



Comment Template

Draft Statement of Intent (SOI) for ISAP [7] – “Current estimates” and other matters in relation to the IAIS capital standards

1. Do you agree an ISAP is needed on “current estimates” and other matters in relation to the IAIS capital standards?

Yes*

No

*Yes, but as explained in our response to #4, Casualty Actuarial Society suggests that the range of actuarial matters in relation to the IAIS capital standards will be quite broad and numerous, and division of separate topics into separate standards would be more workable and more useful.

2. Are any of the proposed topics inappropriate for inclusion in ISAP [7]?

Yes

No*

*No, but as described elsewhere in our response, Casualty Actuarial Society counsels for dividing the topics into multiple separate standards rather than combining them all into a single standard.

If yes, please explain why the particular topic should not be included.



3. What other topics should be included in this ISAP?

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 providing additional guidance to their members as the ISAP is adopted, or adding such additional guidance within the local adaptation of the ISAP.

Casualty Actuarial Society suggests that it will be useful to ask this question repeatedly as the underlying IAIS capital standards.

However, as explained in our response to question #4 below, we suggest parsing the standards into different standards for different topics, so our response to question #3 might be more likely to suggest that a separate standard is needed for the new topic, rather than adding another topic to a single standard.

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

Casualty Actuarial Society is concerned with the intent to have this ISAP cover many different conceptual issues in one ISAP – discount rates, inflation, pre-claims liabilities, claim liabilities including IBNR, Financial Options, etc.

The current US approach generally is to have separate standards for separate concepts (with some exceptions for certain products). This US approach avoids the issue of conflicting guidance in different standards, and helps keep the standards more tightly focused.

In addition, from a practical point, the standard envisioned in the SOI seems likely to be extremely lengthy, creating difficulties of drafting and maintenance, as well as use by the practitioner.

For example, having one ISAP that focuses on selecting a discount rate (and that addresses considerations that might lead to selecting different discount rates in different situations, or to selecting different discounts rates for different actuarial contexts) would seem to be more useful than having the selection of discount rates addressed in multiple ISAPs. Of course, there may be different rules and restrictions that apply for certain applications, but the basic ideas underlying the selection of the discount rate are the same.

Possibly a standards structure as seems to envisioned in this SOI would be well-suited to actuarial work performed in a rules-based environment. In that environment, the



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rules require customizing the work to fit each particular set of rules. Work done for another purpose under a completely separate set of rules might require very different customizing.

But for work performed under a principle-based system, the same principles generally apply to multiple applications. Therefore, we suggest that for ISAPs that will relate to work performed under a principle-based system, dividing the standards along lines that address separate concepts in separate standards will produce a more useful and workable set of standards in the long run.

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

Name	Robert F. Conger
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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.ISAP7.comments@actuaries.org, with "ISAP[7]" in the e-mail header. Please respond by Friday, 5 September 2014.