



Robert F. Conger
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**100 Years of Expertise,
Insight & Solutions**

July 1, 2013

Dave Pelletier
Chair, Actuarial Standards Committee
International Actuarial Association
150 Metcalfe, Suite 601
Ottawa, ON Canada K2P 1P1

Dear Dave,

On behalf of the Casualty Actuarial Society, thanks to the Actuarial Standards Committee and the Social Security Task Force for very diligent work in reviewing the comments received on the Exposure Draft of ISAP 2 – Financial Analysis of Social Security Programs, and in developing the new draft of ISAP 2.

On the whole, we are comfortable with the modifications implemented by the ASC and SSTF, and see the new draft as an improvement on the Exposure Draft. And specifically, we appreciate the efforts to clarify the definition of an SSP, so as not to sweep other programs (such as U.S. workers compensation) into the scope of ISAP 2 inadvertently.

We found it helpful to see this draft standard used as a testing ground for the ASC's idea of moving all definitions to a single glossary that would exist separate from the ISAPs. Our finding upon review of the new draft was that this "single glossary" idea, while conceptually appealing, does not work very well given the plan that various organizations around the world will adopt or adapt the ISAPs. Most vividly, we found it quite cumbersome that the scope of this ISAP is only clearly defined by the glossary definition of an SSP, which is contained in a second document that might not be readily at hand for a user of ISAP 2 as adopted in Country X. Understanding the scope of an ISAP is so important that we should not embed key scope definitions outside the ISAP itself. But more broadly, any definitional item that is important enough to warrant inclusion in the glossary, also is important enough that we would want it readily at hand for a reader of the specific ISAP. And, in case of a dispute about the interpretation of an ISAP (perhaps when an actuary is facing litigation or a discipline charge), one can imagine that a portion of the dispute might hinge on the parties choosing two different definitions of a term, neither of which is contained in a document that has officially adopted by the specific jurisdiction. Furthermore, when a definition is changed in the single glossary, it might happen that not everyone will be sufficiently attuned to the implications of that change for all of the various ISAPs that have been published by IAA, and that have been adopted or adapted in various jurisdictions. Thus, while we appreciate the potential convenience and consistency benefits of the "single glossary" concept, we recommend against choosing this route. We believe the audiences of the ISAPs will be better served by having each ISAP existing as a self-defining document.

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In addition, we find ourselves a bit uncomfortable with the inclusion of educational or informational material in the appendix to an ISAP, though we are confident that this is not the first time that an actuarial standard has contained an informational appendix. Certainly the informational appendix is a convenient mechanism for assuring that the practicing actuary has ready access to this useful reference tool. But will the disclaimer language at the beginning of the appendix be sufficient to preclude its use as an implicit standard? Is there not some other means for us to convey useful reference and educational material to the world's practicing actuaries?

Finally, we agree with ASC that the new draft of ISAP 2 does not raise substantive new issues. However, we do not agree that this implies that IAA should forego another round of exposure. We do recognize that the standards development and approval process as applied to ISAP 2 includes many opportunities for various types of review, input and comment. And certainly ISAP 2 has benefitted from these numerous checkpoints. Nonetheless, we believe that both real and perceived transparency and input opportunities are so important -- to the development, acceptance and use of the ISAPs -- that the extra time and effort of another round of exposure is fully warranted. The extra round may or may not be required by the current formal procedures, but the extra round of exposure would be a good idea for this ISAP, given that ISAP 2 did undergo many changes for this new draft, and given that we as an organization (and as a collection of associations) are still new at this business of promulgating ISAPs. After all, the measure of progress of the ISAP projects is not the number that IAA publishes by a particular date, but the number that ultimately find acceptance (through adoption / adaptation / use) among the actuarial associations and their members around the globe.

Sincerely,

A handwritten signature in black ink, appearing to read "Robert F. Conger". The signature is written in a cursive, flowing style.

Robert F. Conger, FCAS, MAAA
IAA Council Delegate
Vice President-International