not the SPT should develop a Proposal to Develop a Standard. Draft Terms of Reference for this task force are at Annex IId for approval by SFPC. A report on this activity should be ready to be presented to the Spring 2016 meeting of the SFPC.

Terms of Reference for the SPT

In the light of the stage of development of model standards, with ESAP2 now being proposed for adoption and ESAP3 for exposure, the SPT recommend updating their own terms of reference. The revised ToR are at Annex IIe for consideration by the SFPC.

Updated work-plan

An updated work-plan for the SPT is at Annex IIf. This will be presented to the General Assembly on 25 September for approval.

Handover

As I have completed six years as convenor of the Standards Project Team (and its predecessor the Actuarial Standards Task Force), I propose to step down from the role and the Officers have agreed that Gabor Hanák should take over from me.

Chris Daykin
Convenor, Standards Project Team
11 September 2015