



23 November, 2011

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President, International Actuarial Association

Sent by e-mail to ISAP.comments@actuaries.org

re: ISAP 1

This submission is made by the New Zealand Society of Actuaries (“the Society”).

The Society welcomes and supports the development of International Standards of Actuarial Practice and appreciates the opportunity to submit on the Exposure Draft of ISAP 1 General Actuarial Practice.

We support both the intent and, in the main, the content of the Exposure Draft.

We have attached a marked up version of the ISAP with comments included. In particular we wish to comment on three matters.

Firstly, the term “professional services” is defined to be limited to actuarial services. If this is the intent of the ISAP, then we consider that it would be clearer to refer to “actuarial services”, rather than “professional services” (we have marked up the ISAP with changes to this effect).

Secondly, advice is often prepared with one primary user in mind but in practice is used by several users. An example of this would be information for financial statements, where the intended user is the company but the expected users include the auditors. This is also referred to in sections 3.4.3 when the actuary should consider “the other party’s awareness of how the information is expected to be used”. Changing the term “intended user” to “expected user” is to make actuaries think more broadly about whom they expect to use their work, not just the person who commissioned the work.

Finally, we have found that the area requiring the most thought is what reporting is required to go to the client. We have made various comments in the ISAP on this matter. It is, in our view, important to specify clearly what must go to the client. To that end references to various terms such as “work product”, “report”, “written communication” and “communication” are not helpful unless they have clearly different meanings; in this case it is incumbent on the ISAP to set out the circumstances in which each term applies and how they differ. It seems to us that the “work product” and “report”, as used in the ISAP, are the same thing. In addition, an actuarial service can be a single discrete assignment with a single deliverable outcome or result in a series of connected products provided over many years. The standard needs to cater for both.

Further to this, paragraph 3.12 refers to “Documentation” – this is an area that we have found particularly challenging. Documentation for its own sake is not helpful to either the actuary or the client; the ISAP must, in our view, enunciate the purpose of the documentation and the circumstances under which it is to be used.

With regards the specific questions you have asked us to comment on:

Is the guidance clear and unambiguous?

Generally we consider that the guidance is clear. However, as noted above, we have some concerns over the use of the terms “work product”, “report” and “communication”.

Is the guidance at the right level of detail?

Other than some specific comments which are noted on the marked up version of the ISAP, we consider that the guidance is at the right level of detail.

Is the guidance on when to issue an actuarial report and what should be covered in the report appropriate?

We have commented on this above and made a number of suggestions in the marked up version of the IASP attached.

Are there other matters that should be included in this standard on general actuarial practice? Are there some included here that should not be?

We consider that the content is generally appropriate, although we do not consider that 3.1.2 c) is appropriate for inclusion as fees for services are a commercial not professional matter.

Is the format of this ISAP appropriate?

We consider that the format is appropriate.

Is the change in nomenclature (from IASP to ISAP) appropriate?

We are happy with the change in nomenclature.

We would be happy to discuss any aspect of our submission.

Yours sincerely


Ian Perera
President