



ASSOCIATION ACTUARIELLE INTERNATIONALE INTERNATIONAL ACTUARIAL ASSOCIATION

Memorandum

Date: 29 June 2017

To: Presidents and Council Delegates of IAA Full Member Associations
Presidents and Council Representatives of IAA Associate Member Associations
Representatives of IAA Partners, Observers and Patrons

Copy: Correspondents, IAA Full and Associate Member Associations
Members of ASC and its task forces
Chairs of IAA Committees and Sections
Members of the Standard Setters Round Table
Other interested parties

From: Alf Gohdes, Chair, Actuarial Standards Committee (ASC)

Exposure Draft of Proposed Revision to International Standard of Actuarial Practice 1 - *General Actuarial Practice*

We are pleased to attach the exposure draft of proposed revision to ISAP 1 *General Actuarial Practice*, related amendments to the Glossary, and a minor conformance change to ISAP 2 *Financial Analysis of Social Security Programs*. These have been drafted by the ISAP 1 Task Force of the ASC and approved for exposure by the ASC in accordance with Due Process. The purpose of this ISAP is unchanged.

This revision to ISAP 1 (which was originally adopted at the Nassau meeting in 2012) addresses two issues:

1. Merging the guidance from ISAP 1A *Governance of Models* adopted last year in Cape Town into ISAP 1; and
2. Addressing a collection of suggestions, the ASC has received over the five years since ISAP 1 was adopted.

The ASC and the EC consider the time is right for these revisions. We want your opinion and have included a specific question on this decision in the comment template.

Paragraph 2.10 of the proposed revision is much shorter than Section 2 of ISAP 1A. This is due primarily to streamlining the wording to be appropriate for inclusion in ISAP 1. To aid in a review of the changes, we have included an annotated version of ISAP 1A section 2 showing where each element of guidance is covered in the proposed revision.

This ISAP is a model standard intended to be suitable for adoption by actuarial standard-setting organizations who wish to do so. It is the IAA's intent that by publishing model international standards it will encourage the creation and convergence of national actuarial standards.

We ask you to distribute these exposure drafts (also available under Publications on the IAA website) widely within your organization, and to any actuarial standard setters and other interested parties in your jurisdiction. **The deadline for comments on these drafts is 31 October 2017.**

Comments (from your organization, your members, or other parties to which you forward these exposure drafts) should be addressed to **ISAP1.comments@actuaries.org** with “ISAP 1” in the email header. The comment should make clear if it is a personal response or one representing a particular association, standard-setter, or other entity. All of ISAP 1 is open for comment, but only the amendments to the Glossary and the conformance change in paragraph 2.1 of ISAP 2 are open for comment.

The preferred format for submitting comments is the comment template provided herewith, attached to an e-mail. If a markup of the exposure draft is also submitted we recommend using the comment feature liberally, giving reasons for proposing the change. All comments will normally be posted to the International Actuarial Association website identifying the commenter(s). However, in exceptional cases, in response to a request which the IAA Secretariat is satisfied is for a valid reason, comments may be either posted to the website anonymously or withheld from the website.

We ask the commenters particularly to consider the following questions:

1. Is the time right to merge ISAP 1A into ISAP 1? If not why, and when (if ever) do you recommend that be done?
2. Is the time right to make the other updates to ISAP 1? If not why, and when (if ever) do you recommend that be done?
3. We typically ask the following questions about new ISAPs (rather than revisions). However, we repeat them here as they may be relevant.
 - a. Is the guidance clear and unambiguous? If not, how should it be changed?
 - b. Is the guidance sufficient and appropriate? If not, how should it be changed?
 - c. Is the guidance at the right level of detail? If not, what text should be omitted because it is too detailed? In what areas do actuaries need more detailed guidance?
 - d. Are there other matters that should be included in this standard? Are there some included here that should not be?

Thank you in advance for your attention to this matter. The ASC and its ISAP 1 Task Force look forward to the responses.

Attachments:

Attachment 1: ISAP 1 markup (against the conformance version of ISAP 1 adopted in April 2017)

Attachment 2: Clean version of Attachment 1

Attachment 3: ISAP 2 Markup (against the conformance version of ISAP 2 adopted in April 2017)

Attachment 4: Glossary Markup (against the conformance version of the Glossary adopted in April 2017)

Attachment 5: Clean version of attachment 4

Attachment 6: Comment Template (Please use this template to submit comments)

Attachment 7: ISAP 1A content mapping to ISAP 1 ED (*for information*)

Attachment 8: Summary of proposed changes to ISAP 1 and the Glossary (*for information*)