



The Japanese Society of Certified Pension Actuaries

September 16, 2011

Cecil D. Bykerk
President, the International Actuarial Association

Dear Cecil,

Re: Exposure draft of ISAP1 - General Actuarial Practice

I am pleased to attach comments on the exposure draft of ISAP1, based on the letter dated July 26, 2011 that I received from you. The comments were prepared by summarizing the opinions of the concerned parties at the Accounting Standards Committee, and went through a formal approval process at the Board of Directors of JSCPA for submission to the IAA.

Sincerely,

Masaharu Sasaki
Chairman, the Japanese Society of Certified Pension Actuaries

Comments

1. ISAP1 seems to cover a wide range of business operations due to its title "General Actuarial Practice," and the contents of section 1 and section 2. The definition of "Professional services," the main term in the rules for the covered operations, is explained in section 2. However, only several examples are listed by using the expression "may include" with no clear boundary.
The contents of section 3 and section 4 are not necessarily common to all the possible operations actuaries may engage in, nor are they exhaustive. Rather, they are carefully written to avoid inconsistency by frequently using if-clauses and paragraphs that limit the relevant range based on the perspective of a certain category and position.
Because ISAP1 is written in this way, the contents may not be appropriate for General Actuarial Practice even if there is no inconsistency.
2. Since IASSC has four task forces besides General (ERM, IAS19, Insurance Accounting and Social Security), ISAP for these may be prepared in the future. If so, ISAP1 is significant as a component of the entire ISAP. The contents of ISAP1 should be considered when the overall picture of ISAP becomes clear.



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3. However, since operations of actuaries are not limited to these four categories, ISAP1 should be adaptable to various operations other than these four categories if ISAP1 is treated as General Actuarial Practice. For instance, as for corporate pension, there are operations regarding domestic accounting standards or funding standards other than IAS19. The position of actuaries in each category varies. For example, actuaries may provide a consulting service, engage in audits, be directly employed by an entity or be a CEO of an entity. Or actuaries may be instructors or fund managers.

To begin with, is it really possible to prepare ISAP - General Actuarial Practice that covers all these diverse operations? If we try to be logically perfect, it may end up being the same as the Code of Professional Conduct.

Rather, it may be a better and realistic approach to assess a range of operations that can be covered by ISAP and prepare ISAP for each area.

4. Even with this approach, we cannot help but frequently use if-clauses and paragraphs that limit the relevant range in order to establish an international standard in a category that has significant differences depending on the country. If so, the assumption that ISAP may be directly applied seems unreasonable.

Therefore, to eliminate such a possibility, the sentence in Introduction 1, "This ISAP is not binding upon an actuary unless the actuary states that some or all of the work has been performed in compliance with this ISAP" or the part after "unless" should be deleted.

It may be better to position ISAP as material to consider for member organizations and other standard setting bodies and use if-clauses and paragraphs that limit the relevant range as an example of choices for modification.

Also, we recommend changing the name ISAP to IAA Model of Actuarial Practice Standard (IAA MAPS) to clarify that it is a model, not a standard.

5. Although the meanings of "must," "should" and "may" are described under Language in Introduction 2, "must" is not used in the text at all. So the description of "must" should be deleted.

End