Institute and Faculty of Actuaries, Regulatory Board

Subject	Update on IAA and AAE matters
Meeting date	19 November 2024
Previous Steer/Approval	N/A
Related horizon scan code	N/A
International issues considered?	Yes – this is a topic specifically related to the activities of the two international associations of actuarial membership bodies
Author	Emma Gilpin, Head of Regulatory Policy
Reviewer	Ashley MacIntyre, Senior Regulatory Lawyer
Purpose	Noting

A: Executive summary

1. This paper provides an update on a number of recent activities at the International Actuarial Association (IAA) and Actuarial Association of Europe (AAE) that are of relevance to the Regulatory Board.

B: Background

2. The IFoA is, and has been for many years, a Full Member Association (FMA) of both the IAA and the AAE. The IAA is the association for international actuarial member associations that meet certain criteria and has members from around the globe, including most of the major actuarial membership bodies. The AAE is an association for European membership bodies, which has a particular focus on matters related to Europe and the European institutions. There is a significant overlap in membership of the IAA and AAE, with most AAE members also being members of the IAA. More information on the IAA and AAE can be found on their respective websites (see https://actuaries.org/iaa and https://actuary.eu/).

3. The IFoA remained a member of the AAE post-Brexit, recognising the significant number of its members that operate within the EU and the value in maintaining relationships with its fellow European member associations.

4. Membership of these associations comes with certain commitments that are relevant to the IFoA's professional regulatory role. For example, a requirement to have in place a Code of Conduct, a disciplinary process and, more recently as part of AAE membership requirements, CPD requirements for members. There is also an IAA model standard known as ISAP, which member associations are required either to introduce or have in place alternative requirements that achieve 'substantial consistency' with it. The AAE has its own equivalent (known as ESAP 1), which essentially replicates the requirements of ISAP 1 with some minor differences.

5. There is also a requirement for AAE member associations to be part of the AAE's Mutual Recognition Agreement, whereby members of other AAE associations can become members of other AAE member associations. There is also European legislation (a Directive) that relates to

recognition of professions across EU Member States, although this MRA is not specifically connected to that Directive but rather 'promotes the spirit' of it. Participation in the MRA has been an issue of particular focus for the IFoA over the last 5 years or so and is discussed further below.

6. The IAA has a Professionalism Committee, which is responsible for matters relating to professional regulation of members as well as an Actuarial Standards Committee. The AAE also has its own Professionalism Committee as well as an Actuarial Standards subcommittee. Each Professionalism Committee meets twice a year. The IFoA is represented on each by a volunteer actuary member, with support from the IFoA executive team.

7. The most recent meetings of the IAA and AAE (which included Professionalism Committee meetings) took place in Tallin, Estonia in September 2024 (IAA) and Budapest, Hungary in October 2024 (AAE).

C: Recent developments

8. **[Redacted]**.

Review of ISAP 1

9. The IAA has been looking at making changes to ISAP 1, which is its first substantive review since its introduction in 2012. Given the need for member associations to have requirements that are substantially consistent with it, any significant changes would require further work for the associations to consider their own positions.

10. The IFoA is currently able to declare substantial consistency with ISAP 1 through a combination of its standard APS X1, APS X2 and, for members involved in UK work, the FRC's Technical Actuarial Standards (TASs). This means that, under the current arrangements, the IFoA relies upon the FRC having in place standards that are substantially consistent in relation to UK work.

11. The initial conclusions seem to suggest that there will not be substantial changes proposed to ISAP 1, although this is still to be approved. There will be a full consultation on any changes to which the IFoA will provide a response.

12. Following the review of ISAP 1, it is anticipated the AAE will also look at ESAP 1 and whether any changes are required to it.

Model standards

13. Both the IAA and AAE have produced model standards (mostly technical in nature) for adoption by member associations as well as IANs (International Actuarial Notes) and EANs (European Actuarial Notes), which are educational, non-mandatory publications on specific topics.

14. There have not been many model standards published over recent years, with the focus more on IANs and EANs.

15. The IFoA usually provides a response to consultations on proposed model standards.

D: Conclusions

16. The Board is asked to note this update.