



## 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.***

#### **Considerations when determining contract boundary**

We consider contract boundary an essential starting point for insurance contract valuation also under IFRS. Based on the long and still ongoing discussion around this topic in Solvency 2 we think that guidance in this area would be particularly useful in the ISAP [4]. This topic concerns all countries.

#### **Considerations about process and model governance**

In connection with actuarial methods and assumptions we think that guidance would be useful about governance. The actuarial methods appear through valuation models in practice which are not stable but can change between reporting dates resulting in impact of model changes in valuation. We think that governance is part of the role of actuaries in this respect and should be covered by ISAP [4].

#### **Considerations for the treatment of multi-currency contracts**

If a contract has certain cashflow elements emerging in one currency (eg. premium, benefit, commission) but other cashflow elements (eg. expense) emerging in another currency we consider multi-currency contracts. We think that such contracts require further guidance. This is fairly common in the CEE region – especially in non-euro countries – but can concern any country basically.

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

**This Statement of Intent addresses possible IANs with regard to specific actuarial issues. We think that the following items could be added as IAN topics:**

- **Detailed choice of assumptions and methods for multi-currency contracts**



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

- **Detailed choice of assumptions and methods in extraordinary circumstances (eg. high inflation environment)**

We think that guidance in extraordinary circumstances is particularly useful to practitioners. Since it can be considered unique, the topic can be addressed via IAN

- **Detailed measurement of contracts that have link to underlying items**

We think that due to the complexity of the suggested method (mirroring approach) further detailed guidance is required to facilitate common understanding throughout the profession.

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

<b>Name</b>	
<b>Organisation</b>	
<b>E-mail address</b>	
<b>Type of response</b>	<input type="checkbox"/> <b>Personal</b> <input checked="" type="checkbox"/> <b>Organization</b>

**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](mailto:SOI.ISAP4.comments@actuaries.org).