June 13, 2005

Mr. Peter van den Broeke  
Chairman, Insurance Fraud Subcommittee  
International Association of Insurance Supervisors  
c/o Bank for International Settlements  
CH-4002 Basel  
Switzerland

Dear Mr. van den Broeke,

Re: IAA comments on the Draft Supervisory Standard on Fit and Proper Requirements and Assessment for Insurers

In response to the request for comments on the April 13, 2005 IAIS Draft Supervisory Standard on Fit and Proper Requirements and Assessment for Insurers, I am pleased to transmit on behalf of the International Actuarial Association (IAA) our comments and recommendations.

These comments have been prepared by the Insurance Regulation Committee of the IAA. If, upon reading these comments, you identify any points that you would wish to pursue, please do not hesitate to contact the chairperson of the committee, Jukka Rantala, or any of the other members of the committee. The IAA will be pleased to develop these ideas further with you.

Yours sincerely,

Yves Guérard  
Secretary General

Attachment: Comments

cc: Jukka Rantala  
Luc Cardinal
International Actuarial Association
The International Actuarial Association (the “IAA”) represents the international actuarial profession. Our fifty Full Member actuarial associations represent more than 95% of all actuaries practicing around the world. The Full Member associations of the IAA are listed in an Appendix to this statement. The IAA promotes high standards of actuarial professionalism across the globe and serves as the voice of the actuarial profession when dealing with other international bodies on matters falling within or likely to have an impact on the areas of expertise of actuaries. The IAA appreciates the opportunity to provide comments on this IAIS document.

Due Process
These comments have been prepared by the Insurance Regulation Committee, the members of which are listed below by name and association. It has also been subject to the due process required for it to constitute a formal view of the IAA, and will be posted to the IAA’s official web site.

Members of the IAA Insurance Regulation Committee
Jukka Rantala
David Sandberg
Andrew Chamberlain
Morris Chambers
Isagani de Castro
Joubert Ferreira
Kavassery S Gopalakrishnan
David Hartman
Gyula Horváth
Christiane Hwey-Jen Tsai
Thomas Karp
Toshihiro Kawano
Philipp Keller
Jean-Michel Kupper
Helge-Ivar Magnussen
Bruce Maxwell
Dina Mikelsone
Ibrahim Muhanna
Gennaro Olivieri
Ian Perera
Thierry Poincelin
Norma Alicia Rosas
Richard Roth
Luis Maria Sáez de Jáuregui Sanz

Chairperson
Vice-Chairperson
Institute of Actuaries
Canadian Institute of Actuaries/Institut Canadien des Actuaires
Actuarial Society of the Philippines
Actuarial Society of South Africa
Actuarial Society of India
Casualty Actuarial Society
Magyar Aktuárius Társaság
Instituto Brasileiro de Atuária (IBA)
Institute of Actuaries of Australia
Institute of Actuaries of Japan
Association Suisse des Actuaires
Association Royale des Actuaires Belges
Den Norske Aktuarforening
Society of Actuaries in Ireland
Latvijas Aktuāru Asociācija
Lebanese Association of Actuaries, Cyprus Association of Actuaries
Istituto Italiano degli Attuari
New Zealand Society of Actuaries
Institut des Actuaires
Colegio Nacional de Actuarios A.C.
Conference of Consulting Actuaries
Instituto de Actuarios Españoles
IAA Comments
The Insurance Regulation Committee of the International Actuarial Association has reviewed the April 13, 2005 draft of the captioned paper and offers the following comments.

General remarks
The International Actuarial Association (IAA) is strongly supportive of the intent and motivation of the IAIS in developing its ‘Supervisory Standard on Fit and Proper Requirements and Assessment for Insurers’. In general, the IAA agrees with the draft that has been prepared and distributed for comment, and applauds the IAIS drafters for the quality of the work. We feel, though, that there are one or two areas where the draft standard could be improved.

Assessment of fitness and propriety by the supervisor, Fact finding, Contents of the questionnaire, paragraph 33
We suggest that an additional bullet be inserted in the list of questions that are proposed, perhaps to be placed between what are now the second and third bullets. We propose that the item take the form of the following, or similar, wording:

- “for members of professional organizations, any disciplinary action taken against the individual”

Most professional organizations have a code of conduct and a discipline process by which that code and its standards of practice are enforced. In fact, these are basic requirements for any such organization legitimately to call itself “professional”. For example, in order for an actuarial organization to become a full member of the IAA, it must demonstrate, among other things, that it has adopted a code of professional conduct that incorporates certain defined criteria and that it has in place a disciplinary process that includes specific procedures intended to guarantee the fairness thereof.

Additional Section
We suggest further that a separate numbered section be introduced to the standard dealing specifically with professionals serving in statutory roles, e.g. appointed actuaries and other roles where individuals with certain professional qualifications are designated.

When an individual professional is serving in such a statutory position, the supervisor should ensure that the individual is a member in good standing of the professional organization and should be satisfied that the professional organization imposes appropriate requirements of ethical conduct upon its members and has adopted effective procedures to ensure that its members adhere thereto.
Conclusion
The IAA appreciates the opportunity to provide input to the development of this IAIS standard and hopes that its suggestions will meet with IAIS approval.
Full Member Associations of the IAA

Consejo Profesional de Ciencias Económicas de la Ciudad Autónoma de Buenos Aires (Argentina)
Institute of Actuaries of Australia (Australia)
Aktuarvereinigung Österreichs (AVÖ) (Austria)
Association Royale des Actuaires Belges (Belgique)
Instituto Brasileiro de Atuária (IBA) (Brazil)
Canadian Institute of Actuaries/Institut Canadien des Actuaires (Canada)
Cyprus Association of Actuaries (Cyprus)
Česká Spolecnost Aktuárů (Czech Republic)
Den Danske Aktuarforening (Denmark)
Egyptian Society of Actuaries (Egypt)
Eesti Aktuaaride Liit (Estonia)
Suomen Aktuaariyhdistys (Finland)
Institut des Actuaires (France)
Deutsche Aktuarvereinigung e. V. (DAV) (Germany)
Hellenic Actuarial Society (Greece)
Actuarial Society of Hong Kong (Hong Kong)
Magyar Aktuárius Társaság (Hungary)
Félag Islenskra Tryggingastærðfræðinga (Iceland)
Actuarial Society of India (India)
Society of Actuaries in Ireland (Ireland)
Israel Association of Actuaries (Israel)
Istituto Italiano degli Attuari (Italy)
Institute of Actuaries of Japan (Japan)
Japanese Society of Certified Pension Actuaries (Japan)
Latvijas Aktuāru Asociācija (Latvia)
Lebanese Association of Actuaries (Lebanon)
Persatuan Aktuari Malaysia (Malaysia)
Colegio Nacional de Actuarios A. C. (Mexico)
Het Actuarieel Genootschap (Netherlands)
New Zealand Society of Actuaries (New Zealand)
Den Norske Aktuarforening (Norway)
Actuarial Society of the Philippines (Philippines)
Polskie Stowarzyszenie Aktuariuszy (Poland)
Instituto dos Actuários Portugueses (Portugal)
Academia de Actuarios de Puerto Rico (Puerto Rico)
Singapore Actuarial Society (Singapore)
Slovensko Aktuarsko Drustvo (Slovenia)
Actuarial Society of South Africa (South Africa)
Col.legi d'Actuaris de Catalunya (Spain)
Instituto de Actuarios Españoles (Spain)
Svenska Aktuarieföreningen (Sweden)
Association Suisse des Actuaires (Switzerland)
Actuarial Institute of the Republic of China (Taiwan)
Faculty of Actuaries (United Kingdom)
Institute of Actuaries (United Kingdom)
American Academy of Actuaries (United States)
American Society of Pension Professionals and Actuaries (United States)
Casualty Actuarial Society (United States)
Conference of Consulting Actuaries (United States)
Society of Actuaries (United States)