



International Actuarial Association  
Association Actuarielle Internationale

## Memorandum

Date: 28 February 2019

To: Presidents and Council Delegates of IAA Full Member Associations  
Presidents and Council Representatives of IAA Associate Member Associations  
Representatives of IAA Partners, Observers and Patrons  
Commenters on the first exposure draft of ISAP 4

Copy: Correspondents, IAA Full and Associate Member Associations  
Members of ASC and its Task Forces  
Chairs of IAA Committees and Sections  
Members of the Standard Setters Round Table  
Other interested parties

From: Andrew Chamberlain, Chair, Actuarial Standards Committee (ASC)

### **Second Exposure Draft of Proposed International Standard of Actuarial Practice 4 (ISAP 4) on IFRS 17 Insurance Contracts**

We are pleased to attach the ASC's proposals for the second exposure draft of International Standard of Actuarial Practice 4 (ISAP 4) on IFRS 17 Insurance Contracts, and the related amendments to the Glossary. These have been drafted by the ISAP 4 Task Force of the ASC and approved for exposure by the ASC in accordance with the IAA Due Process for ISAPs. The purpose of this ISAP is to provide guidance to actuaries when performing actuarial services relating to IFRS 17.

This ISAP is a model standard intended to be suitable for voluntary adoption by actuarial standard-setting organizations. The IAA's intent is that publishing model international standards will encourage the creation and convergence of national actuarial standards issued by actuarial standard-setting organizations, however, each ISAP is a model standard of actuarial practice and, as such, is not binding on any actuary.

ISAP 4 is intended to be principles based and tries to avoid the use of examples, and deliberately avoids repeating any guidance already included in IFRS 17 as well as ISAP 1. ISAP 4 reflects IFRS 17 as issued in May 2017. The IASB has deferred the effective date for IFRS 17 by one year to 1 January 2022. To the extent that the IASB issues revisions to IFRS 17, the ASC will contemplate timely changes to ISAP 4 as needed.

The ASC would like to thank all of those who commented on the first exposure draft and believe the comments received were helpful in developing an improved second exposure draft. The resulting changes reflected in the second exposure draft can be summarised as follows:

- A majority of the changes were made to improve clarity, readability and to ensure that the language used is consistent with IFRS 17, as well as within the ISAP;
- Guidance was deleted where further analysis indicated that such guidance was sufficiently covered by either IFRS 17 or ISAP 1;
- Elements were added where commenters indicated that the first exposure draft was insufficient or unclear; and
- The ordering of the paragraphs was modified to improve the flow of the various topics covered.

It is our view that the changes made, although numerous, are not fundamental in nature and have not changed the guidance provided in the ISAP substantially. However, considering the number of changes, importance of the topic and the level of interest worldwide, the ASC decided that a second exposure would be helpful.

We ask you to distribute these consultation documents (also available under Publications/ISAPs 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 these drafts is 30 April 2019.** In the light of the desire to issue the final ISAP as soon as practical the ASC will **not** be able to extend the deadline in this instance.

Comments (from your organization, your members, or other parties to which you forward these exposure drafts) should be addressed to [ISAP4.comments@actuaries.org](mailto:ISAP4.comments@actuaries.org) with “ISAP 4” in the email header. The comment should make clear if it is a personal response or one representing a particular association or organization, standard-setter, or other entity. In respect of the Glossary, only the amendments are open to comment.

Please consider the ASC’s responses to the comments received on the first exposure draft as provided in the attached [consultation report](#) when submitting your comments. Comments will be most helpful if they:

- i. Take full account of what is already addressed in the [consultation report](#)
- ii. Contain a clear rationale; and
- iii. Include any alternative that the IAA should consider, if applicable within the scope of the [Statement of Intent for ISAP 4](#)

Please submit comments **only using the comment template provided herewith**, attached to an e-mail. 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.

We ask the commenters particularly to consider the following questions:

1. Is the guidance clear and unambiguous? If not, how should it be changed?
2. Is the guidance sufficient and appropriate? If not, how should it be changed?

Please note that the IAA is also currently seeking comments on the [exposure draft of the International Actuarial Note 100 \(IAN 100\) on IFRS 17](#), which is an educational document intended to assist actuaries by offering practical examples of ways in which actuaries might implement IFRS 17 (including other related IFRSs). IANs are educational and not intended to be authoritative.

Thank you in advance for your attention to this matter. The ASC and its ISAP 4 Task Force look forward to your comments.