

From: [Birgit Kaiser](#)
To: [ISAP4.comments](#)
Subject: AW: RESPOND BY 16 AUGUST 2019: IAA Final Review Consultation - Proposed Final draft of ISAP 4 - IFRS 17 Insurance Contracts
Date: August 13, 2019 2:13:56 AM
Attachments: [image001.png](#)
[image002.png](#)
[image003.png](#)
[image004.png](#)

Dear all

On behalf of Deutsche Aktuarvereinigung (DAV) I would like to submit our comments on the final draft of ISAP 4 on IFRS 17. We believe that the re-wording after the last exposure period has led in two cases to statements that could be more precise (cf. item (a) in the transmittal letter):

Chapter 2.6.9 a)

“Discount rates for periods beyond those for which observable data from *an active* market is available, the actuary should consider how current rates are expected to evolve over time using the best information available in the circumstances, including such market prices as are observable; and”

The standard refers to active market. However, active markets may generate prices based either on a small trading volume (compared to the overall volume of liabilities to be valued in an insurance market) and/or showing a significant bid/ask spread. For this reason an actuary valuating liabilities has to consider the depth and liquidity of the market segment he is taking market data from. As the standard should rather refer to actuarial duties than quoting the standard, the amendment should be removed and the initial wording should be maintained, i.e. “deep and liquid” instead of “active”.

Chapter 2.6.9 b)

“Discount rates for cash flows of insurance contracts, that vary with the returns of the entity’s invested assets, the actuary *should* consider the entity’s investment policy, as applied in practice, taking into account the entity’s communications to various stakeholders and, where applicable, anticipated policyholder behaviour”

The relevance of this paragraph differs among different jurisdictions and different types of contracts with CFs that vary with the underlying item. For this reason, we think that the verb “may” should replace the verb “should”.

We’d be grateful if the amendments we propose could be included in the final version of ISAP 4.

Best regards
Birgit Kaiser

Mit freundlichen Grüßen
Birgit Kaiser

Deutsche Aktuarvereinigung e.V.
Geschäftsführerin

Von: IAA Secretariat AAI [mailto:secretariat@actuaries.org]

Gesendet: Mittwoch, 17. Juli 2019 19:30

An: ANNOUNCEMENTS <announcements@actuaries.org>

Betreff: RESPOND BY 16 AUGUST 2019: IAA Final Review Consultation - Proposed Final draft of ISAP 4 - IFRS 17 Insurance Contracts

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 Exposure Drafts 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

Please see the attached transmittal memorandum from Andrew Chamberlain, Chair, Actuarial Standards Committee (ASC) of the IAA, regarding the proposed final International Standard of Actuarial Practice 4 (ISAP 4) on IFRS 17 Insurance Contracts.

The proposed final ISAP 4 and related amendments to the glossary were developed by the ISAP 4 Task Force of the ASC after considering the comments received on the 2nd exposure draft of ISAP 4 published for consultation on 28 February 2019. The consultation report outlines the comments received on the 2nd exposure draft and the ASC's responses to these comments.

The attached documents have been duly approved by the ASC in accordance with Due Process for development of ISAPs. These documents are also available on the IAA website under *Publications/ISAPs/Current Consultations* ([Click here to access the website](#))

The attached documents are provided directly via this e-mail to all member associations and commenters on the exposure drafts to enable them to:

- (a) draw attention to any unintended consequences in the final draft's wording; and
- (b) determine whether their comments have been appropriately considered in the preparation of the proposed final draft.

We request you to follow the instructions contained in the attached transmittal memorandum when submitting your feedback.

The deadline to provide feedback is by **midnight, Eastern Daylight Time, 16 August 2019.**

IAA Secretariat



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