Update on IAA progress
Development of model standards and actuarial notes for insurance in the context of IFRS 4 phase 2

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Credentials

- Co-Vice Chair International Actuarial Association (IAA) Insurance Accounting Committee
- Chair of the IFRS4 Task Force of the IAA Actuarial Standards Committee
- Former President of the Canadian Institute of Actuaries
- SVP and Chief Actuary, RGA Canada
Agenda

- International Actuarial Association
- Development of model standards
- Development of educational notes
- Response to IASB IFRS 4 exposure draft
International Actuarial Association
The organization
64 Full member associations
28 Associate member associations
7 Sections including AFIR/ERM (Financial risks), IAALS(Life), PBSS(Pensions, Benefits) but also ASTIN(P&C), AWB, IAAHS(Health), IACA (Consulting)
Committees and Working Groups
IAA - Organization

Association of professional actuarial associations

- Represent the actuarial profession
- Promote its role, reputation and recognition in the international domain
- Develop education standards
- Encourage research
- Promote professionalism
IAA - Organization

Promote professionalism

- Develop model standards
  - Not authoritative until adopted by associations
  - Could be adopted as such or modified to fit local needs
- Produce educational notes to support the model standards
Development of Model Standards
Development of Model Standards

Goals of Model Standards

- Be principles based rather than prescriptive;
- Interpret (or restrict the range of interpretation of) pronouncements issued by a more authoritative organization on a specific subject (e.g. IASB on accounting matters) only if it is from an actuarial perspective;
- Not conflict with guidance provided by a more authoritative organization;
- Not restrict practice inappropriately relative to what a non-actuary providing services within the scope of the ISAP could do.
Development of Model Standards

Goals of Model Standards

- Have a significant impact on work done by actuaries;
- Place burdens on the actuary only if to avoid doing so would damage the profession or its clients;
- Not shift responsibility inappropriately from the principal or another entity or person to the actuary;
- Not conflict with the IAA model code of conduct.
Development of Model Standards

Model Standards status

- General standards – adopted
- Social Security – Exposure final draft stage, completion expected October 2013
- IAS 19 Benefit Reporting – Exposure draft in development, final standard for 2015
- Insurance – Statement of Intent in development, final standard for 2017
Development of Educational Notes

Insurance
Educational Notes on Insurance

Notes planned - Core topics

- Introductory note on IFRS 4
- Measurement - Building Block Approach
- Current estimates
- Discount rates
- Risk adjustment
- Residual margin - initial and subsequent measurement
- Premium Allocation Approach
- Classification of contracts
Educational Notes on Insurance

Notes planned – More specific topics

- Participating & performance-linked features
- Embedded derivatives
- Unbundling/separation
- Contract modifications
- Business combinations, portfolio transfers
- Reinsurance
- Accounting for financial instruments under IFRS 4
- Service elements
Educational Notes on Insurance

Notes planned – One timers, disclosure ....

- Transition
- Change in accounting policy
- Presentation, incl. earned premium and OCI
- Disclosure
- Modelling
- Road map
Response to IASB
Revised Exposure Draft on IFRS 4 phase 2
IASB IFRS 4 Revised exposure draft

Response from the IAA Insurance Accounting Committee

- Exposure draft received June 20th 2013
- Comment period until October 25th 2013
- Looking for comments on 5 topics
  - Discretionary features
  - Unearned profit
  - Discount rates OCI
  - Transition
  - Presentation of premiums
- Will be looking at the practicality of any other topics
Thank you for your attention.