



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:	
Name of organization		New Zealand Society of Actuaries
Disclosure of comments:	Please indicate if your comments should be treated as confidential, and if so why:	No
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?	
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?	
Q3	We typically ask the following questions about new ISAPs (rather than revisions). However, we repeat them here as they may be relevant.	In our view, the definition of “actuarial services” is vague and ambiguous and this has significantly impeded the adoption of ISAP 1 by member associations. We recommend this is changed to make the scope of ISAP 1 clear and unambiguous. Please see below under changes proposed to the Glossary for further detail.
	a. Is the guidance clear and unambiguous? If not, how should it be changed?	
	b. Is the guidance sufficient and appropriate? If not, how should it be changed?	
	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?	
	d. Are there other matters that should be included in this standard? Are there some included here that should not be?	

	General Comments on the ISAP 1 Exposure Draft
	In our view, the definition of “actuarial services” is vague and ambiguous and this has significantly impeded the adoption of ISAP 1 by member associations. We recommend this is changed to make the scope of ISAP 1 clear and unambiguous. Please see below under changes proposed for the Glossary for further detail.



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)
1.4.4	<p>If an actuary is performing actuarial services for an affiliated party <u>or the actuary is a member of a team including non-actuaries and the author of the report is a non-actuary</u>, the actuary should interpret the ISAP in the context of practices that apply normally within or in relation to the affiliated party <u>or team</u>, except that, if there are substantive inconsistencies between these practices and the ISAP, the actuary should endeavour to observe the spirit and intent of the ISAP as fully as possible.</p> <p>Add a paragraph 1.4.5</p> <p><u>If an actuary is performing actuarial services as a member of a team including non-actuaries, and the actuary is an author of the report, then the ISAPs apply as if the actuary was a single actuary performing the actuarial service.</u></p>	<p>Paragraph 1.4.2 clearly identifies the possibility that the application of an ISAP is not clear in the circumstance where the actuary is a member of a team including non-actuaries.</p> <p>While 1.4.3 goes on to explain how ISAPs should be interpreted when there are more than one actuary on the team, there is no commentary on how ISAPs should be interpreted when there is a sole actuary in a team including non-actuaries. It should be noted that in these circumstances, it is highly likely that the actuary is not a signatory to the services provided and does not necessarily have control over the information provided to the intended user.</p> <p>In these circumstances, it could be considered that the actuary is performing actuarial services for an affiliated party. Consequently and to avoid ambiguity, we recommend this is made clear.</p>



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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)
2.10	<p>Remove the words “support management’s decision making” and either:</p> <p>Replaced by the words “used when performing actuarial services and which support the decision making of the subject of the actuarial service”</p> <p>OR that these word are included in the definition of model (preferred approach).</p>	<p>The term “management” is not defined and which models are covered by this paragraph is ambiguous. Previously the scope was limited by paragraph 1.1 of ISAP 1A to models used when performing actuarial services and by paragraph 1.2 of ISAP 1A to models that support an entity’s decision making. We recommend these clarifications of which models are covered are retained.</p> <p>Inclusion of the words in the definition of the term model is the preferred approach as then it is clear that the limitation applies to ISAPs other than ISAP 1</p>



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)
Actuarial Services	<p>Actuarial Services (ISAP 1, 2, 3, 5) – Services <u>where the use of principles and/or techniques of actuarial science is central to the work and which involves the exercise of judgement; or which the user may reasonably regard as technical actuarial work by virtue of the manner of its presentation</u>, provided to <u>intended users</u>.</p>	<p>The definition of “actuarial services” is vague and ambiguous and we recommend it is amended to make the circumstances when the ISAPs should apply clearly defined. Our members predominantly belong to one of two large actuarial organisations, the Institute of Actuaries of Australia or the Institute and Faculty of Actuaries. The Actuaries Institute has adopted a very unambiguous definition for “Prescribed Actuarial Advice” in lieu of the definition of “actuarial services” and the Institute and Faculty of Actuaries has adopted a far less ambiguous definition for “Technical actuarial work” in lieu of the definition of “actuarial services”.</p> <p>Institute of Actuaries of Australia</p> <p>The Actuaries Institute has adopted the definition “Prescribed Actuarial Advice” in lieu of the definition of “actuarial services”, where</p> <p>“Prescribed Actuarial Advice” means:</p> <ul style="list-style-type: none"> (a) any conclusion, result, opinion or recommendation required to be performed, under Legislation, by either an actuary or a person with actuarial qualifications and experience; or (b) anything deemed to be prescribed actuarial advice by being: <ul style="list-style-type: none"> i. specified as such in a Professional Standard; or



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		<p>ii. declared to be such by the Council of the Institute.</p> <p>Institute and Faculty of Actuaries (UK)</p> <p>The Institute and Faculty of Actuaries has adopted the definition “Technical actuarial work“ in lieu of the definition of “actuarial services”, where</p> <p>“Technical actuarial work” is work performed for a user:</p> <ol style="list-style-type: none"> 1) where the use of principles and/or techniques of actuarial science is central to the work and which involves the exercise of judgement; or 2) which the user may reasonably regard as technical actuarial work by virtue of the manner of its presentation. <p>We recommend the definition of “actuarial services” is amended to make the scope clear and unambiguous. The definition of technical actuarial work adopted by the Institute and Faculty of Actuaries is, in our view, significantly more clear and unambiguous but is not specific to an individual member’s other professional standards and so would be a significant improvement on the current definition.</p>
Model	<p>Model (ISAP 1, 2, 3, 5) – A simplified representation of relationships among organizations or events using statistical, financial, economic, or mathematical concepts <u>used when performing actuarial services and which supports the decision making of the subject of the actuarial service</u>. A model has a specification, uses assumptions, data, and methodologies to produce results that are intended to provide useful information on that system.</p>	<p>The definition as it stands applies to all and any models. Previously the scope was limited by paragraph 1.1 of ISAP 1A to models used when performing actuarial services and by paragraph 1.2 of ISAP 1A to models that support an entity’s decision making. We recommend these clarifications of which models are covered are retained.</p>



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