

Quebec City, February 24, 2014

Mr. Dave Pelletier
Chairperson
Actuarial Standards Committee (ASC)

Subject: Draft statement of Intent to issue an International Standard of Actuarial Practice in relation to IFRS X Insurance Contracts (ISAP[4])

Mr. Pelletier:

The Autorité des marchés financiers (the "AMF") has reviewed the above-mentioned communication, which you published last November 18th.

We welcome the opportunity provided by the Actuarial Standards Committee to comment on this statement of intent as well as the clarification work you are planning to perform as it will encourage the creation and convergence of actuarial standards internationally. We look forward to acquaint ourselves with this additional guidance.

There are however some minor comments or concerns we wished to share with you. Shall we refer you to the attached complete explanations.

We remain available to discuss these comments.

Please accept, Mr. Pelletier, my best regards.



Julien Reid,
Senior Director, Financial institutions Oversight and Deposit Insurance

Enclosure
JR/cb



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

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].



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.

We believe most important topics seems to be covered in ISAP4

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

The IAA should provide a sufficient long timeframe for actuaries to field test and ensure that proposed guidance doesn't lead to unintended results. Canadian actuaries and insurance companies expressed many concerns regarding possible impact of IFRS X Insurance Contracts on financial statements and the possible additional volatility that could arise from it. We understand this comes from, among other things, the uncertainty related to the determination of discount rates, and are thus looking forward to your guidance in that field.

With regards to additional volatility that actuaries and insurance companies claimed could be induced with new IFRS, we think volatility should not be avoided in all circumstances. More specifically, we believe it should not be induced by accounting standards but should rather be reflective of the true underlying risk profile of an insurance company and the risk it bears, taking into account the fact that insurance companies are often better prepared to cope with economic risks far away on the time line than those of a short-term nature.

Regarding the inherent complexity that was stated by many respondents to IASB as top concern, we think IAA can play an important role in addressing this concern through appropriate guidance and high level principles that would allow, for instance, for simplification or use of judgment in appropriate circumstances.

We look forward to the preparation of the IANs that pertain to the determination of current estimates, time value of money, risk adjustment. We also believe they should be elaborated concurrently with ISAP 4 since they will be essential in order to quantify the impact of new IFRS.



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

Name	Catherine Tremblay
Organisation	Autorité des marchés financiers
E-mail address	catherine.tremblay@lautorite.qc.ca
Type of response	<input type="checkbox"/> Personal <input checked="" type="checkbox"/> Organization

IMPORTANT: Please check if the relevant check boxes are ticked appropriately and save the file renamed with the organization's or individual's name (e.g., SOI_CommentTemplate_[NAME].Doc). E-mail the file as an attachment to SOI.ISAP4.comments@actuaries.org.