



INTERNATIONAL ACTUARIAL ASSOCIATION

ISAP 4 Task Force of the ASC Meeting Sunday, November 20, 2016, 8:00-10:00 Room: Bartholomew Diaz Westin Hotel, Cape Town, South Africa Agenda

The attendance list is at the end of these minutes

1. Introduction and approval of the agenda

The Chair, Micheline Dionne, conducted round table introductions and presented the agenda. The Agenda was agreed as presented.

2. Minutes of the meeting in St Petersburg

The [minutes of the meeting in St. Petersburg](#) were noted without comment.

3. Verbal report on activities of the TF since St Petersburg

Micheline reported that the TF had regular conference calls (usually every two weeks) since St Petersburg to consider the comments received in St Petersburg and continue developing the exposure draft. The comments received in St Petersburg have been discussed by the TF and changes made to ED.

The TF strived to streamline the document with the right level of detail, avoid repetition of guidance in the IFRS standard and stick to principles based action driven guidance, i.e. what the actuary “should” do.

The current draft conforms to the ASC style guide and template for ISAPs. It has been checked against ISAP 1 for overlaps, and against IFRS X to minimise repetition of what is in IFRS X. The draft is still a work in progress, but is probably about 60% of the content presented in St Petersburg.

The latest draft of ISAP 4 was made available with the agenda. The TF has also created a table of comments to record the key comments received and the TF’s response.

4. Feedback from the ASC

The ASC appreciated the work done by the TF so far and thanked the TF.

The feedback from the ASC can be summarised as follows:

- While ISAP 3 should not be regarded as a “shining example”, any deviations from ISAP 3 should be clearly understood and justified.
- Accounting issues in IFRS 17, however complex, should not be addressed in ISAP 4 unless for a very good actuarial reason. The ISAP should address actuarial matters, the accounting issues should be left to the IASB to resolve.
- The lists in the ISAP 4 draft starting with the stem “the actuary should consider” sometimes appear to be exhaustive (i.e. contain all of the items the actuary should consider) and sometimes mandatory (the actuary should consider at least all the items in the list). The ASC suggests the TF review such lists and revise to achieve better clarity, and also see if they can be shortened to the most important examples.
- The role of the actuary is not always clear. Who is responsible for setting assumptions, the actuary or the principal? Is the actuary not always acting solely in an advisory capacity with the

reporting entity carrying the responsibility for the choices to be made under IFRS 17? Consider clarifying the role of the actuary upfront and letting it flow implicitly through the draft.

- The definitions in IFRS 17 used in ISAP 4: The ASC advised the TF not to deviate from the approach taken in ISAP 3 (i.e. not highlighting them unless they are included in the ISAP Glossary indicating the source) unless there is a compelling need to do so.

Although most members of the ASC considered the draft not yet ready for a paragraph-by-paragraph analysis, some time was spent noting and discussing several comments from a few members of the ASC provided in mark-up in the draft. The suggested changes were non-fundamental and mainly improvements in language and optics. The marked-up draft was shared with the TF for consideration following the meeting. The ASC felt that the draft still contains some repetition of the IFRS that may be redundant. The ASC suggests continuing to strive to minimize repetition and achieve a good balance.

The timeline was a concern. Given the expected slowdown for ISAP 7, it was agreed that ISAP 4 would forge ahead expecting feedback from the ISAP 7 TF members along the way.

5. ISAP 4 – Discussion

A suggestion was made to create a tabular format which would show selected IFRS 17 paragraphs against the relevant ISAP 4 paragraphs. The Tabular version could also include the most relevant paragraphs of ISAP 1 and 1A. This table would not be a part of the standard but could serve the user as a quick reference to help the reader of the model standard. The AAE has used a similar approach for ESAP 2. The TF's initial thought is to release the table 1-2 months after the exposure draft (ED) is published. There was a discussion on the possible implications and the timing of the release of such a tabular format. ISAP 4 should have a longer consultation period than the minimum of 120 days, perhaps about 6 months. The tabular format is intended to help the reader understand the context and hopefully will reduce unnecessary comments.

The Chair invited comments on the current draft of ISAP4, particularly from the observers. The draft was reviewed at a high level, receiving several useful comments which were recorded for consideration by the TF before Budapest. Derek Wright gave a brief update on the latest changes proposed to the transition rules and agreed to draft the section based on the latest information available before Budapest. A question was raised as to whether the paragraph on Transition should be deleted or moved to an appendix.

The Chair invited further comments (if any) by e-mail.

6. Next steps

The TF will continue to draft the ED taking into consideration all the comments received in Cape Town from the ASC, this TF meeting and the Education and Practice Subcommittee meeting. The Chair said the TF would welcome comments by e-mail if anyone has further comments.

The ASC requested a draft of ISAP 4 about 3 weeks in advance of the Budapest meetings to give them sufficient time to review the text. The TF will have regular calls leading up to Budapest and will work toward providing a timely draft to the ASC for discussion in Budapest.

The Chair thanked the observers for their attendance and useful inputs and concluded the open segment of the TF meeting.

7. The ISAP 4 TF members continued the meeting in a closed session to discuss drafting and the next steps in more detail.

Attendance List:

Members

Observers

Simon Curtis	Canadian Institute of Actuaries
Stefan Engeländer	Co-Vice-Chairperson, Insurance Accounting
Alfred Gohdes	Chairperson, Actuarial Standards
Shinji Ikeda	Institute of Actuaries of Japan
Gareth Kennedy	Casualty Actuarial Society
Ann Muldoon	Financial Reporting Council
John Oost	Het Koninklijk Actuarieel Genootschap
Sangrae Park	Institute of Actuaries of Korea
Henry Siegel	American Academy of Actuaries
Myungduck Song	Institute of Actuaries of Korea
Christopher Townsend	Canadian Institute of Actuaries