



Comment Template

Draft Statement of Intent to issue an International Standard of Actuarial Practice – Actuarial Services in relation to IFRS X Insurance Contracts (ISAP [4])

1. Do you agree an ISAP is needed on actuarial services in relation to IFRS X?

Yes

No

Comments

We support the development of an ISAP for IFRS X Insurance Contracts and agree:

- ▶ with the decision to start development of the ISAP before finalisation of the Standard by the IASB, in order to ensure that the ISAP (and, equally as important, the associated IAN) can be completed to a high standard with wide support prior to the likely first application date of the final IFRS Insurance Contracts Standard; and
- ▶ that, by providing useful high quality guidance, it will facilitate convergence of actuarial practices relating to IFRS X and increase confidence in actuarial services provided in respect of IFRS X by both the direct and wider users of these services including the public good.

2. Are any of the proposed topics inappropriate for inclusion in ISAP [4]?

Yes

No



If yes, please explain why the particular topic should not be included in ISAP [4].

Not applicable.

3. What other topics should be included in ISAP [4]?

Please cover why you wish guidance in this area and if appropriate provide an example to illustrate the issue. Please note that the ISAP is not intended to address unique, country-specific issues. Member associations and local actuarial standard setting organizations could address such issues by adding guidance to the model ISAP before adoption.

Comments

We believe that the following additional topics should be included:

- (a) considerations regarding the measurement of amounts to be recognised or transferred to or from other comprehensive income. While we note that this is implicitly covered by the proposed topics on presentation, disclosure, and locked-in interest rates, we believe it is a significant enough topic to warrant explicit mention; and
- (b) in addition to the potential roles of the actuary in providing services in respect of IFRS X, it is important that the ISAP clearly addresses the different responsibilities arising from the different potential roles (for example, in supporting preparer vs auditor vs regulators).

4. Please use this space for any additional comments not covered above.

Comments

We believe that it is critical that the ISAP should avoid restating the requirements of IFRS X. Any restatement of requirements has the potential to create confusion and lead to the risk of conflicting interpretations. Hence, the ISAP should be restricted to providing guidance on the implementation and application of IFRS X.

We also strongly support the view that the ISAP should be focused on principles and the requirements that these place on the methodologies and approaches to be adopted. The ISAP should not constrain the development of new methodologies and approaches that meet the principles imposed by the Standard. In this we agree with the view that detail relating to:

- ▶ procedures;
- ▶ assumptions;



Comments on draft Statement of Intent to Issue ISAP [4]

- ▶ measurement; and
- ▶ determination of value,

should be addressed by IAN(s) rather than in the ISAP.

We note that there are currently eleven IANs relating to IFRS, some relating:

- ▶ specifically to the existing IFRS for Insurance Contracts (IAN 3 Contract Classification, IAN 6 Liability Adequacy Testing, IAN 7 Contracts with Discretionary Participation Features, IAN 9 Accounting for Reinsurance, IAN 12 Insurance Contracts Disclosure); and
- ▶ to IFRS more widely (IAN 2 Providing Professional Services Under IFRS, IAN 4 Investment and Service Contracts, IAN 5 Current Estimates, IAN 8 Accounting Policy Changes, IAN 10 Embedded Derivatives and IAN 11 Business Combination).

Given the comments in the draft SOI, we assume that the existing IANs relating specifically to IFRS for Insurance contracts will all be replaced by new IAN(s) to be developed in association with the ISAP. The intent with respect to the other wider IANs is even less clear, but it seems very likely that almost all will require work to remain consistent with the ISAP and the associated IAN(s). The SOI should make clear the intended approach with regard to all the existing IANs dealing with IFRS.

5. Please provide the name of the person completing the consultation response, association and email address for further clarifications (if needed).

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Type of response	<input type="checkbox"/> Personal <input checked="" type="checkbox"/> Organization

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