



**ASSOCIATION ACTUARIELLE INTERNATIONALE  
INTERNATIONAL ACTUARIAL ASSOCIATION**

June 25, 2004

Ms. Andrea Pryde  
IASB  
30 Cannon Street  
London EC4M 6XH  
United Kingdom  
(Email: [CommentLetters@iasb.org](mailto:CommentLetters@iasb.org))

Dear Ms. Pryde:

**Re: IAA comments on *Strengthening the IASB's deliberative process***

In response to the invitation to comment on the IASB's *Strengthening the IASB's deliberative process*, I am pleased to transmit on behalf of the International Actuarial Association (IAA) the attached comments and recommendations.

Overall, we believe that the direction that the IASB's proposed changes in its deliberative process represents a move in the right direction that, on the whole, should assist in the development and management of a consistent set of high quality financial reporting standards. In our comments, we suggest some additional enhancements to the IASB's deliberative process that should further improve the transparency of the deliberative process. We hope that our attached comments contribute to the refinement of these proposed changes in procedure will prove to be of value. We believe that a review of these procedures should be conducted on a periodic basis to assure that the process is responsive to its stakeholders' needs.

These comments have been prepared by a committee of the IAA, the members of which are listed by name and association in the Appendix to this submission. Also included in the Appendix is a complete list of the IAA members.

Yours sincerely,

Yves Guérard  
Secretary General

Attachment: Draft comments

# **IAA (draft) Comments on IASB's proposed *Enhancements to the IASB Deliberative Process***

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## **THE 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 IAA promotes high standards of actuarial professionalism around 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 upon, the areas of expertise of actuaries.

We are not a trade association and do not represent the interests of either clients or employers. As actuaries, we have developed significant experience and expertise in the assessment of the value of contingent cash flows. Using this experience, actuaries will as a profession continue to try to provide assistance to those involved in the enhancement of financial reporting standards to make them more useful to the users of financial statements.

The IAA appreciates this opportunity to provide input to the proposed *Enhancements to the IASB Deliberative Process*. We commend the continuing efforts of the IASB to enhance its processes used to support its very worthwhile effort to develop globally accepted international financial reporting standards.

This is a draft version of the IAA's comments regarding the proposed *Enhancements to the IASB Deliberative Process*, that has been prepared by the Insurance Accounting Committee of the IAA, the members of whom are listed by name and association in the Appendix to this brief. The Full Member associations of the IAA are also listed in the Appendix. The final IAA statement will be transmitted as soon as this draft statement has completed the IAA's due process review process.

## **IAA COMMENTS**

We are pleased both by the IASB's overall direction to enhance transparency and by its attempt to encourage further meaningful input into its deliberative process. The following comments are directed at the specifics of the proposed changes to this process.

### **Accessibility and transparency of the IASB's deliberative process**

#### **Access to IASB discussions**

1. Posts Board meeting agendas on its Website.

***IAA response – We encourage posting provisional agendas at least two weeks before Board meeting dates and final agendas at least one week before Board meeting dates to permit those who possibly wish to attend to make economical travel plans in advance. Due both to the reductions in travel costs possible by making flight arrangements early and to the need for interested parties to arrange their calendars to attend Board meetings of particular interest, this is worthwhile even if the agenda is subsequently revised.***

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2. Posts all of its observer notes on its Website.

*IAA response – The IAA commends the IASB for the recent improvements in descriptive details concerning the major issues to be considered by the Board. The IAA feels that further improvements in the level of disclosure would significantly aid the ability of those attending the meeting to follow what is being discussed. Often discussions at Board (and SAC) meetings discuss Agenda or staff papers that are not available to the public. The IAA recommends both that the IASB make these detailed staff reports available to those who attend the Board's public meetings and that these papers also be posted on the IASB website as soon as possible after a final version has been prepared. The IAA has had representatives at approximately half of the Board meetings. Our representatives have frequently had difficulties following the Board discussions without access to the particular detailed reports being discussed. We believe we are not alone. The IAA believes that if the Board releases the staff papers to those attending the public portion of the Board (and SAC) discussions, the IASB will significantly enhance its avowed objective of transparency. In addition, publication of the staff papers on the IASB website should enable those who cannot attend the meetings in person to make better sense of the record of the public portions of Board (and SAC) discussions.*

3. Broadcasts its meetings over the Internet.

*IAA response – We believe this is an excellent way to increase the Board's transparency to those who cannot attend the meetings in person. In particular, it permits those living far from the site of the Board (or SAC) meetings to be exposed to the Board's deliberations.*

4. Archive the Web broadcasts.

*IAA response – Particularly for the benefit of those living outside of Europe, archiving these Web broadcasts could be of great value, especially if accompanied by the agenda and staff papers (or detailed observer notes), to encourage those interested in particular agenda items to be exposed to the thought processes underlying the Board's deliberations.*

### **Availability of IASB documents**

1. Expanded observer notes for meetings available on Website prior to meetings

*IAA response – We encourage advanced publication of expanded observer notes as soon as prepared and detailed staff papers at least by the day of the meeting.*

### **Publication of comment letters**

1. Will make available when received

*IAA response – We agree that posting comments letters as received is a desirable idea. In addition, if acceptable to the sender, letters/research reports when sent unsolicited to the IASB regarding a particular IASB project under development should normally be made public on the website.*

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## **The IASB's responsiveness to constituents' comments**

### **Response to comment letters**

1. Will post on its Website a summary of Board's position on major points raised in letters once addressed

*IAA response – We agree that this is a good idea. One approach that should be considered would be to put the summary in the form of a basis for conclusions that has been included in recently published IFRSs.*

### **Publication on the IASB's Website of latest proposals for new standards**

1. Will experiment with publishing likely effect of proposed changes on specific text by indicating change in expected text from exposure draft wording

*IAA response – We agree that this is a good idea. It should permit more informed and effective input from various stakeholders, as it will permit more relevant and intelligent input to the IASB's deliberative process.*

2. Will make available near-final drafts of forthcoming exposure drafts and standards before Board approval

*IAA response – We agree that this is a good idea. We suggest that it be very clear what stage the document is in when made available. For example, publication of a near final standard might be made on the understanding that, while no major changes in the standard are open for discussion, a standard might be open to technical changes that improve its clarity or its application in certain jurisdictions.*

3. Will use existing advisory or expert groups to discuss near-final drafts

*IAA response – We agree with this approach. Hopefully this practice, which was followed on a restricted basis for IFRS 4, should reduce the number of after-issue editorial changes needed. Based on this experience, we have observed that by allowing slightly greater exposure, e.g., inside our small technical group, the quality of our response and in turn the final standard could have been somewhat improved.*

## **The extent of consultation before releasing proposals and standards**

### **Use of steering committees/working parties/advisory groups**

1. Will formalize the establishment of such groups on a particular project, if deemed necessary, and will announce the advisory group's membership, with clear mandate and objectives

*IAA response – We believe that, similar to the approach that has been taken with respect to the current insurance contracts and financial instrument projects, by publicizing the IASB's intention to form such groups on the IASB's Website, interested parties can make known their interest in participating. In addition, if the IASB believes that a particular group or individual would be particularly likely to contribute value to any such project, it should be sent an individualized invitation to nominate one or more alternate members, even though this should not guarantee selection.*

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2. Will examine how existing advisory groups might be made more effective  
*IAA response – The IAA believes that the old IASC Steering committee on insurance, which had about 15 members, was very effective. The IAA also believes that the IASB's insurance advisory committee, which had closer to 50 members, was ineffective. Therefore, we suggest making such groups smaller than the previous IASB insurance contracts advisory committee. However, during the course of the advisory groups, the IAA recommends that the IASB consider holding meetings of such advisory groups publicly so that interested observers may attend and follow the discussions. In addition, for certain narrowly focused sub-topics, the IAA recommends that the IASB consider an expanded use of small informal groups to prepare material for the Board, possibly on a one-meeting basis, especially in cases that involve specialized industries or expertise other than accounting.*

### **Public hearings and field-testing**

1. Will make use of public hearings, field visits, and when appropriate, field-testing  
*IAA response – We agree and depending on the issues involved suggest that two levels of field testing might be useful. For example, some issues can be investigated by modeling. In these cases, industry associations or professional associations might be interested in testing alternative approaches. At a later stage, it might be possible to have one or more companies run detailed field tests. In particular, given the IASB's constrained financial resources, field testing can be particularly important, taking more advantage of volunteer(s) at their own expense to provide testing of alternative approach(es). The IASB should encourage feedback regarding the beliefs of outside parties regarding the need for public hearings and field-testing, particularly relating to practical implications of different approaches to particular issues.*

### **Discussion papers**

1. Will make greater use of discussion papers, made on a project-by-project basis  
*IAA response – We would like to note that such discussion papers don't have to be hundred page documents. In fact, many can be quite short and need not encompass all aspects of a broad-sweeping issue. In addition, it may benefit the deliberative process if the IASB could identify particular papers produced by others which the IASB is particularly interested in investigating to respond to its stakeholders' views.*

### **Re-exposure of proposals**

1. Must decide in a public meeting whether, in the light of any changes made, re-exposure is required  
*IAA response – When there is significant doubt regarding a change, we encourage re-exposure, even for a 30 day exposure period when time is essential. Such limited re-exposure could be restricted to an electronic form if appropriate and may be more acceptable when there is an advisory group through which to focus comments.*

## IAA (draft) Comments on IASB's proposed *Enhancements to the IASB Deliberative Process*

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### Other comments of the IAA

1. **Board educational sessions.** *The IASB should consider holding Board educational sessions with a quorum present. The restriction of only holding such sessions with less than half of the Board present, as long as no decisions are made, should be removed. The IASB could look to the FASB for its practice in this area.*
2. **Adoption of IFRS.** *The Board should consider requiring a super-majority regarding any particular issue or point when there are indications that several Board members wish to issue written dissents (i.e., on a particular issue, a negative vote of, say, five members, should be enough not to adopt a proposal when faced with strong internal dissent in the Board), although a simple majority voting in favor without the request from Board members to issue written reservations or dissents should be sufficient to adopt other IFRSs. The IAA understands that some Board members may have sufficient concerns not to vote in favor of an IFRS without raising their concerns to the level of a formal dissent. However, when there are strong views against the adoption of an IFRS held by a significant number of the Board, the IAA feels the proposed standard should be re-examined. For the record, the IAA notes that this requirement to obtain a super majority to introduce a hotly contested standard of practice is a procedure that the IAA itself follows.*

Along with other responders to this Invitation to Comment, the IAA appreciates the opportunity to express our views regarding the IASB's due process procedures and hope our comments add value to the deliberations.

**Members of the IAA's Insurance Accounting Committee**

Sam Gutterman	(Chair)
W. Paul McCrossan	(Vice-chair)
Francis Ruygt	(Vice-chair)
Clive Aaron	Institute of Actuaries of Australia
William Abbott	Institute of Actuaries
Yutaka Amino	Institute of Actuaries of Japan
Félix Arias Bergadà	Col·legi d'Actuaris de Catalunya
Daniel Barron	Israel Association of Actuaries
Ralph Blanchard	Casualty Actuarial Society
Guy Castagnoli	Association Suisse des Actuaire
Paolo De Angelis	Istituto Italiano degli Attuari
Mark J. Freedman	Society of Actuaries
Mariano Gongora Roman	Instituto de Actuarios Españoles
Stephen Handler	Actuarial Society of South Africa
William C. Hines	American Academy of Actuaries
Antony John Jeffery	Society of Actuaries in Ireland
Ad A.M. Kok	Het Actuarieel Genootschap
Kurt Lambrechts	Association Royale des Actuaire Belges
Jean-Pierre Lassus	Institut des Actuaire
Kristine Lomanosvka	Latvijas Aktuaru Asociacija
W. Paul McCrossan	Canadian Institute of Actuaries/Institut Canadien des Actuaire
Richard O'Sullivan	Society of Actuaries in Ireland
Markku Paakkanen	Suomen Aktuaariyhdistys
Venkatarama Rajagopalan	Actuarial Society of India
Nithiarani Rajasingham	Singapore Actuarial Society
Jaanus Sibul	Eesti Aktuaaride Liit
Dieter Silbernagel	Deutsche Aktuarvereinigung e. V. (DAV)
David Stevenson	Faculty of Actuaries
Bjarni Thordarson	Félag Islenskra Tryggingastærðfræðinga
Wilma Torres	Instituto Brasileiro de Atuária (IBA)
Tuomo Virolainen	Svenska Aktuarieföreningen
Robert E. Wilcox	Conference of Consulting Actuaries
Kevin Yah	Actuarial Society of the Republic of China
Jesús Zúñiga	Colegio Nacional de Actuarios A. C.

**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 Actuaire Belges (Belgique)  
Instituto Brasileiro de Atuária (IBA) (Brazil)  
Canadian Institute of Actuaries/Institut Canadien des Actuaire (Canada)  
Cyprus Association of Actuaries (Cyprus)  
Česká Společnost Aktuárů (Czech Republic)  
Den Danske Aktuarforening (Denmark)  
Egyptian Society of Actuaries (Egypt)  
Eesti Aktuaaride Liit (Estonia)  
Suomen Aktuaariyhdistys (Finland)  
Institut des Actuaire (France)  
Deutsche Aktuarvereinigung e. V. (DAV) (Germany)  
Hellenic Actuarial Society (Greece)  
Actuarial Society of Hong Kong (Hong Kong)  
Magyar Aktuárius Társaság (Hungary)  
Félag Íslenskra 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 Aktuaru 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 Društvo (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 Actuaire (Switzerland)  
Actuarial Institute of the Republic of China (Taiwan R.O.C.)  
Faculty of Actuaries (United Kingdom)  
Institute of Actuaries (United Kingdom)  
American Academy of Actuaries (United States)  
American Society of Pension Actuaries (United States)  
Casualty Actuarial Society (United States)  
Conference of Consulting Actuaries (United States)  
Society of Actuaries (United States)