



ASSOCIATION ACTUARIELLE INTERNATIONALE INTERNATIONAL ACTUARIAL ASSOCIATION

October 11, 2002

Dear Council Delegate:

Subject: Exposure Draft - Guidelines of Actuarial Practice for Social Security Programs

At its meeting in Cancun, the IAA Council approved for release the Exposure Draft of the Guidelines prepared by the Social Security Committee. The period of exposure lasted until September 30, 2002. Comments were requested from Full Member associations. The Social Security Committee received replies from seven member associations (the American Academy of Actuaries (US), the Actuarial Society of South Africa, the Canadian Institute of Actuaries, the Casualty Actuarial Society (US), the Faculty of Actuaries (UK), the Israeli Association of Actuaries and the Institute of Actuaries (UK)).

The endeavour to provide Guidelines of practice to actuaries working in the social security field has been greatly welcomed and unanimously approved. Most of the replies included only clarifications and minor adjustments to the wording. The most complicated issue with respect to the Guidelines has been the definition of their scope of application. Three of the member associations expressed their concern about the applicability of the Guidelines to their workers' compensation programs.

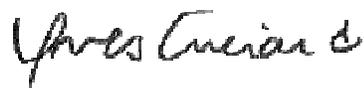
Since the Committee understood that the Exposure Draft would not be satisfactory for all member associations, and that some associations would therefore feel obliged to vote against the adoption of the Guidelines, the Committee has prepared a slightly amended draft, in order to have as wide as possible approval for the Guidelines. Some aspects of the wording have been negotiated to meet the particular concerns of certain member associations. The basic content of the Guidelines has not been changed. The changes are adjustments concerning mainly the wording to clarify the original intention of the Guidelines, additions of some examples or removal of some of the level of detail. The redrafted Guidelines are attached, together with an explanatory memorandum. The changes are indicated in marked-up text.

The Social Security Committee also received a number of other helpful comments. The Committee will be considering these, with further comments and ideas, in an early review of the Guidelines.

The Committee believes that the changes made will enable some member associations not to oppose the adoption of the Guidelines, which they might otherwise have been forced to do. The Committee also hopes that the member associations which were already planning to vote in favour of the Exposure Draft will accept that the changes are not material to the intention of the Guidelines and that they will still be able approve the adoption of the Guidelines.

We would like to take this opportunity to remind member associations that these Guidelines do not constitute mandatory practice requirement, as would a standard. In accordance with due process, the Committee on Professionalism will review this situation at its meeting on October 19 and will make a recommendation as to approval to Council on October 21 in Barcelona, where most of you will be present to discuss this matter further.

Respectfully yours,

A handwritten signature in black ink, appearing to read "Yves Guérard". The signature is written in a cursive, flowing style.

Yves Guérard
Secretary General

Copy: Association Correspondents