



Deadline: 30 April 2019

Please use this template to comment on the [2nd Exposure Draft of ISAP 4 on IFRS 17 Insurance Contracts](#), and the proposed revisions to the [Glossary for ISAP 4](#).

The IAA invites comments on this 2nd Exposure Draft, particularly on the questions set out below. Comments are most helpful if they:

- (a) Are comments on the questions as stated;
- (b) Take full account of what is already addressed in the [consultation report on the 1st exposure draft](#).
- (b) Indicate the specific paragraph or group of paragraphs to which they relate;
- (c) Contain a clear rationale; and
- (d) Include any alternative that the IAA should consider, if applicable within the scope of the [Statement of Intent for ISAP 4](#).

	Identification and instructions	
Name of Individual:	Please indicate if your comments are personal, or represent your organization:	Philip Shier on behalf of
Name of organization		Society of Actuaries in Ireland
Disclosure of comments:	Please indicate if your comments should be treated as confidential, and if so why:	Not confidential
Instructions for filling in and sending the template	<p>Please follow the following instructions for filling in the template:</p> <ul style="list-style-type: none"> ⇒ Do not write in the yellow shaded cells ⇒ Write in the white cells ⇒ When commenting on a specific paragraph: <ul style="list-style-type: none"> ○ Please use a separate row for each paragraph, sub paragraph, or bullet. ○ Please include the full reference in the first column such as “Introduction 3rd paragraph 2nd bullet” or “2.6.1.b.ii” ○ Please insert/append extra rows as needed. <p>Please send the completed template, renamed with the organization’s or individual’s name, attached in <u>Word Format</u>, to ISAP4.comments@actuaries.org</p>	



	Specific Questions asked by the ASC	Response
Q1.	Is the guidance clear and unambiguous? If not, how should it be changed?	In general we found the guidance to be clear and unambiguous.
Q2.	Is the guidance sufficient and appropriate? If not, how should it be changed?	In general, we found the guidance to be sufficient and appropriate.

General Comments on the ISAP 4 – 2 nd Exposure Draft	
	<p>We stated in our submission on ED1 that we felt that a section on applying expert judgement should be included in the guidance note, or alternatively a reference to other guidance on expert judgement which should be followed when applying the standard. We do not think this is addressed in ED2.</p> <p>We note that the majority of the suggestions which we made on ED1 have been addressed. We repeat below some issues which do not appear to have been considered.</p>

Comments on specific paragraphs of the ISAP 4 - 2 nd Exposure Draft		
Full paragraph reference	Change proposed to the paragraph (markup preferred)	Reason the change is needed (can be kept very brief or left blank if obvious from the change)
Section 2.6.8 (b)	We consider that it would be difficult to allow for this requirement in practice. Wording should be expanded to outline how "the extent to which default by one reinsurer may affect the amounts recoverable from other reinsurers" should be assessed, or removing this paragraph.	The response on p29 states "This would most often be specified in the reinsurance contract, if not legal responsibility would need to be assessed." The response suggests that the TaskForce are thinking about co-reinsurance, whereas we had in mind a mass-market event whereby default of many reinsurers occurs.
Section 2.6.11 (c)	2.6.11 c. refers to "When deriving the illiquidity adjustment for the discount rate"; change to plural: "When deriving the illiquidity adjustment for the discount rates"	For consistency with other references to discount rates



Comments on specific definitions in the Exposure Draft of the updated Glossary		
Note that only the proposed revisions are open for comment		
Defined Term	Change proposed to the definition (markup preferred)	Reason the change is needed (can be kept very brief or left blank if obvious from the change)
Variable Fee Approach (ISAP 4)	<p>“The approach that is a modification of the general measurement approach, which is permitted for the valuation of insurance contracts with direct participation features, as set out in IFRS 17.”</p> <p>Should “permitted” be ”required”? The VFA permits some options re the OCI option, but there are things that are also required.</p>	