



ASSOCIATION ACTUARIELLE INTERNATIONALE INTERNATIONAL ACTUARIAL ASSOCIATION

Date: 18 November 2013

To: Presidents and Council Delegates of IAA Full Member Associations
Presidents and Council Representatives of IAA Associate Member Associations
Representatives of IAA Institutional Members
Representatives of IAA Observer Members

Copy: Correspondents, IAA Full and Associate Member Associations
Members of ASC and its task forces
Members of IAA Insurance Accounting, Insurance Regulation, Supranational Relations, and Professionalism Committees, and IAC Education and Practice Subcommittee
Members of the Standard Setters Round Table
Other interested parties

From: Dave Pelletier, Chairperson, Actuarial Standards Committee (ASC)

Re: Draft Statement of Intent to issue an International Standard of Actuarial Practice in relation to IFRS X Insurance Contracts (ISAP [4])

We are pleased to attach a draft Statement of Intent (SOI) to issue an International Standard of Actuarial Practice (ISAP) on actuarial services performed in relation to IFRS X Insurance Contracts as it replaces the existing IFRS 4.

ISAPs are model standards intended to be suitable for adoption by actuarial standard-setting organizations who wish to do so. It is the International Actuarial Association's (IAA's) intent that by publishing model international standards it will encourage the creation and convergence of national actuarial standards.

Need for an ISAP

Reporting entities preparing financial statements in relation to IFRS X, and their auditors, will likely retain actuaries to provide advice on the choice of methods and assumptions, to calculate reported amounts, and to draft disclosures related to insurance contracts. Some reporting entities may seek actuarial advice in respect of all assets and liabilities associated with insurance contracts.

The need for a model standard on actuarial services in relation to IFRS X is threefold:

- Actuaries whose clients or employers are applying, or moving to apply, IFRS reporting may ask their Member Associations for guidance in this area.
- It is expected that actuaries will play a central role in preparing financial statements of insurers and reinsurers under IFRS X. Therefore, it is widely accepted that actuaries

providing actuarial services in relation to IFRS X will require internationally valid guidance.

- The IAA has signed a Memorandum of Understanding with the International Accounting Standards Board (IASB). The IAA aims to support the work of the IASB in achieving comparable financial reporting internationally. A crucial project in support of this aim is the production of an ISAP to set standards for actuaries providing services in relation to IFRS X.

Reflecting the final IFRS X Standard

Major changes between the IASB's current re-exposure draft of IFRS X and the final standard are possible as a result of the IASB's consultation. However, these changes are not expected to substantially change the topics of this ISAP [4]. The contents of ISAP [4] will evolve according to the developments in IFRS X and required changes will be communicated clearly.

Request for comments

This draft of the SOI has been prepared by the Insurance Accounting Task Force of the IAA's ASC.

We are open to all comments and questions and are particularly grateful for comments in these areas:

- 1) Do you agree an ISAP is needed on actuarial services in relation to IFRS X?
- 2) Are any of the proposed topics inappropriate for inclusion in ISAP [4]? If so, please explain why the particular topic should not be included in the ISAP.
- 3) What other topics should be included in ISAP [4]? Please cover why you wish guidance in this area and if appropriate provide an example to illustrate the issue. Please note that the ISAP is not intended to address unique, country-specific issues. Member associations and local actuarial standard setting organizations could address such issues by adding guidance to the model ISAP before adoption.

Next Steps

We ask you to distribute this discussion draft of the SOI (located under [Publications](#) on the IAA Website) widely within your organization, and to any actuarial standard setters and other interested parties in your jurisdiction. The deadline for comments on this discussion draft is **28 February 2014**.

Comments should be addressed to SOI.ISAP4.comments@actuaries.org with "IFRS X" in the e-mail header, preferably using the attached [MSWord template](#).

Alternatively or in combination with the attached comment template, an MSWord (or equivalent) attachment would be acceptable. If a markup of the discussion draft is submitted, we recommend using the “Comment” feature liberally, giving reasons for proposing the change. All comments will normally be posted to the IAA website identifying the commenter(s). However, in exceptional cases, in response to a request which the IAA Secretariat is satisfied is for a valid reason, comments may be either posted to the website anonymously or withheld from the website.

Thank you in advance for your attention to this matter. The ASC and its Insurance Accounting Task Force look forward to your response.