

Impact on Various Initiatives/Bodies

- Solvency II
- IAIS
- IAA
- Academy
- NAIC

Impact on Solvency II

- Solvency II looks at a one-year time horizon for capital
- Partly measures financial strength based on a balance sheet based on Solvency II “accounting” rules
- The European Union needed to get Solvency II started before the IASB was finished with “phase II”.
 - They “guessed” on what phase II would look like.
 - They are now working up implementation rules, before phase II is out.
 - Likely to diverge from phase II.
 - Solvency II “accounting” will have some things in common with phase II, and some differences - ATTEND SOLVENCY II SESSIONS.

Impact on IAIS

- IAIS – International Association of Insurance Supervisors
 - Sets its own version of “accreditation” standards for insurance regulators.
- Developing a set of rules for insurer financial statements for regulatory purposes
- Tension within the association
 - Charge ahead now, or wait for “phase II” to finish
- Clear consensus that “Own Credit Standing” = Bad Idea (for regulatory purposes)

Impact on IAA

- IAA – International Actuarial Association
- Relied on by IASB for actuarial input
- Responding to all major IASB initiatives with actuarial issues.
- Mostly life actuaries
 - Major P/C voice from CAS, CIA (recently), Australia, Academy
- Frequently – No consensus position
 - If no consensus, either conflicting views presented or no comments.

Impact on Academy

- Responding to all major FASB initiatives with actuarial issues.
- Works through the IAA on IASB initiatives, and sometimes has its own response.
- Response to IASB, IAA and/or FASB is through the Risk Management & Financial Reporting Council, not the Casualty Practice Council
 - Coordinates with and relies on COPLFR (Academy committee that deals with Casualty financial reporting issues)
- Recent debates on “Own Credit Standing”.

Impact on NAIC

- Very involved with IAIS – Many IAIS committees are led by NAIC members.
- Commenting directly on many IASB, FASB initiatives
- No decisions yet as to whether US Statutory Accounting would follow some of the GAAP proposals.

(NAIC process ensures that they will review GAAP changes – but the NAIC has had no qualms in the past about rejecting new GAAP rules for application to Statutory Accounting.)

More Questions? Ask Mary Miller

Q&A

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