



Deadline: 31 October 2017

Please use this template to comment on the [Exposure Draft of ISAP 1 on General Actuarial Practice](#), and the proposed revisions to the [Glossary](#). The IAA invites comments on this Exposure Draft, particularly on the questions set out below. Comments are most helpful if they:

- (a) Comment on the questions as stated;
- (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 ISAP 1.

Identification and instructions		
Name of Individual:	Please indicate if your comments are personal, or represent your organization:	Organization
Name of organization		Actuarial Society of South Africa
Disclosure of comments:	Please indicate if your comments should be treated as confidential, and if so why:	OK for comments not to be 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</p> <p>ISAPI.comments@actuaries.org</p>	



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	Specific Questions asked by the ASC	Response
Q1.	Is the time right to merge ISAP 1A into ISAP 1? If not why, and when (if ever) do you recommend that be done?	In principle, supportive of limiting the number of standards. However, it creates some additional work for an organization like ours that has already created separate South Africanised versions of ISAP1, ISAP1A and the glossary. The merge leads to a difficult choice between NOT updating our documents but then having a disconnect with the ISAP structure into the future OR updating our documents too but for little or no gain in terms of the quality of our framework. The learning is probably to spend more time on the structure of standards required in advance of drafting any of them. A modularized approach to standards will probably be more optimal than a system with fewer but more comprehensive standards.
Q2.	Is the time right to make the other updates to ISAP 1? If not why, and when (if ever) do you recommend that be done?	Yes, this is as good a time as any (assuming the updates are valuable enough. Many of the changes felt quite superficial in terms of impact, so could easily be delayed too).
Q3	We typically ask the following questions about new ISAPs (rather than revisions). However, we repeat them here as they may be relevant.	See comments on detail, but in general clear enough. The change away from “entity” has the intent to improve clarity but may be achieving the opposite.
	a. Is the guidance clear and unambiguous? If not, how should it be changed?	Generally happy.
	b. Is the guidance sufficient and appropriate? If not, how should it be changed?	Generally yes
	c. Is the guidance at the right level of detail? If not, what text should be omitted because it is too detailed? In what areas do actuaries need more detailed guidance?	We have an issue with the place ISAP1 occupies in our system of governance vs the role that it
	d. Are there other matters that should be included in this standard? Are there some	



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	<p>included here that should not be?</p>	<p>appears you want it to play within the IAA framework. There seems to be a desire for ISAP1 to be the base for all other ISAPs, which makes sense seeing it was an “early” standard within the IAA framework. However, we have very detailed area-specific standards in our framework, many of which already cover the practical implementation of many of the matters covered in ISAP1. This makes sense in light of the fact that these standards precede our version of ISAP1. Redrafting all those standards to not repeat content in ISAP1 would be a large undertaking without much value-add. As such, our localized version of ISAP1 is seen more as a standard for cases where specific standards have not yet been written (or are silent on a topic). It becomes quite contrived if our version of ISAP1 has to state that compliance with it is a prerequisite for compliance with any other ISAP, but not for compliance with any other South African standard!</p> <p>It would be useful to us if such considerations (sections 1.3, 2nd sentence of 1.4, 1.5 and 1.6 for example) lived outside ISAP1 in a separate note or standard that dealt with interpretation of and compliance with standards generally, rather than inside ISAP1.</p>
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General Comments on the ISAP 1 Exposure Draft	
a)	<p>See above – we are not in favour of the instance where “this ISAP” becomes “any ISAP”. This makes updating our system to maintain easy alignment with ISAP1 materially more onerous. We’d prefer dealing with that in a separate document. (Maybe “Interpreting,</p>



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	applying and complying with guidance”). (This affects most paragraphs that were edited, so not repeated below)
b)	The desire to remove the definition of entity is adding complexity rather than removing it. “Organization” is not the term that would naturally be used to describe some of the entities covered. “Subject of actuarial services” was used in the previous definition of entity, but made more sense in that context than in the way it is now used in the standard, where it almost requires a definition to avoid confusion. Again, this affects many paragraphs (2.2, 2.4.2, 2.5.3, 2.7.1, etc) so haven’t repeated it below.

Comments on specific paragraphs of the ISAP 1 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)
1.3 & 1.6	Remove section 1.3.	The important content is repeated in section 1.6. The repetition and cross-referencing is not enhancing clarity. If there is a concern that the impact of 1.6 only on compliance is not clear enough, add a line in 1.6 that specifies that complying with an ISAP in a manner that lings with the interpretation as set out still achieves compliance with the ISAP.
2.3.3(a)	Replace “to which it is relevant” with “where confusion about this may exist” (or similar wording).	Because communication is defined so broadly, actuaries may quickly get a bad reputation if every time they talk to a client they have to remind them (ie people to whom they have already pointed this out, possibly repeatedly) that they still disclaim responsibility for information from another party



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		they are relying on!
2.5.1	Replace “substantially accurate” with “materially accurate”.	<p>Substantially means “to a great extent or for the most part”. Connotation can be “focused on the data itself”.</p> <p>Materially means “in a significant way, considerably”. Connotation towards the importance of the data to the output.</p> <p>Data that is correct in every single cell except 1, but where that cell has a material bearing on the issue being considered, may be substantially correct without being materially correct.</p>
2.5.1	Remove last sentence.	A minor point, but a sentence that provides no additional content except to introduce a cross reference to existing content does not improve clarity. 2.5.5 already contains guidance to be complied with in specific circumstances, so specifying in 2.5.1 that you must in those circumstances apply 2.5.5 adds no value.
2.5.3	Rename section to “Sources of Data for Assumptions that could be Entity Specific”.	This is a very long section to trawl through for assumptions that absolutely should not be entity-specific (eg market-consistent assumptions!) where the suggested sequence of considerations would be silly to even consider.
2.5.4	Add “material” before “modification of data”.	The wording as given make sense for the examples provided. However, data modification could also include things like translation of format OR calculating ages from dates of birth. Disclosing such minutiae would not be



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		appropriate normally.
2.9	Becomes 2.8.4?	Something being mandated by law vs something being prescribed by law ... what's the difference? If the same, rather include this section as a subsection of 2.8.
2.10.3 & 3.2.2h	Add "conceptual" before "implications" (There might be a better way of mitigating the issue as explained)	Disclosing model limitations is easy, disclosing implications in principle is easy, but disclosing the quantification of implications can be very difficult. (You may then need an alternative model without those limitations, which defeats the purpose.)

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)
Data	Replace "policy" with "contract"	Make the example more generic / less insurance-focused.

Comments on the change to ISAP 2 (i.e. change in paragraph 2.1)

	None
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