



## 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.***

- a. Consider addressing the issue of contract boundaries, to assist actuaries in interpreting requirements and therefore help bring about consistency of approach.

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

- a. We have indicated at 1. that we are in favour of the development of the ISAP. An argument could be made that a principles-based standard is unlikely to add value, given that relevant principles will be set out in the IFRS. However, we consider that a principles-based approach is appropriate for international standards, and that the introduction of the ISAP will deliver value by encouraging actuarial standard setters to make actuaries responsible for having regard to relevant principles in their IFRS work. That said, there will be implementation challenges, some of which are mentioned below. The ISAP will need to be cognisant of these challenges and appropriately flexible, and it should not introduce requirements that extend beyond the relevant IFRS. We welcome the proposal to provide additional material on some specific actuarial issues and we agree that this should be delivered as one or more IANs, rather than as part of the ISAP.
- b. The scope of the proposed ISAP could be clearer. The financial reporting process is largely accountant-owned, so where does the ISAP sit? Our understanding is that it is intended that national associations / other standard-setting bodies will implement standards, based on the ISAP, that will apply to actuaries, including those employed by audit firms. However, it is questionable whether (non-actuary) audit partners will be concerned about an ISAP when they are working under accounting requirements / rules etc – so, in practice, it may be difficult for actuaries to comply with the letter of standards based on the ISAP.



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

- c. Practical implementation issues may be different for actuaries working for a reporting entity, those working for an audit firm, those working as external advisors, etc. The issues will also vary depending on the delineation of roles and responsibilities where several people are involved in a piece of work. Efforts should be made to anticipate how the ISAP will be interpreted by actuaries in different roles and what implementation challenges each might face.
- d. The ISAP should be sensitive to materiality and to practicalities such as working in a Group context and preparing information in line with how a parent company has interpreted materiality.
- e. Output: in what context is compliance to be considered/assessed – e.g. will the actuary need to produce a report (even if there is no such requirement under his or her firm’s internal processes), including an assessment of compliance with an ISAP, even if he or she is only involved in a narrow part of the financial reporting process?
- f. Page 2: We question whether the description of premium allocation approach is correct, as we understand there is a choice about recognising acquisition costs at outset versus spreading.
- g. Page 4: An individual actuary may be one of many people (actuaries and others) involved in the financial reporting process. Knowledge requirements should apply to the actuary only to the extent that the knowledge is relevant to the particular part of the financial reporting work for which he or she is responsible.

**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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