SOCIETY OF ACTUARIES

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> Notwithstanding the silver lining, one wonders if the number of reports and analyses is not creating overload ...

It's been business as usual at the IAA since the last report. While there is much activity, agendas have not changed much and little has come to completion. There is, however, news of sorts coming from the conversations in the hallways that take place during the meetings.

To recap, major activities of the Insurance Accounting Committee (IAC) and the Education and Practice Subcommittee (EPS) include:

- Writing International Actuarial Notes (IANS) on the new accounting standard—IFRS for insurance. There are 25 topics that will be combined into an as-of-yet undetermined number of notes. When done, the IANs will provide fairly comprehensive guidance on the accounting standard. When they will be done is of course a function of the progress of the IASB. Much of the work on the IANs to date has been updating existing IANs on the current IFRS 4 and otherwise opportunistically beginning writing where the direction of the IASB with respect to the new standard is fairly clear.

- Working with or developing relationships with other supranational organizations. The IAA has a memorandum of understanding with the IASB, and a member of the IAC, Micheline Dionne, is a member of the consultative advisory group, the IFRS Advisory Council. The IAC may have some involvement with the IASB's research project on discount rates. Another member, William Hines, is a member of the consultative advisory group to the International Auditing and Assurance Board. Members of the IAC and members of the Pensions Committee have regular communications with staff of the International Valuation Standards.

- Publishing a monograph on the adjustment for risk. The firm preparing the monograph, Deloitte, is progressing well, although there is the standard caveat that the monograph cannot be finished until the IASB completes the insurance standard.

The Insurance Accounting Task Force of the Actuarial Standards Committee continues with the development of an International Standard of Actuarial Practice that will relate to the new IFRS standard on insurance. While very active, the Task Force is, like the EPS, able to progress only so far without a final IFRS for insurance.

The silver lining on the fact that IFRS continues to get pushed into the future is the fact that actuaries are already stretched thin with reporting and compliance requirements. Perhaps by the time that the new IFRS for insurance comes into effect, companies will be in a better position to deal with the requirements. They likely will have actuarial platforms, developed for other purposes—such as Solvency II—that they can leverage. This includes not only projection systems, but the requisite tools and procedures around the cash flow projects. These are the analyses and considerations that support the inputs—mortality, lapse, and expense, to name a few—that likely can be used for IFRS as well. Inputs may not be the same, but there should be a rationale for differences, and one is likely a modification of the other. Most importantly, a common robust model office can be used for all the projections.

Notwithstanding the silver lining, one wonders if the number of reports and analyses is not creating overload on actuaries. Actuarial departments are stretched to produce figures for multiple purposes. The number of analyses and the reporting deadlines can create an operating environment that is oriented to compliance; i.e., meeting deadlines. The value that might be derived from the reports may be lost in the rush to meet the next deadline. Too much time is spent producing figures and too little time is spent understanding them.

Do you share my concern? Have I over-reacted to the number of requirements, or do you, like me, wonder what would really be beneficial to the various stakeholders? Which reports and which analyses would address the information needs of shareholders and regulators? Certainly actuaries want to be responsive to the needs of the various parties, but shouldn't we be more involved in shaping the standards? While there is not a forum for responses, comments to me or letters to the *Financial Reporter* are welcome. Let us know what you think. ■

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