

# **Actuarial Guidance Note**

## **AGN 10: General Actuarial Practice (Draft)**

### **Preface**

Actuarial Guidance Note 10 (“AGN 10”) is the local adaptation by the Actuarial Society of Hong Kong (“ASHK”) of International Standard of Actuarial Practice 1: General Actuarial Practice (“ISAP 1”) as approved by the International Actuarial Association (“IAA”) from time to time.

ISAP 1 is intended to promote a more consistent approach to actuarial practice internationally in a given situation to increase confidence in the work of actuaries without restricting the exercise of actuarial judgment or creativity.

While Members of the ASHK are strongly encouraged to apply the practices set out in AGN 10, it is not binding on any Member.

In adapting ISAP 1 to create AGN 10, the text of ISAP 1 has been modified to the extent deemed appropriate for application by Members while ensuring that the resulting AGN 10 is substantially consistent with ISAP 1; in particular, the ASHK believes that:

- There are no material gaps in AGN 10 in respect of the principles set out in ISAP 1; and
- AGN 10 does not contradict ISAP 1.

Notwithstanding the above, Members should be aware that there are differences between ISAP 1 and AGN 10 and that compliance with AGN 10 will not necessarily result in compliance with ISAP 1. Member should therefore refer to the provisions under ISAP 1 where the Member is required to perform work in conformity with ISAP 1.

The differences between AGN 10 and ISAP 1 are set out in Appendix 2 to this AGN.

### **Version History**

This version of Actuarial Guidance Note 10 (“AGN 10”) is adapted from the version of ISAP 1 as approved by the International Actuarial Association (“IAA”) on 1 December 2018 (with minor corrections on 16 April 2019).

AGN 10 is subject to revision in line with future developments in ISAP 1, and (where relevant) new and amended Professional Practice Documents issued by the ASHK.

### **Effective Date**

This AGN is effective for actuarial services performed on or after 1 January 2021 (*proposed*).

## 1. General

**1.1 Purpose** – This Actuarial Guidance Note (AGN) provides guidance to Members when performing actuarial services to give intended users confidence that

- Actuarial services are carried out professionally and with due care;
- The results are relevant to their needs, are presented clearly and understandably, and are complete; and
- The assumptions and methodology (including, but not limited to, models and modelling techniques) used are disclosed appropriately.

## 1.2 Scope

1.2.1 This AGN applies to all actuarial services performed by a Member. However, if the whole or part of this AGN conflicts with:

- a. Legislation (including any regulations, rules issued by government authorities and standards issued by professional bodies which have the force of law); or
- b. Another Professional Practice Document (“PPD”) issued by the ASHK;  
then that legislation or other PPD takes precedence with respect to the conflict. In such cases, the remaining clauses (or parts of those clauses) of this AGN which are not in conflict continue in full force and effect.

**1.3 Compliance** – A Member may fail to follow the guidance in this AGN but still comply with it where the Member:

1.3.1 Complies with requirements of law that conflict with this AGN;

1.3.2 Complies with requirements under the Professional Code of Conduct (PCC) and/or another PPD applicable to the work that conflict with this AGN; or

1.3.3 Departs from the guidance in this AGN and provides, in every report to which it is relevant, an appropriate statement with respect to the nature, rationale, and effect of any such departure if the guidance is expressed as “should”. If the guidance is expressed as “must”, the Member may not depart from it unless paragraph 1.3.1. or paragraph 1.3.2. applies.

**1.4 Applicability** – This AGN provides guidance to Members on general actuarial practice when performing actuarial services. The PCC and PPDs issued by the ASHK do not repeat the general guidance provided in this AGN. Compliance with this AGN is a prerequisite to compliance with the PCC, PSs and AGNs. A Member who is performing these actuarial services may be acting in one of several capacities such as an employee, management, director, external adviser, auditor, or supervisory authority.

1.4.1 The application of this AGN is clear when a Member is a single consulting actuary who is performing actuarial services for a client who is not affiliated with the Member.

1.4.2 When a team comprising one or more Members is performing actuarial services, most paragraphs of this AGN apply to every Member on the team. However, requirements in some paragraphs need not be met by every Member on the team personally (e.g., 2.1.1.). In the case of such paragraphs, each Member on the team should identify, if relevant to that Member’s work, which member of the team is responsible for complying with such requirements and be satisfied that the other team member accepts that responsibility.

1.4.3 When a team is performing actuarial services, the team leader takes overall responsibility for the team's work. A Member who is not the team leader (and hence does not control the team's work) should effectively treat the team leader as the intended user and interpret this AGN within that context.

1.4.4 If a Member is performing actuarial services for an affiliated party (either individually or as a member of a team), the Member should interpret this AGN in the context of practices that apply normally within or in relation to the affiliated party, except that, if there are substantive inconsistencies between these practices and this AGN, the Member should endeavour to observe the spirit and intent of this AGN as fully as possible.

a. The Member should consider the expectations of the principal. These expectations might suggest that it may be appropriate to omit some of the otherwise required content in a report. However, limiting the content of a report may not be appropriate if that report or the findings in that report may receive broad distribution.

b. If the Member believes circumstances are such that including certain content in a report is not necessary or appropriate, the Member should be prepared (if challenged by a professional actuarial body with jurisdiction over the actuarial services) to describe these circumstances and provide the rationale for limiting the content of that report.

**1.5 Reasonable Judgment** – The Member should exercise reasonable judgment in applying this AGN.

1.5.1 A judgment is reasonable if it takes into account:

a. The spirit and intent of this AGN;

b. The type of assignment; and

c. Appropriate constraints on time and resources.

1.5.2 Nothing in this AGN should be interpreted as requiring work to be performed that is not proportionate to the scope of the decision or the assignment to which it relates and the benefit that intended users would be expected to obtain from the work (Principle of Proportionality).

1.5.3 Any judgment required by this AGN (including implicit judgment) is intended to be the Member's professional judgment unless otherwise stated.

**1.6 Language**

1.6.1 Some of the language used in this AGN is intended to be interpreted in a very specific way in the context of a decision of the actuary. In particular, the following words are to be understood to have the meanings indicated:

a. "Must" means that the indicated action is mandatory and failure to follow the indicated action will constitute a failure to comply with this AGN, unless the departure is due to a conflict with law (1.3.1.) or the Professional Code of Conduct (PCC) and/or another PPD (1.3.2.).

b. "Should" (or "shall") means that, under normal circumstances, the actuary is expected to follow the indicated action, unless the departure is due to a conflict with law (1.3.1.) or the PCC) and/or another PPD (1.3.2.). However, in all other cases, if following the indicated action would produce a result that would be inappropriate or would potentially mislead the intended users of the actuarial services, the actuary should

depart from the guidance and disclose that fact and provide the reason for not following the indicated action as described in paragraph 1.3.3.

- c. "May" means that the indicated action is not required, nor even necessarily expected, but in certain circumstances is an appropriate activity, possibly among other alternatives. Note that "might" is not used as a synonym for "may", but rather with its normal meaning.
- d. "Any" (as in e.g. "any report") means all such items if they exist, while acknowledging they may not exist. Such a reference does not give rise to a requirement to create such an item.

1.6.2 This AGN uses various terms whose specific meanings are defined in the Glossary in the appendix.

1.7 **Cross-References** – When this AGN refers to the content of another document, the reference relates to the referenced document as it is effective on the effective date of this AGN. If the referenced document is amended or restated after the effective date of this AGN, the Member must consider the extent to which the guidance in this AGN is still applicable and appropriate.

## 2. **Appropriate Practices**

### 2.1 **Acceptance of Assignment**

2.1.1 When providing actuarial services, the Member should confirm with the principal the nature and scope of actuarial services to be provided, including:

- a. The role of the principal;
- b. Any limitations or constraints on the Member;
- c. Any requirements that the Member is required to satisfy;
- d. Identification of the schedule and expected cost or resources needed (especially if they are substantial); and
- e. The information needed to be communicated to and by the Member, especially if it is sensitive or confidential.

2.1.2 In accepting an assignment for actuarial services, the Member shall:

- a. Be competent and appropriately experienced to perform the services;
- b. Be satisfied that the assignment can be performed under the PCC; and
- c. Have reasonable assurance of time, resources, access to relevant employees and other relevant parties, access to documentation and information, and the right of the actuary to communicate information, as may be necessary for the work.

2.2 **Knowledge of Relevant Circumstances** – The Member should have or obtain sufficient knowledge and understanding of the data and other information available, including the relevant history, processes, nature of the business operations, law, and business environment of the subject of the actuarial services, to be appropriately prepared to perform the actuarial services required by the assignment.

2.3 **Reliance on Others** – The Member may use information prepared by another party. This information may include data, opinions of other professionals, and supporting analyses (but excludes assumptions and methodology). The Member may select the party and information on which to rely, or may be given the information by the principal. The Member may take responsibility for such information, or the Member may state that reliance has been placed upon the source of this information and disclaim responsibility.

- 2.3.1 If the Member selects the party on whom to rely, the Member should consider the following:
- a. The other party's qualifications;
  - b. The other party's competence, integrity, and objectivity;
  - c. The other party's awareness of how the information is expected to be used;
  - d. Discussions and correspondence between the Member and the other party regarding any facts known to the Member that are likely to have a material effect upon the information used; and
  - e. The need to review the other party's supporting documentation.
- 2.3.2 If the Member uses information prepared by another party without disclaiming responsibility for that information, the Member:
- a. Should determine that the use of that information conforms to accepted actuarial practice in the jurisdiction(s) of the Member's services;
  - b. Should establish appropriate procedures for the management and review of the information that the Member intends to use; and
  - c. Does not need to disclose the source of the information.
- 2.3.3 If the Member states reliance on the information prepared by another party and disclaims responsibility for it, the Member should:
- a. Disclose in any report that fact (including identifying the other party);
  - b. Disclose in any report the nature and extent of such reliance;
  - c. Examine the information for evident shortcomings;
  - d. When practicable, review the information for reasonableness and consistency; and
  - e. Disclose in any report the steps, if any, that the Member took to determine whether it was appropriate to rely on the information.
- 2.3.4 If the information was prepared by the other party under a different jurisdiction, the Member should consider any differences in the law or accepted actuarial practice between the two jurisdictions and how that might affect the Member's use of the information.
- 2.4 Materiality** – In case of omissions, understatements, or overstatements, the Member should assess whether the effect is material. If the effect of any of these is material, the Member should disclose this in any report to which it is relevant. The threshold of materiality under which the work is being conducted should be determined by the Member unless it is imposed by another party such as an auditor or the principal. When determining the threshold of materiality, the Member should:
- 2.4.1 Assess materiality from the point of view of the intended user(s), recognizing the purpose of the actuarial services; thus, an omission, understatement, or overstatement is material if the Member expects it to affect significantly either the intended user's decision-making or the intended user's reasonable expectations;
- 2.4.2 Consider the actuarial services and the subject of those actuarial services; and
- 2.4.3 Consult with the principal if necessary.
- 2.5 Data Quality**
- 2.5.1 Sufficient and Reliable Data – The Member should consider whether sufficient and reliable data are available to perform the actuarial services. Data are sufficient if they include the

appropriate information for the work. Data are reliable if they are substantially accurate. If sufficient and reliable data are not available, then the Member should follow the guidance in paragraph 2.5.5. Below.

- 2.5.2 Data Validation – The Member should take reasonable steps to review the consistency, completeness, and accuracy of the data used. These might include:
- a. Undertaking reconciliations against audited financial statements, trial balances, or other relevant records, if these are available;
  - b. Testing the data for reasonableness against external or independent data;
  - c. Testing the data for internal consistency and consistency with other relevant information; and
  - d. Comparing the data to those for a prior period or periods.
- The Member should describe this review in any report.
- 2.5.3 Sources of Data for Assumptions – To the extent possible and appropriate when setting assumptions, the Member should consider using data specific to the organization or the subject of the actuarial services. Where such data are not available, relevant, or sufficiently credible, the Member should consider industry data, data from other comparable sources, population data, or other published data, adjusted as appropriate. The data used, and the adjustments made, should be described in any report.
- 2.5.4 Data Modification – The Member should disclose any modification of data before its use (such as interpolation, extrapolation, adjustment, or discarding of outliers) in any report.
- 2.5.5 Deficiencies in Data – The Member should consider the possible effect of any data deficiencies (such as inadequacy, inconsistency, incompleteness, inaccuracy, and unreasonableness) on the results of the work. If such deficiencies in the data are not likely to materially affect the results, then the deficiencies need not be considered further. If the Member cannot find a satisfactory way to resolve the deficiencies, then the Member should consider whether to:
- a. Decline to undertake or continue to perform the actuarial services;
  - b. Work with the principal to modify the actuarial services or obtain appropriate additional data or other information; or
  - c. Subject to compliance with the PCC and any applicable PPD, perform the actuarial services as well as possible, and disclose in any report the data deficiencies (including an indication of the potential impact of those data deficiencies).

## **2.6 Assumptions and Methodology**

- 2.6.1 The assumptions and methodology may be
- a. Set by the Member (2.7.);
  - b. Prescribed by the principal or another party (2.8); or
  - c. Mandated by law (2.9.).
- 2.6.2 Where a report is silent about who set an assumption or methodology, the Member who authored that report will be assumed to have taken responsibility for such assumption or methodology.
- 2.7 Assumptions and Methodology Set by Member – Where the Member sets the assumptions and methodology, or the principal or another party sets an assumption or methodology that the Member is willing to support:

- 2.7.1 Selection of Assumptions and Methodology – The Member should select the assumptions and methodology that are appropriate for the work. The Member should consider the needs of the intended users and the purpose of the actuarial services. In selecting assumptions and methodology, the Member should consider the circumstances of the organization, the subject of the actuarial services, and the assignment, as well as relevant industry and professional practices. The Member should consider to what extent it is appropriate to adjust assumptions or methodology to compensate for known deficiencies in the available data. The Member should consider to what extent it is appropriate to use assumptions or methodology if they have a known significant bias to underestimation or overestimation of the result.
- 2.7.2 Appropriateness of Assumptions – The Member should consider the appropriateness of the assumptions underlying each component of the methodology used. Assumptions generally involve significant professional judgment as to the appropriateness of the methodology used and the parameters underlying the application of such methodology. Assumptions may (if permitted in the circumstances) be implicit or explicit and may involve interpreting past data and other information or projecting future trends.
- 2.7.3 Margins for Adverse Deviations – In cases where unbiased calculations are not required, the Member should consider to what extent it is appropriate to adjust the assumptions or methodology with margins for adverse deviations in order to allow for uncertainty in the underlying data and other information, assumptions, or methodology. The Member should disclose any incorporation of margins for adverse deviations in assumptions or methodology in any report.
- 2.7.4 Discontinuities – The Member should consider the effect of any discontinuities in experience on assumptions or methodology. Discontinuities could result from:
- a. Internal circumstances regarding the organization or subject of the actuarial services such as changes in an insurer’s claims processing or changes in the mix of business; or
  - b. External circumstances impacting the organization or subject of the actuarial services such as changes in the legal, economic, legislative, regulatory, supervisory, demographic, technological, and social environments.
- 2.7.5 Individual Assumptions and Aggregate Assumptions – The Member should assess whether an assumption set is reasonable in the aggregate. While assumptions might be justifiable individually, it is possible that prudence or optimism in multiple assumptions will result in an aggregate assumption set that is no longer valid. If not valid, the Member should make appropriate adjustments to achieve a reasonable assumption set and final result.
- 2.7.6 Internal Consistency of Assumptions and Methodology – The Member should determine if the assumptions and methodology used for different components of the work are materially consistent, and that any significant interdependencies are modelled appropriately. The Member should disclose any material inconsistencies in any report.
- 2.7.7 Alternative Assumptions and Sensitivity Testing – The Member should consider and address the sensitivity of each methodology to the effect of variations in key assumptions, when appropriate. In determining whether sensitivity has been appropriately addressed, the Member should take into account the purpose of the actuarial services and whether the results of the sensitivity tests reflect a reasonable range of variation in the key assumptions, consistent with that purpose.
- 2.8 **Assumptions and Methodology Prescribed (other than by Law)** – Where the assumptions or

methodology are prescribed by the principal or another party:

2.8.1 If the Member is willing to support the prescribed assumption or methodology (following paragraph 2.7. as applicable), the Member may disclose the party who prescribed the assumption or methodology and the Member's support in any report.

2.8.2 If the Member is unwilling to support the prescribed assumption or methodology because:

- a. It significantly conflicts with what would be appropriate for the purpose of the actuarial services; or
- b. The Member has been unable to judge the appropriateness of the prescribed assumption or methodology without performing a substantial amount of additional work beyond the scope of the assignment, or the Member was not qualified to judge the appropriateness of the assumption;

then the Member should disclose in any report that fact, the party who prescribed the assumption or methodology, and the reason why this party, rather than the Member, set the assumption or methodology.

2.8.3 When the principal requests an additional calculation using an assumption set which the Member does not judge to be reasonable for the purpose of the actuarial services, the Member may provide the principal with the results based on such assumptions. If those results are communicated to any party other than the principal, the Member should disclose in any report the source of those assumptions and the Member's opinion of their appropriateness.

**2.9 Assumptions and Methodology Mandated by Law** – When an assumption or methodology is mandated by law, the Member should disclose in any report that the assumption or methodology was mandated by law and whether such assumption or methodology may limit the relevance of the work for other purposes.

**2.10 Model Governance** – For the purpose of this paragraph and subparagraphs i. and j. of paragraph 3.2.2. "using" includes selecting, developing, modifying, and running models. This paragraph applies to all models used when performing actuarial services which support decision making. It provides guidance to Members on appropriate model governance to manage the risks inherent in using a model. Model governance is important for all models, from those using simple spreadsheets to those including complex simulations. The level of governance should be proportionate to the risk to the intended users as a result of an incorrect conclusion being drawn from the results of the model.

The Member involved in using models should:

2.10.1 Be satisfied that the model risks have been identified, assessed, and that there are appropriate actions to mitigate these risks such as adequate model validation, documentation, and process controls.

2.10.2 Be satisfied that an appropriate model validation has taken place. The model validation includes assessments that:

- a. The model reasonably fits its intended purpose. Items that the Member should consider, if applicable, include the availability, granularity, and quality of data and inputs required by the models, the appropriateness of the relationships recognized, and the model's ability to generate an appropriate range of results around expected values;
- b. The model meets its specifications; and
- c. The full or partial results of the model can be reproduced or any differences can be

explained.

The model validation should be performed by individual(s) who did not develop the model, unless to do so imposes a burden that is disproportionate to the model risk.

- 2.10.3 Understand the model, the conditions under which it is appropriate for the model to be used including any limitations of the model for the intended use, the context in which the model will be used, how model inputs will be provided, and how the Member expects the results of the model will be used. The Member should disclose relevant limitations or uncertainties and their broad implications in any report.
- 2.10.4 Be satisfied that there is adequate documentation of the model design, construction, and operation and of the conditions under which it is appropriate to use the model, including any limitations of the model. This documentation should include, where appropriate, scope, purpose, methodology, statistical quality, calibration, and fitness for intended purpose, and reflect changes to the model (if any) made by the Member.
- 2.10.5 Be satisfied that the model is subject to appropriate controls. This should typically include a change control process that:
- a. Avoids unauthorized changes to the model;
  - b. Documents any changes made and any material impact on the model; and
  - c. Allows any changes to be reversed.
- 2.10.6 When the results or output of a model run are to be used:
- a. Be satisfied that the conditions to use the model are met;
  - b. Be satisfied that there are appropriate controls on inputs and outputs of the model;
  - c. Consider whether the model validation described in paragraph 2.10.2. should be performed in whole or in part;
  - d. Understand, and where appropriate explain, material differences between different runs of the model, and be satisfied that there is an adequate control process for production runs. In the case of stochastic models, be satisfied that a sufficient number of runs of the model are made and understand the significant differences between different runs of the model;
  - e. Understand any management actions or responses assumed within the model. The Member should disclose such management actions or responses assumed and their broad implications in any report; and
  - f. Document, where appropriate, limitations, inputs, key assumptions, intended uses, and model output.

## **2.11 Process Management**

**2.11.1 Process Controls** – The Member should consider to what extent, if any, the procedures used to carry out the work should be controlled, and if so, how.

**2.11.2 Reasonableness Checks** – The Member should review the results produced by the selected assumptions and methodology for overall reasonableness.

**2.12 Peer Review** – The Member should consider to what extent, if at all, it is appropriate for any report to be independently reviewed, in totality or by component, before the final report is delivered to the principal or distributed to the intended users. The purpose of peer review is to ensure the quality of a report, with the process tailored to the complexity of the work and the specific environment in which the Member works. If a peer review is deemed to be

appropriate:

2.12.1 The Member should select a reviewer who is independent of involvement with the specific component(s) reviewed and is knowledgeable and experienced in the practice area of the actuarial services.

2.12.2 If the reviewer is a Member, the reviewer should comply with the provisions under any applicable PPD in performing the review.

**2.13 Treatment of Subsequent Events** – The Member should consider any subsequent event that has the potential of materially changing the results of the actuarial services if the event had been reflected in the work and disclose such an event in any report.

### **2.14 Retention of Documentation**

2.14.1 The Member should retain, for a reasonable period of time, sufficient documentation for purposes such as:

- a. Peer review, regulatory review, and audit;
- b. Compliance with law; and
- c. Assumption of any recurring assignment by another actuary.

2.14.2 Documentation is sufficient when it contains enough detail for another actuary qualified in the same practice area to understand the work and assess the judgments made.

2.14.3 Nothing in this AGN is intended to give any person access to material beyond the access that they are already authorized to have.

## **3. Communication**

**3.1 General Principles** – Any communication should be appropriate to the particular circumstances and take the skills, understanding, levels of relevant technical expertise, and needs of the intended user into consideration to allow the intended user to understand the implications of the Members communication.

**3.1.1 Form and Content** – The Member should determine the form, structure, style, level of detail, content, and relevant disclosures of each communication to be appropriate to the particular circumstances, taking into account the intended users.

**3.1.2 Clarity** – The Member should word each communication to be clear and use language appropriate to the particular circumstances, taking into account the intended users.

**3.1.3 Timing of Communication** – The Member should issue each communication within a reasonable time period. The timing of the communication should reflect any arrangements that have been made with the principal. The Member should consider the needs of the intended users in setting the timing.

**3.1.4 Identification of the Member** – A communication shall clearly identify the issuing Member. When two or more individuals jointly issue a communication, at least some of which is actuarial in nature, the communication shall identify all responsible Members, unless one or more of the Members judge it inappropriate to do so. Where disclosed, the name of an organization with which each Member is affiliated may also be included in the communication,

but the Member's responsibilities are not affected by such identification. Unless the Member judges it inappropriate, any communication shall also indicate to what extent and how supplementary information and explanation can be obtained from the Member or another party.

**3.2 Report** – The Member should complete a report, including relevant disclosures, unless any intended users will otherwise be adequately informed about the output of actuarial services (including access to the supporting information which is necessary to understand the outputs and disclosures). The Member should present all information with sufficient detail that another actuary qualified in the same practice area could make an objective appraisal of the reasonableness of the Member's work.

**3.2.1 Content** – The Member should include in any report, if applicable:

- a. The scope and intended use of the report;
- b. The output from the actuarial services, including the potential impact of variability on those outputs;
- c. The methodology, assumptions, data and other information used;
- d. Any restrictions on distribution;
- e. The date of the report; and
- f. Identification of the authorship of the report.

**3.2.2 Disclosures** – The Member issuing a report should disclose in that report, if applicable:

- a. Any material deviation from the guidance in the ISAP (1.3.3.);
- b. Any reliance on information prepared by another party for which the actuary disclaims responsibility (2.3.3.);
- c. Any material omissions, understatements, or overstatements (2.4.);
- d. Any data validation (2.5.2.), adjustments (2.5.3.), modification (2.5.4.), and deficiencies (2.5.5.);
- e. Any margins for adverse deviations in assumptions or methodology (2.7.3.);
- f. Any material inconsistency in the assumptions and methodology used (2.7.6.);
- g. Assumptions and methodology that have been prescribed by another party which the Member does not support (2.8.2. and 2.8.3.);
- h. Assumptions and methodology that are mandated by law (2.9.);
- i. The limitations, and uncertainties, of any model used for the work, and their broad implications (2.10.3.);
- j. The management actions or responses assumed in any model used for the work, and their implications (2.10.6.e.); and
- k. Any material subsequent event (2.13.).

**3.2.3 Authorship** – The Member issuing a report should include in the report:

- a. The Member's name;
- b. If applicable, the name of the organization on whose behalf the Member is issuing the report, and the Member's position held;
- c. The capacity in which the Member serves;
- d. The Member's qualifications;
- e. The relevant PCC, PPDs and other standards and guidance notes under which the work was performed, if there is any possible ambiguity; and
- f. If applicable, attestations and reliances.

**3.2.4 Form** – A report may comprise one or several communications that may exist in several different formats. Where a report comprises multiple communications, the Member should

communicate to each intended user which communications compose the report. The Member should ensure that report components (especially those in electronic media) are such that they can be reliably reproduced for a reasonable period of time.

**3.2.5 Constraints** – The content of a report may be constrained by circumstances such as legal, legislative, regulatory, or supervisory proceedings. Constraints could also include other standards such as financial reporting standards or an organization’s accounting policy. The Member should follow the guidance on disclosure in any actuarial standard applicable to the Member, to the extent reasonably possible within such constraints.

## Appendix 1: Glossary of Defined Terms

Accepted Actuarial Practice	A practice or practices that are generally recognized within the actuarial profession as appropriate to use in performing actuarial services within the scope of this AGN or the applicable professional standards of practice.
Member	An individual member of the Actuarial Society of Hong Kong.
Actuarial Services	Services based upon actuarial considerations provided to intended users that may include the rendering of advice, recommendations, findings, or opinions.
Communication	Any statement (including oral statements) issued or made by a Member with respect to actuarial services.
Data	Facts often collected from records, experience, or observations. Data are usually quantitative but may be qualitative. Examples of data include membership or policyholder details, claims details, asset and investment details, operating expenses, benefit definitions, and policy terms and conditions. Assumptions are not data, but data are commonly used in the development of actuarial assumptions.
Intended User	Any legal or natural person (usually including the principal) whom the Member intends to use the output of the actuarial services at the time the Member performs those services.
Law	Applicable acts, statutes, regulations or any other binding authority (such as accounting standards and any regulatory guidance that is effectively binding).
Model	A simplified representation of relationships among organizations or events using statistical, financial, economic, or mathematical concepts. A model has a specification, uses assumptions, data, and methodologies to produce results that are intended to provide useful information on that system.
Model Governance	The application of a set of procedures and an organizational structure designed so that intended users can place their confidence in the results of the model.
Model Risk	The risk that, due to deficiency in the model or in its use, an intended user of the results of the model will draw an incorrect conclusion from those results.
Opinion	An opinion expressed by a Member and intended by that Member to be relied upon by the intended users.
Principal	The party who engages the provider of actuarial services. The principal will usually be the client or the employer of the Member.
Professional Judgment	The judgment of the Member based on actuarial training and

	experience.
Professional Practice Document	A Professional Standard or an Actuarial Guidance Note issued by the Actuarial Society of Hong Kong.
Report	The Member's communication(s) presenting some or all of the output of actuarial services to an intended user, including any results, advice, recommendations, findings and opinions in any recorded form, including paper, word processing or spreadsheet files, e-mail, website(s), slide presentations, and audio or video recordings.
Subsequent Event	An event of which the Member becomes aware after the valuation date (or date to which the actuarial services refer) but before the Member's communication on the results of these actuarial services is delivered.
Work	All actuarial activities performed by a Member related to actuarial services. It usually includes acquisition of knowledge of the circumstances of the assignment; obtaining sufficient and reliable data; selection of assumptions and methodology, calculations, and examination of the reasonableness of their result; use of other persons' work; formulation of opinion and advice; documentation; reporting; and all other communication.

## Appendix 2: Differences between AGN 10 and ISAP 1

Section	Original Text	Modified Text
1.	<b>General</b>	
1.1	<p><b>Purpose</b> – This ISAP provides guidance to actuaries when performing actuarial services to give intended users confidence that</p> <ul style="list-style-type: none"> <li>• Actuarial services are carried out professionally and with due care;</li> <li>• The results are relevant to their needs, are presented clearly and understandably, and are complete; and</li> <li>• The assumptions and methodology (including, but not limited to, models and modelling techniques) used are disclosed appropriately.</li> </ul>	<p><b>Purpose</b> – This Actuarial Guidance Note (AGN) provides guidance to Members when performing actuarial services to give intended users confidence that</p> <ul style="list-style-type: none"> <li>• Actuarial services are carried out professionally and with due care;</li> <li>• The results are relevant to their needs, are presented clearly and understandably, and are complete; and</li> <li>• The assumptions and methodology (including, but not limited to, models and modelling techniques) used are disclosed appropriately.</li> </ul>
1.2	<b>Scope</b>	
1.2.1	<p>This ISAP is a general standard. It applies to all actuarial services performed by an actuary unless an element of guidance is explicitly superseded by another standard such as a practice-specific standard or by law.</p>	<p>This AGN applies to all actuarial services performed by a Member. However if the whole or part of this AGN conflicts with:</p> <ol style="list-style-type: none"> <li>a. Legislation (including any regulations, rules issued by government authorities and standards issued by professional bodies which have the force of law); or</li> <li>b. Another professional practice document issued by the ASHK which is either a Professional Standard or an Actuarial Guidance Note;</li> </ol> <p>Then that legislation or other professional practice document takes precedence with respect to the conflict. In such cases, the remaining clauses (or parts of those clauses) of this AGN which are not in conflict continue in full force and effect.</p> <p><u>Shortened after defining “Professional Practice Document”</u></p> <p>This AGN applies to all actuarial services performed by a Member. However if the whole or part of this AGN conflicts with:</p> <ol style="list-style-type: none"> <li>c. Legislation (including any regulations, rules issued by government authorities and standards issued by professional bodies which have the force of law); or</li> <li>d. Another Professional Practice Document;</li> </ol> <p>Then that legislation or other Professional Practice Document takes precedence with respect to the conflict. In such cases, the</p>

		remaining clauses (or parts of those clauses) of this AGN which are not in conflict continue in full force and effect.
1.2.2	Usually, the intent of a practice-specific standard is to narrow the range of practice considered acceptable under the general standards. In exceptional cases, however, the intent of a practice-specific standard is to define as acceptable a practice that would not be acceptable under the general standards, in which case that intent is specifically noted by words in a practice-specific standard like: “Notwithstanding the general standards, the actuary should . . .”, followed by a description of the exception.	<Removed>
1.3	<b>Compliance</b> – An actuary may fail to follow the guidance in an ISAP but still comply with it where the actuary:	<b>Compliance</b> – A Member may fail to follow the guidance in this AGN but still comply with it where the Member:
1.3.1	Complies with requirements of law that conflict with the ISAP;	Complies with requirements of law that conflict with this AGN;
1.3.2	Complies with requirements of the actuarial code of professional conduct applicable to the work that conflict with the ISAP; or	Complies with requirements <under the Professional Code of Conduct (PCC) and/or another professional practice document issued by the ASHK and> applicable to the work that conflict with <this AGN>; or
1.3.3	Departs from the guidance in the ISAP and provides, in every report to which it is relevant, an appropriate statement with respect to the nature, rationale, and effect of any such departure if the guidance is expressed as “should”. If the guidance is expressed as “must”, the actuary may not depart from it unless paragraph 1.3.1. or paragraph 1.3.2. applies.	Departs from the guidance in <this AGN> and provides, in every report to which it is relevant, an appropriate statement with respect to the nature, rationale, and effect of any such departure if the guidance is expressed as “should”. If the guidance is expressed as “must”, the Member may not depart from it unless paragraph 1.3.1. or paragraph 1.3.2. applies.
1.4	<b>Applicability</b> – ISAP 1 provides guidance to actuaries on general actuarial practice when performing actuarial services. Other ISAPs do not repeat the general guidance provided in ISAP 1. Compliance with ISAP 1 is a prerequisite to compliance with all other ISAPs. An actuary who is performing these actuarial services may be acting in one of several capacities such as an employee, management, director, external adviser, auditor, or supervisory authority.	<b>Applicability</b> – <This AGN> provides guidance to Members on general actuarial practice when performing actuarial services. <The PCC, PSs and AGNs issued by the ASHK> do not repeat the general guidance provided in <this AGN>. Compliance with <this AGN> is a prerequisite to compliance with the PCC, PSs and AGNs. A Member who is performing these actuarial services may be acting in one of several capacities such as an employee, management, director, external adviser, auditor, or supervisory authority.
1.4.1	The application of the ISAP is clear when a single consulting actuary is performing actuarial services for a client who is not	The application of <this AGN> is clear when <a Member is> a single consulting actuary who is performing actuarial services for a

	affiliated with the actuary.	client who is not affiliated with the Member.
1.4.2	When a team is performing actuarial services, most paragraphs of the ISAP apply to every actuary on the team. However, requirements in some paragraphs need not be met by every actuary on the team personally (e.g., 2.1.1.). In the case of such paragraphs, each actuary on the team should identify, if relevant to that actuary's work, which member of the team is responsible for complying with such requirements and be satisfied that the other team member accepts that responsibility.	When a team comprising one or more Members is performing actuarial services, most paragraphs of this AGN apply to every Member on the team. However, requirements in some paragraphs need not be met by every Member on the team personally (e.g., 2.1.1.). In the case of such paragraphs, each Member on the team should identify, if relevant to that Member's work, which member of the team is responsible for complying with such requirements and be satisfied that the other team member accepts that responsibility.
1.4.3	When a team is performing actuarial services, the team leader takes overall responsibility for the team's work product. An actuary who is not the team leader (and hence does not control the team's work product) should treat the team leader as the user and interpret the ISAP within that context.	When a team is performing actuarial services, the team leader takes overall responsibility for the team's work. A Member who is not the team leader (and hence does not control the team's work) should effectively treat the team leader as the intended user and interpret <this AGN> within that context.
1.4.4	<p>If an actuary is performing actuarial services for an affiliated party (either individually or as a member of a team), the actuary should interpret the ISAP in the context of practices that apply normally within or in relation to the affiliated party, except that, if there are substantive inconsistencies between these practices and the ISAP, the actuary should endeavour to observe the spirit and intent of the ISAP as fully as possible.</p> <p>a. The actuary should consider the expectations of the principal. These expectations might suggest that it may be appropriate to omit some of the otherwise required content in a report. However, limiting the content of a report may not be appropriate if that report or the findings in that report may receive broad distribution.</p> <p>b. If the actuary believes circumstances are such that including certain content in a report is not necessary or appropriate, the actuary should be prepared (if challenged by a professional actuarial body with jurisdiction over the actuarial services) to describe these circumstances and provide the rationale for limiting the content of that report.</p>	<p>If a Member is performing actuarial services for an affiliated party (either individually or as a member of a team), the Member should interpret this AGN in the context of practices that apply normally within or in relation to the affiliated party, except that, if there are substantive inconsistencies between these practices and this AGN, the Member should endeavour to observe the spirit and intent of this AGN as fully as possible.</p> <p>a. The Member should consider the expectations of the principal. These expectations might suggest that it may be appropriate to omit some of the otherwise required content in a report. However, limiting the content of a report may not be appropriate if that report or the findings in that report may receive broad distribution.</p> <p>b. If the Member believes circumstances are such that including certain content in a report is not necessary or appropriate, the Member should be prepared (if challenged by a professional actuarial body with jurisdiction over the actuarial services) to describe these circumstances and provide the rationale for limiting the content of that report.</p>
1.5	<b>Reasonable Judgment</b> – The actuary should exercise reasonable judgment in applying any	<b>Reasonable Judgment</b> – The Member should exercise reasonable judgment in applying

	ISAP.	this AGN.
1.5.1	A judgment is reasonable if it takes into account: a. The spirit and intent of the ISAPs; b. The type of assignment; and c. Appropriate constraints on time and resources.	A judgment is reasonable if it takes into account: a. The spirit and intent of this AGN; b. The type of assignment; and c. Appropriate constraints on time and resources.
1.5.2	Nothing in an ISAP should be interpreted as requiring work to be performed that is not proportionate to the scope of the decision or the assignment to which it relates and the benefit that intended users would be expected to obtain from the work (Principle of Proportionality).	Nothing in this AGN should be interpreted as requiring work to be performed that is not proportionate to the scope of the decision or the assignment to which it relates and the benefit that intended users would be expected to obtain from the work (Principle of Proportionality).
1.5.3	Any judgment required by the ISAP (including implicit judgment) is intended to be the actuary's professional judgment unless otherwise stated.	Any judgment required by this AGN (including implicit judgment) is intended to be the Member's professional judgment unless otherwise stated.
1.6	<b>Language</b>	
1.6.1	Some of the language used in all ISAPs is intended to be interpreted in a very specific way in the context of a decision of the actuary. In particular, the following words are to be understood to have the meanings indicated: a. "Must" means that the indicated action is mandatory and failure to follow the indicated action will constitute a failure to comply with the ISAP, unless the departure is due to a conflict with law (1.3.1.) or code of professional conduct (1.3.2.). b. "Should" (or "shall") means that, under normal circumstances, the actuary is expected to follow the indicated action, unless the departure is due to a conflict with law (1.3.1.) or code of professional conduct (1.3.2.). However, in all other cases, if following the indicated action would produce a result that would be inappropriate or would potentially mislead the intended users of the actuarial services, the actuary should depart from the guidance and disclose that fact and provide the reason for not following the indicated action as described in paragraph 1.3.3. c. "May" means that the indicated action is not required, nor even necessarily expected, but in certain circumstances is an appropriate activity, possibly among other alternatives. Note that "might" is not used as a synonym for "may", but rather	Some of the language used in this AGN is intended to be interpreted in a very specific way in the context of a decision of the actuary. In particular, the following words are to be understood to have the meanings indicated: a. "Must" means that the indicated action is mandatory and failure to follow the indicated action will constitute a failure to comply with this AGN, unless the departure is due to a conflict with law (1.3.1.) or <the Professional Code of Conduct (PCC) and/or another professional practice document> (1.3.2.). b. "Should" (or "shall") means that, under normal circumstances, the actuary is expected to follow the indicated action, unless the departure is due to a conflict with law (1.3.1.) or <the Professional Code of Conduct (PCC) and/or another professional practice document> (1.3.2.). However, in all other cases, if following the indicated action would produce a result that would be inappropriate or would potentially mislead the intended users of the actuarial services, the actuary should depart from the guidance and disclose that fact and provide the reason for not following the indicated action as described in paragraph 1.3.3.

	<p>with its normal meaning.</p> <p>d. “Any” (as in e.g. “any report”) means all such items if they exist, while acknowledging they may not exist. Such a reference does not give rise to a requirement to create such an item.</p>	<p>c. “May” means that the indicated action is not required, nor even necessarily expected, but in certain circumstances is an appropriate activity, possibly among other alternatives. Note that “might” is not used as a synonym for “may”, but rather with its normal meaning.</p> <p>d. “Any” (as in e.g. “any report”) means all such items if they exist, while acknowledging they may not exist. Such a reference does not give rise to a requirement to create such an item.</p>
1.6.2	ISAPs use various terms whose specific meanings are defined in the Glossary. These terms are highlighted in the text with a dashed underscore and in blue, which is also a hyperlink to the definition (e.g., actuary).	This AGN uses various terms whose specific meanings are defined in the Glossary in the appendix.
1.7	<b>Cross-References</b> – When an ISAP refers to the content of another document, the reference relates to the referenced document as it is effective on the adoption date as shown on the cover page of the ISAP. If the referenced document is amended or restated after the adoption date of the ISAP, the actuary must consider the extent to which the guidance in the ISAP is still applicable and appropriate.	<b>Cross-References</b> – When this AGN refers to the content of another document, the reference relates to the referenced document as it is effective on the effective date of this AGN. If the referenced document is amended or restated after the effective date of this AGN, the Member must consider the extent to which the guidance in this AGN is still applicable and appropriate.
1.8	<b>Effective Date</b> – This ISAP is effective for {actuarial services performed/actuarial services commenced/actuarial services performed relevant to an event} on or after [Date].	<b>Effective Date</b> – This AGN is effective for actuarial services performed on or after 1 Jan 2021.  <Moved to the front>
2.	<b>Appropriate Practices</b>	
2.1	<b>Acceptance of Assignment</b>	
2.1.1	<p>When providing actuarial services, the actuary should confirm with the principal the nature and scope of actuarial services to be provided, including:</p> <ol style="list-style-type: none"> <li>The role of the principal;</li> <li>Any limitations or constraints on the actuary;</li> <li>Any requirements that the actuary is required to satisfy;</li> <li>Identification of the schedule and expected cost or resources needed (especially if they are substantial); and</li> <li>The information needed to be communicated to and by the actuary, especially if it is sensitive or confidential.</li> </ol>	<p>When providing actuarial services, the Member should confirm with the principal the nature and scope of actuarial services to be provided, including:</p> <ol style="list-style-type: none"> <li>The role of the principal;</li> <li>Any limitations or constraints on the Member;</li> <li>Any requirements that the Member is required to satisfy;</li> <li>Identification of the schedule and expected cost or resources needed (especially if they are substantial); and</li> <li>The information needed to be communicated to and by the Member, especially if it is sensitive or confidential.</li> </ol>

2.1.2	<p>In accepting an assignment for actuarial services, the actuary shall:</p> <ol style="list-style-type: none"> <li>a. {If adopting standard-setter has a standard on qualifications} Be qualified under [name of standard] to perform the services, or become qualified before the services are delivered; {If adopting standard-setter does not have a standard on qualifications} Be competent and appropriately experienced to perform the services;</li> <li>b. Be satisfied that the assignment can be performed under the applicable code of professional conduct; and</li> <li>c. Have reasonable assurance of time, resources, access to relevant employees and other relevant parties, access to documentation and information, and the right of the actuary to communicate information, as may be necessary for the work.</li> </ol>	<p>In accepting an assignment for actuarial services, the Member shall:</p> <ol style="list-style-type: none"> <li>a. Be competent and appropriately experienced to perform the services;</li> <li>b. Be satisfied that the assignment can be performed under the PCC; and</li> <li>c. Have reasonable assurance of time, resources, access to relevant employees and other relevant parties, access to documentation and information, and the right of the actuary to communicate information, as may be necessary for the work.</li> </ol>
2.2	<p><b>Knowledge of Relevant Circumstances</b> – The actuary should have or obtain sufficient knowledge and understanding of the data and other information available, including the relevant history, processes, nature of the business operations, law, and business environment of the subject of the actuarial services, to be appropriately prepared to perform the actuarial services required by the assignment.</p>	<p><b>Knowledge of Relevant Circumstances</b> – The Member should have or obtain sufficient knowledge and understanding of the data and other information available, including the relevant history, processes, nature of the business operations, law, and business environment of the subject of the actuarial services, to be appropriately prepared to perform the actuarial services required by the assignment.</p>
2.3	<p><b>Reliance on Others</b> – The actuary may use information prepared by another party. This information may include data, opinions of other professionals, and supporting analyses (but excludes assumptions and methodology). The actuary may select the party and information on which to rely, or may be given the information by the principal. The actuary may take responsibility for such information, or the actuary may state that reliance has been placed upon the source of this information and disclaim responsibility.</p>	<p><b>Reliance on Others</b> – The Member may use information prepared by another party. This information may include data, opinions of other professionals, and supporting analyses (but excludes assumptions and methodology). The Member may select the party and information on which to rely, or may be given the information by the principal. The Member may take responsibility for such information, or the Member may state that reliance has been placed upon the source of this information and disclaim responsibility.</p>
2.3.1	<p>If the actuary selects the party on whom to rely, the actuary should consider the following:</p> <ol style="list-style-type: none"> <li>a. The other party’s qualifications;</li> <li>b. The other party’s competence, integrity, and objectivity;</li> <li>c. The other party’s awareness of how the information is expected to be used;</li> <li>d. Discussions and correspondence between the actuary and the other party regarding</li> </ol>	<p>If the Member selects the party on whom to rely, the Member should consider the following:</p> <ol style="list-style-type: none"> <li>a. The other party’s qualifications;</li> <li>b. The other party’s competence, integrity, and objectivity;</li> <li>c. The other party’s awareness of how the information is expected to be used;</li> <li>d. Discussions and correspondence</li> </ol>

	<p>any facts known to the actuary that are likely to have a material effect upon the information used; and</p> <p>e. The need to review the other party's supporting documentation.</p>	<p>between the Member and the other party regarding any facts known to the Member that are likely to have a material effect upon the information used; and</p> <p>e. The need to review the other party's supporting documentation.</p>
2.3.2	<p>If the actuary uses information prepared by another party without disclaiming responsibility for that information, the actuary:</p> <p>a. Should determine that the use of that information conforms to accepted actuarial practice in the jurisdiction(s) of the actuary's services;</p> <p>b. Should establish appropriate procedures for the management and review of the information that the actuary intends to use; and</p> <p>c. Does not need to disclose the source of the information.</p>	<p>If the Member uses information prepared by another party without disclaiming responsibility for that information, the Member:</p> <p>a. Should determine that the use of that information conforms to accepted actuarial practice in the jurisdiction(s) of the Member's services;</p> <p>b. Should establish appropriate procedures for the management and review of the information that the Member intends to use; and</p> <p>c. Does not need to disclose the source of the information.</p>
2.3.3	<p>If the actuary states reliance on the information prepared by another party and disclaims responsibility for it, the actuary should:</p> <p>a. Disclose in any report that fact (including identifying the other party);</p> <p>b. Disclose in any report the nature and extent of such reliance;</p> <p>c. Examine the information for evident shortcomings;</p> <p>d. When practicable, review the information for reasonableness and consistency; and</p> <p>e. Disclose in any report the steps, if any, that the actuary took to determine whether it was appropriate to rely on the information.</p>	<p>If the Member states reliance on the information prepared by another party and disclaims responsibility for it, the Member should:</p> <p>a. Disclose in any report that fact (including identifying the other party);</p> <p>b. Disclose in any report the nature and extent of such reliance;</p> <p>c. Examine the information for evident shortcomings;</p> <p>d. When practicable, review the information for reasonableness and consistency; and</p> <p>e. Disclose in any report the steps, if any, that the Member took to determine whether it was appropriate to rely on the information.</p>
2.3.4	<p>If the information was prepared by the other party under a different jurisdiction, the actuary should consider any differences in the law or accepted actuarial practice between the two jurisdictions and how that might affect the actuary's use of the information.</p>	<p>If the information was prepared by the other party under a different jurisdiction, the Member should consider any differences in the law or accepted actuarial practice between the two jurisdictions and how that might affect the Member's use of the information.</p>
2.4	<p><b>Materiality</b> – In case of omissions, understatements, or overstatements, the actuary should assess whether the effect is material. If the effect of any of these is material, the actuary should disclose this in any report to which it is relevant. The threshold of materiality under which the work is being</p>	<p><b>Materiality</b> – In case of omissions, understatements, or overstatements, the Member should assess whether the effect is material. If the effect of any of these is material, the Member should disclose this in any report to which it is relevant. The threshold of materiality under which the</p>

	conducted should be determined by the actuary unless it is imposed by another party such as an auditor or the principal. When determining the threshold of materiality, the actuary should:	work is being conducted should be determined by the Member unless it is imposed by another party such as an auditor or the principal. When determining the threshold of materiality, the Member should:
2.4.1	Assess materiality from the point of view of the intended user(s), recognizing the purpose of the actuarial services; thus, an omission, understatement, or overstatement is material if the actuary expects it to affect significantly either the intended user's decision-making or the intended user's reasonable expectations;	Assess materiality from the point of view of the intended user(s), recognizing the purpose of the actuarial services; thus, an omission, understatement, or overstatement is material if the Member expects it to affect significantly either the intended user's decision-making or the intended user's reasonable expectations;
2.4.2	Consider the actuarial services and the subject of those actuarial services; and	No change
2.4.3	Consult with the principal if necessary.	No change
2.5	<b>Data Quality</b>	
2.5.1	<u>Sufficient and Reliable Data</u> – The actuary should consider whether sufficient and reliable data are available to perform the actuarial services. Data are sufficient if they include the appropriate information for the work. Data are reliable if they are substantially accurate. If sufficient and reliable data are not available, then the actuary should follow the guidance in paragraph 2.5.5. below.	<u>Sufficient and Reliable Data</u> – The Member should consider whether sufficient and reliable data are available to perform the actuarial services. Data are sufficient if they include the appropriate information for the work. Data are reliable if they are substantially accurate. If sufficient and reliable data are not available, then the Member should follow the guidance in paragraph 2.5.5. below.
2.5.2	<u>Data Validation</u> – The actuary should take reasonable steps to review the consistency, completeness, and accuracy of the data used. These might include: a. Undertaking reconciliations against audited financial statements, trial balances, or other relevant records, if these are available; b. Testing the data for reasonableness against external or independent data; c. Testing the data for internal consistency and consistency with other relevant information; and d. Comparing the data to those for a prior period or periods. The actuary should describe this review in any report.	<u>Data Validation</u> – The Member should take reasonable steps to review the consistency, completeness, and accuracy of the data used. These might include: a. Undertaking reconciliations against audited financial statements, trial balances, or other relevant records, if these are available; b. Testing the data for reasonableness against external or independent data; c. Testing the data for internal consistency and consistency with other relevant information; and d. Comparing the data to those for a prior period or periods. The Member should describe this review in any report.
2.5.3	<u>Sources of Data for Assumptions</u> – To the extent possible and appropriate when setting assumptions, the actuary should consider using data specific to the organization or the subject of the actuarial services. Where such data are	<u>Sources of Data for Assumptions</u> – To the extent possible and appropriate when setting assumptions, the Member should consider using data specific to the organization or the subject of the actuarial

	not available, relevant, or sufficiently credible, the actuary should consider industry data, data from other comparable sources, population data, or other published data, adjusted as appropriate. The data used, and the adjustments made, should be described in any report.	services. Where such data are not available, relevant, or sufficiently credible, the Member should consider industry data, data from other comparable sources, population data, or other published data, adjusted as appropriate. The data used, and the adjustments made, should be described in any report.
2.5.4	<u>Data Modification</u> – The actuary should disclose any modification of data before its use (such as interpolation, extrapolation, adjustment, or discarding of outliers) in any report.	<u>Data Modification</u> – The Member should disclose any modification of data before its use (such as interpolation, extrapolation, adjustment, or discarding of outliers) in any report.
2.5.5	<u>Deficiencies in Data</u> – The actuary should consider the possible effect of any data deficiencies (such as inadequacy, inconsistency, incompleteness, inaccuracy, and unreasonableness) on the results of the work. If such deficiencies in the data are not likely to materially affect the results, then the deficiencies need not be considered further. If the actuary cannot find a satisfactory way to resolve the deficiencies, then the actuary should consider whether to: <ul style="list-style-type: none"> <li>a. Decline to undertake or continue to perform the actuarial services;</li> <li>b. Work with the principal to modify the actuarial services or obtain appropriate additional data or other information; or</li> <li>c. Subject to compliance with the actuary’s code of professional conduct, perform the actuarial services as well as possible, and disclose in any report the data deficiencies (including an indication of the potential impact of those data deficiencies).</li> </ul>	<u>Deficiencies in Data</u> – The Member should consider the possible effect of any data deficiencies (such as inadequacy, inconsistency, incompleteness, inaccuracy, and unreasonableness) on the results of the work. If such deficiencies in the data are not likely to materially affect the results, then the deficiencies need not be considered further. If the Member cannot find a satisfactory way to resolve the deficiencies, then the Member should consider whether to: <ul style="list-style-type: none"> <li>a. Decline to undertake or continue to perform the actuarial services;</li> <li>b. Work with the principal to modify the actuarial services or obtain appropriate additional data or other information; or</li> <li>c. Subject to compliance with &lt;the PCC and any applicable PS and/or AGN&gt;, perform the actuarial services as well as possible, and disclose in any report the data deficiencies (including an indication of the potential impact of those data deficiencies).</li> </ul>
2.6	<b>Assumptions and Methodology</b>	
2.6.1	The assumptions and methodology may be <ul style="list-style-type: none"> <li>a. Set by the actuary (2.7.);</li> <li>b. Prescribed by the principal or another party (2.8); or</li> <li>c. Mandated by law (2.9.).</li> </ul>	The assumptions and methodology may be <ul style="list-style-type: none"> <li>a. Set by the Member (2.7.);</li> <li>b. Prescribed by the principal or another party (2.8); or</li> <li>c. Mandated by law (2.9.).</li> </ul>
2.6.2	Where a report is silent about who set an assumption or methodology, the actuary who authored that report will be assumed to have taken responsibility for such assumption or methodology.	Where a report is silent about who set an assumption or methodology, the Member who authored that report will be assumed to have taken responsibility for such assumption or methodology.
2.7	<u>Assumptions and Methodology Set by Actuary</u> – Where the actuary sets the assumptions and methodology, or the principal or another party	<u>Assumptions and Methodology Set by Member</u> – Where the Member sets the assumptions and methodology, or the

	sets an assumption or methodology that the actuary is willing to support:	principal or another party sets an assumption or methodology that the Member is willing to support:
2.7.1	<u>Selection of Assumptions and Methodology</u> – The actuary should select the assumptions and methodology that are appropriate for the work. The actuary should consider the needs of the intended users and the purpose of the actuarial services. In selecting assumptions and methodology, the actuary should consider the circumstances of the organization, the subject of the actuarial services, and the assignment, as well as relevant industry and professional practices. The actuary should consider to what extent it is appropriate to adjust assumptions or methodology to compensate for known deficiencies in the available data. The actuary should consider to what extent it is appropriate to use assumptions or methodology if they have a known significant bias to underestimation or overestimation of the result.	<u>Selection of Assumptions and Methodology</u> – The Member should select the assumptions and methodology that are appropriate for the work. The Member should consider the needs of the intended users and the purpose of the actuarial services. In selecting assumptions and methodology, the Member should consider the circumstances of the organization, the subject of the actuarial services, and the assignment, as well as relevant industry and professional practices. The Member should consider to what extent it is appropriate to adjust assumptions or methodology to compensate for known deficiencies in the available data. The Member should consider to what extent it is appropriate to use assumptions or methodology if they have a known significant bias to underestimation or overestimation of the result.
2.7.2	<u>Appropriateness of Assumptions</u> – The actuary should consider the appropriateness of the assumptions underlying each component of the methodology used. Assumptions generally involve significant professional judgment as to the appropriateness of the methodology used and the parameters underlying the application of such methodology. Assumptions may (if permitted in the circumstances) be implicit or explicit and may involve interpreting past data and other information or projecting future trends.	<u>Appropriateness of Assumptions</u> – The Member should consider the appropriateness of the assumptions underlying each component of the methodology used. Assumptions generally involve significant professional judgment as to the appropriateness of the methodology used and the parameters underlying the application of such methodology. Assumptions may (if permitted in the circumstances) be implicit or explicit and may involve interpreting past data and other information or projecting future trends.
2.7.3	<u>Margins for Adverse Deviations</u> – In cases where unbiased calculations are not required, the actuary should consider to what extent it is appropriate to adjust the assumptions or methodology with margins for adverse deviations in order to allow for uncertainty in the underlying data and other information, assumptions, or methodology. The actuary should disclose any incorporation of margins for adverse deviations in assumptions or methodology in any report.	<u>Margins for Adverse Deviations</u> – In cases where unbiased calculations are not required, the Member should consider to what extent it is appropriate to adjust the assumptions or methodology with margins for adverse deviations in order to allow for uncertainty in the underlying data and other information, assumptions, or methodology. The Member should disclose any incorporation of margins for adverse deviations in assumptions or methodology in any report.
2.7.4	<u>Discontinuities</u> – The actuary should consider the effect of any discontinuities in experience on assumptions or methodology. Discontinuities could result from:	<u>Discontinuities</u> – The Member should consider the effect of any discontinuities in experience on assumptions or methodology. Discontinuities could result from:

	<p>a. Internal circumstances regarding the organization or subject of the actuarial services such as changes in an insurer’s claims processing or changes in the mix of business; or</p> <p>b. External circumstances impacting the organization or subject of the actuarial services such as changes in the legal, economic, legislative, regulatory, supervisory, demographic, technological, and social environments.</p>	<p>a. Internal circumstances regarding the organization or subject of the actuarial services such as changes in an insurer’s claims processing or changes in the mix of business; or</p> <p>b. External circumstances impacting the organization or subject of the actuarial services such as changes in the legal, economic, legislative, regulatory, supervisory, demographic, technological, and social environments.</p>
2.7.5	<p><u>Individual Assumptions and Aggregate Assumptions</u> – The actuary should assess whether an assumption set is reasonable in the aggregate. While assumptions might be justifiable individually, it is possible that prudence or optimism in multiple assumptions will result in an aggregate assumption set that is no longer valid. If not valid, the actuary should make appropriate adjustments to achieve a reasonable assumption set and final result.</p>	<p><u>Individual Assumptions and Aggregate Assumptions</u> – The Member should assess whether an assumption set is reasonable in the aggregate. While assumptions might be justifiable individually, it is possible that prudence or optimism in multiple assumptions will result in an aggregate assumption set that is no longer valid. If not valid, the Member should make appropriate adjustments to achieve a reasonable assumption set and final result.</p>
2.7.6	<p><u>Internal Consistency of Assumptions and Methodology</u> – The actuary should determine if the assumptions and methodology used for different components of the work are materially consistent, and that any significant interdependencies are modelled appropriately. The actuary should disclose any material inconsistencies in any report.</p>	<p><u>Internal Consistency of Assumptions and Methodology</u> – The Member should determine if the assumptions and methodology used for different components of the work are materially consistent, and that any significant interdependencies are modelled appropriately. The Member should disclose any material inconsistencies in any report.</p>
2.7.7	<p><u>Alternative Assumptions and Sensitivity Testing</u> – The actuary should consider and address the sensitivity of each methodology to the effect of variations in key assumptions, when appropriate. In determining whether sensitivity has been appropriately addressed, the actuary should take into account the purpose of the actuarial services and whether the results of the sensitivity tests reflect a reasonable range of variation in the key assumptions, consistent with that purpose.</p>	<p><u>Alternative Assumptions and Sensitivity Testing</u> – The Member should consider and address the sensitivity of each methodology to the effect of variations in key assumptions, when appropriate. In determining whether sensitivity has been appropriately addressed, the Member should take into account the purpose of the actuarial services and whether the results of the sensitivity tests reflect a reasonable range of variation in the key assumptions, consistent with that purpose.</p>
2.8	<p><b>Assumptions and Methodology Prescribed (other than by Law)</b> – Where the assumptions or methodology are prescribed by the principal or another party:</p>	No change
2.8.1	<p>If the actuary is willing to support the prescribed assumption or methodology (following paragraph 2.7. as applicable), the actuary may disclose the party who prescribed</p>	<p>If the Member is willing to support the prescribed assumption or methodology (following paragraph 2.7. as applicable), the Member may disclose the party who</p>

	the assumption or methodology and the actuary's support in any report	prescribed the assumption or methodology and the Member's support in any report.
2.8.2	<p>If the actuary is unwilling to support the prescribed assumption or methodology because:</p> <ol style="list-style-type: none"> <li>It significantly conflicts with what would be appropriate for the purpose of the actuarial services; or</li> <li>The actuary has been unable to judge the appropriateness of the prescribed assumption or methodology without performing a substantial amount of additional work beyond the scope of the assignment, or the actuary was not qualified to judge the appropriateness of the assumption;</li> </ol> <p>then the actuary should disclose in any report that fact, the party who prescribed the assumption or methodology, and the reason why this party, rather than the actuary, set the assumption or methodology.</p>	<p>If the Member is unwilling to support the prescribed assumption or methodology because:</p> <ol style="list-style-type: none"> <li>It significantly conflicts with what would be appropriate for the purpose of the actuarial services; or</li> <li>The Member has been unable to judge the appropriateness of the prescribed assumption or methodology without performing a substantial amount of additional work beyond the scope of the assignment, or the Member was not qualified to judge the appropriateness of the assumption;</li> </ol> <p>then the Member should disclose in any report that fact, the party who prescribed the assumption or methodology, and the reason why this party, rather than the Member, set the assumption or methodology.</p>
2.8.3	When the principal requests an additional calculation using an assumption set which the actuary does not judge to be reasonable for the purpose of the actuarial services, the actuary may provide the principal with the results based on such assumptions. If those results are communicated to any party other than the principal, the actuary should disclose in any report the source of those assumptions and the actuary's opinion of their appropriateness.	When the principal requests an additional calculation using an assumption set which the Member does not judge to be reasonable for the purpose of the actuarial services, the Member may provide the principal with the results based on such assumptions. If those results are communicated to any party other than the principal, the Member should disclose in any report the source of those assumptions and the Member's opinion of their appropriateness.
2.9	<b>Assumptions and Methodology Mandated by Law</b> – When an assumption or methodology is mandated by law, the actuary should disclose in any report that the assumption or methodology was mandated by law and whether such assumption or methodology may limit the relevance of the work for other purposes.	<b>Assumptions and Methodology Mandated by Law</b> – When an assumption or methodology is mandated by law, the Member should disclose in any report that the assumption or methodology was mandated by law and whether such assumption or methodology may limit the relevance of the work for other purposes.
2.10	<b>Model Governance</b> – For the purpose of this paragraph and subparagraphs i. and j. of paragraph 3.2.2. “using” includes selecting, developing, modifying, and running models. This paragraph applies to all models used when performing actuarial services which support decision making. It provides guidance to actuaries on appropriate model governance to manage the risks inherent in using a model. Model governance is important for all models, from those using simple spreadsheets to those	<b>Model Governance</b> – For the purpose of this paragraph and subparagraphs i. and j. of paragraph 3.2.2. “using” includes selecting, developing, modifying, and running models. This paragraph applies to all models used when performing actuarial services which support decision making. It provides guidance to Members on appropriate model governance to manage the risks inherent in using a model. Model governance is important for all models, from those using

	<p>including complex simulations. The level of governance should be proportionate to the risk to the intended users as a result of an incorrect conclusion being drawn from the results of the model.</p> <p>The actuary involved in using models should:</p>	<p>simple spreadsheets to those including complex simulations. The level of governance should be proportionate to the risk to the intended users as a result of an incorrect conclusion being drawn from the results of the model.</p> <p>The Member involved in using models should:</p>
2.10.1	<p>Be satisfied that the model risks have been identified, assessed, and that there are appropriate actions to mitigate these risks such as adequate model validation, documentation, and process controls.</p>	<p>No change</p>
2.10.2	<p>Be satisfied that an appropriate model validation has taken place. The model validation includes assessments that:</p> <ol style="list-style-type: none"> <li>The model reasonably fits its intended purpose. Items that the actuary should consider, if applicable, include the availability, granularity, and quality of data and inputs required by the models, the appropriateness of the relationships recognized, and the model's ability to generate an appropriate range of results around expected values;</li> <li>The model meets its specifications; and</li> <li>The full or partial results of the model can be reproduced or any differences can be explained.</li> </ol> <p>The model validation should be performed by individual(s) who did not develop the model, unless to do so imposes a burden that is disproportionate to the model risk.</p>	<p>Be satisfied that an appropriate model validation has taken place. The model validation includes assessments that:</p> <ol style="list-style-type: none"> <li>The model reasonably fits its intended purpose. Items that the Member should consider, if applicable, include the availability, granularity, and quality of data and inputs required by the models, the appropriateness of the relationships recognized, and the model's ability to generate an appropriate range of results around expected values;</li> <li>The model meets its specifications; and</li> <li>The full or partial results of the model can be reproduced or any differences can be explained.</li> </ol> <p>The model validation should be performed by individual(s) who did not develop the model, unless to do so imposes a burden that is disproportionate to the model risk.</p>
2.10.3	<p>Understand the model, the conditions under which it is appropriate for the model to be used including any limitations of the model for the intended use, the context in which the model will be used, how model inputs will be provided, and how the actuary expects the results of the model will be used. The actuary should disclose relevant limitations or uncertainties and their broad implications in any report.</p>	<p>Understand the model, the conditions under which it is appropriate for the model to be used including any limitations of the model for the intended use, the context in which the model will be used, how model inputs will be provided, and how the Member expects the results of the model will be used. The Member should disclose relevant limitations or uncertainties and their broad implications in any report.</p>
2.10.4	<p>Be satisfied that there is adequate documentation of the model design, construction, and operation and of the conditions under which it is appropriate to use the model, including any limitations of the model. This documentation should include, where appropriate, scope, purpose, methodology, statistical quality, calibration, and fitness for intended purpose, and reflect</p>	<p>Be satisfied that there is adequate documentation of the model design, construction, and operation and of the conditions under which it is appropriate to use the model, including any limitations of the model. This documentation should include, where appropriate, scope, purpose, methodology, statistical quality, calibration, and fitness for intended purpose, and reflect</p>

	changes to the model (if any) made by the actuary.	changes to the model (if any) made by the Member.
2.10.5	Be satisfied that the model is subject to appropriate controls. This should typically include a change control process that: <ul style="list-style-type: none"> <li>a. Avoids unauthorized changes to the model;</li> <li>b. Documents any changes made and any material impact on the model; and</li> <li>c. Allows any changes to be reversed.</li> </ul>	No change
2.10.6	When the results or output of a model run are to be used: <ul style="list-style-type: none"> <li>a. Be satisfied that the conditions to use the model are met;</li> <li>b. Be satisfied that there are appropriate controls on inputs and outputs of the model;</li> <li>c. Consider whether the model validation described in paragraph 2.10.2. should be performed in whole or in part;</li> <li>d. Understand, and where appropriate explain, material differences between different runs of the model, and be satisfied that there is an adequate control process for production runs. In the case of stochastic models, be satisfied that a sufficient number of runs of the model are made and understand the significant differences between different runs of the model;</li> <li>e. Understand any management actions or responses assumed within the model. The actuary should disclose such management actions or responses assumed and their broad implications in any report; and</li> <li>f. Document, where appropriate, limitations, inputs, key assumptions, intended uses, and model output.</li> </ul>	When the results or output of a model run are to be used: <ul style="list-style-type: none"> <li>a. Be satisfied that the conditions to use the model are met;</li> <li>b. Be satisfied that there are appropriate controls on inputs and outputs of the model;</li> <li>c. Consider whether the model validation described in paragraph 2.10.2. should be performed in whole or in part;</li> <li>d. Understand, and where appropriate explain, material differences between different runs of the model, and be satisfied that there is an adequate control process for production runs. In the case of stochastic models, be satisfied that a sufficient number of runs of the model are made and understand the significant differences between different runs of the model;</li> <li>e. Understand any management actions or responses assumed within the model. The Member should disclose such management actions or responses assumed and their broad implications in any report; and</li> <li>f. Document, where appropriate, limitations, inputs, key assumptions, intended uses, and model output.</li> </ul>
2.11	<b>Process Management</b>	
2.11.1	<b>Process Controls</b> – The actuary should consider to what extent, if any, the procedures used to carry out the work should be controlled, and if so, how.	<b>Process Controls</b> – The Member should consider to what extent, if any, the procedures used to carry out the work should be controlled, and if so, how.
2.11.2	<b>Reasonableness Checks</b> – The actuary should review the results produced by the selected assumptions and methodology for overall reasonableness.	<b>Reasonableness Checks</b> – The Member should review the results produced by the selected assumptions and methodology for overall reasonableness.
2.12	<b>Peer Review</b> – The actuary should consider to what extent, if at all, it is appropriate for any	<b>Peer Review</b> – The Member should consider to what extent, if at all, it is appropriate for

	report to be independently reviewed, in totality or by component, before the final report is delivered to the principal or distributed to the intended users. The purpose of peer review is to ensure the quality of a report, with the process tailored to the complexity of the work and the specific environment in which the actuary works. If a peer review is deemed to be appropriate:	any report to be independently reviewed, in totality or by component, before the final report is delivered to the principal or distributed to the intended users. The purpose of peer review is to ensure the quality of a report, with the process tailored to the complexity of the work and the specific environment in which the Member works. If a peer review is deemed to be appropriate:
2.12.1	The actuary should select a reviewer who is independent of involvement with the specific component(s) reviewed and is knowledgeable and experienced in the practice area of the actuarial services.	The Member should select a reviewer who is independent of involvement with the specific component(s) reviewed and is knowledgeable and experienced in the practice area of the actuarial services.
2.12.2	If the reviewer is an actuary, the reviewer should comply with the guidance in any applicable actuarial standard, in performing the review.	If the reviewer is a Member, the reviewer should comply with <the provisions under any applicable actuarial practice document> in performing the review.
2.13	<b>Treatment of Subsequent Events</b> – The actuary should consider any subsequent event that has the potential of materially changing the results of the actuarial services if the event had been reflected in the work and disclose such an event in any report.	<b>Treatment of Subsequent Events</b> – The Member should consider any subsequent event that has the potential of materially changing the results of the actuarial services if the event had been reflected in the work and disclose such an event in any report.
2.14	<b>Retention of Documentation</b>	
2.14.1	The actuary should retain, for a reasonable period of time, sufficient documentation for purposes such as: a. Peer review, regulatory review, and audit; b. Compliance with law; and c. Assumption of any recurring assignment by another actuary.	The Member should retain, for a reasonable period of time, sufficient documentation for purposes such as: a. Peer review, regulatory review, and audit; b. Compliance with law; and c. Assumption of any recurring assignment by another actuary.
2.14.2	Documentation is sufficient when it contains enough detail for another actuary qualified in the same practice area to understand the work and assess the judgments made.	No change
2.14.3	Nothing in any ISAP is intended to give any person access to material beyond the access that they are already authorized to have.	Nothing in <this AGN> is intended to give any person access to material beyond the access that they are already authorized to have.
	<b>Communication</b>	
3.1	<b>General Principles</b> – Any communication should be appropriate to the particular circumstances and take the skills, understanding, levels of relevant technical expertise, and needs of the intended user into consideration to allow the intended user to	<b>General Principles</b> – Any communication should be appropriate to the particular circumstances and take the skills, understanding, levels of relevant technical expertise, and needs of the intended user into consideration to allow the intended user

	understand the implications of the actuary's communication.	to understand the implications of the Members communication.
3.1.1	<b>Form and Content</b> – The actuary should determine the form, structure, style, level of detail, content, and relevant disclosures of each communication to be appropriate to the particular circumstances, taking into account the intended users.	<b>Form and Content</b> – The Member should determine the form, structure, style, level of detail, content, and relevant disclosures of each communication to be appropriate to the particular circumstances, taking into account the intended users.
3.1.2	<b>Clarity</b> – The actuary should word each communication to be clear and use language appropriate to the particular circumstances, taking into account the intended users.	<b>Clarity</b> – The Member should word each communication to be clear and use language appropriate to the particular circumstances, taking into account the intended users.
3.1.3	<b>Timing of Communication</b> – The actuary should issue each communication within a reasonable time period. The timing of the communication should reflect any arrangements that have been made with the principal. The actuary should consider the needs of the intended users in setting the timing.	<b>Timing of Communication</b> – The Member should issue each communication within a reasonable time period. The timing of the communication should reflect any arrangements that have been made with the principal. The Member should consider the needs of the intended users in setting the timing.
3.1.4	<b>Identification of the Actuary</b> – A communication shall clearly identify the issuing actuary. When two or more individuals jointly issue a communication, at least some of which is actuarial in nature, the communication shall identify all responsible actuaries, unless the actuaries judge it inappropriate to do so. The name of an organization with which each actuary is affiliated may also be included in the communication, but the actuary's responsibilities are not affected by such identification. Unless the actuary judges it inappropriate, any communication shall also indicate to what extent and how supplementary information and explanation can be obtained from the actuary or another party.	<b>Identification of the Member</b> – A communication shall clearly identify the issuing Member. When two or more individuals jointly issue a communication, at least some of which is actuarial in nature, the communication shall identify all responsible Members, unless <one or more of the Members> judge it inappropriate to do so. Where disclosed, the name of an organization with which each Member is affiliated may also be included in the communication, but the Member's responsibilities are not affected by such identification. Unless the Member judges it inappropriate, any communication shall also indicate to what extent and how supplementary information and explanation can be obtained from the Member or another party.
3.2	<b>Report</b> – The actuary should complete a report, including relevant disclosures, unless any intended users will otherwise be adequately informed about the output of actuarial services (including access to the supporting information which is necessary to understand the outputs and disclosures). The actuary should present all information with sufficient detail that another actuary qualified in the same practice area could make an objective appraisal of the reasonableness of the actuary's work.	<b>Report</b> – The Member should complete a report, including relevant disclosures, unless any intended users will otherwise be adequately informed about the output of actuarial services (including access to the supporting information which is necessary to understand the outputs and disclosures). The Member should present all information with sufficient detail that another actuary qualified in the same practice area could make an objective appraisal of the reasonableness of the Member's work.

3.2.1	<p><b>Content</b> – The actuary should include in any report, if applicable:</p> <ol style="list-style-type: none"> <li>a. The scope and intended use of the report;</li> <li>b. The output from the actuarial services, including the potential impact of variability on those outputs;</li> <li>c. The methodology, assumptions, data and other information used;</li> <li>d. Any restrictions on distribution;</li> <li>e. The date of the report; and</li> <li>f. Identification of the authorship of the report.</li> </ol>	<p><b>Content</b> – The Member should include in any report, if applicable:</p> <ol style="list-style-type: none"> <li>a. The scope and intended use of the report;</li> <li>b. The output from the actuarial services, including the potential impact of variability on those outputs;</li> <li>c. The methodology, assumptions, data and other information used;</li> <li>d. Any restrictions on distribution;</li> <li>e. The date of the report; and</li> <li>f. Identification of the authorship of the report.</li> </ol>
3.2.2	<p><b>Disclosures</b> – The actuary issuing a report should disclose in that report, if applicable:</p> <ol style="list-style-type: none"> <li>a. Any material deviation from the guidance in the ISAP (1.3.3.);</li> <li>b. Any reliance on information prepared by another party for which the actuary disclaims responsibility (2.3.3.);</li> <li>c. Any material omissions, understatements, or overstatements (2.4.)</li> <li>d. Any data validation (2.5.2.), adjustments (2.5.3.), modification (2.5.4.), and deficiencies (2.5.5.);</li> <li>e. Any margins for adverse deviations in assumptions or methodology (2.7.3.);</li> <li>f. Any material inconsistency in the assumptions and methodology used (2.7.6.);</li> <li>g. Assumptions and methodology that have been prescribed by another party which the actuary does not support (2.8.2. and 2.8.3.);</li> <li>h. Assumptions and methodology that are mandated by law (2.9.);</li> <li>i. The limitations, and uncertainties, of any model used for the work, and their broad implications (2.10.3.);</li> <li>j. The management actions or responses assumed in any model used for the work, and their implications (2.10.6.e.); and</li> <li>k. Any material subsequent event (2.13.).</li> </ol>	<p><b>Disclosures</b> – The Member issuing a report should disclose in that report, if applicable:</p> <ol style="list-style-type: none"> <li>a. Any material deviation from the guidance in the ISAP (1.3.3.);</li> <li>b. Any reliance on information prepared by another party for which the actuary disclaims responsibility (2.3.3.);</li> <li>c. Any material omissions, understatements, or overstatements (2.4.)</li> <li>d. Any data validation (2.5.2.), adjustments (2.5.3.), modification (2.5.4.), and deficiencies (2.5.5.);</li> <li>e. Any margins for adverse deviations in assumptions or methodology (2.7.3.);</li> <li>f. Any material inconsistency in the assumptions and methodology used (2.7.6.);</li> <li>g. Assumptions and methodology that have been prescribed by another party which the Member does not support (2.8.2. and 2.8.3.);</li> <li>h. Assumptions and methodology that are mandated by law (2.9.);</li> <li>i. The limitations, and uncertainties, of any model used for the work, and their broad implications (2.10.3.);</li> <li>j. The management actions or responses assumed in any model used for the work, and their implications (2.10.6.e.); and</li> <li>k. Any material subsequent event (2.13.).</li> </ol>
3.2.3	<p><b>Authorship</b> – The actuary issuing a report should include in the report:</p> <ol style="list-style-type: none"> <li>a. The actuary’s name;</li> <li>b. If applicable, the name of the organization on whose behalf the actuary is issuing the report, and the actuary’s position held;</li> <li>c. The capacity in which the actuary serves;</li> <li>d. The actuary’s qualifications;</li> <li>e. The code of professional conduct and</li> </ol>	<p><b>Authorship</b> – The Member issuing a report should include in the report:</p> <ol style="list-style-type: none"> <li>a. The Member’s name;</li> <li>b. If applicable, the name of the organization on whose behalf the Member is issuing the report, and the Member’s position held;</li> <li>c. The capacity in which the Member serves;</li> </ol>

	<p>actuarial standards under which the work was performed, if there is any possible ambiguity; and</p> <p>f. If applicable, attestations and reliances.</p>	<p>d. The Member’s qualifications;</p> <p>e. The &lt;relevant PCC, PSs, AGNs and other standards and guidance notes&gt; under which the work was performed, if there is any possible ambiguity; and</p> <p>f. If applicable, attestations and reliances.</p>
3.2.4	<p><b>Form</b> – A report may comprise one or several communications that may exist in several different formats. Where a report comprises multiple communications, the actuary should communicate to each intended user which communications compose the report. The actuary should ensure that report components (especially those in electronic media) are such that they can be reliably reproduced for a reasonable period of time.</p>	<p><b>Form</b> – A report may comprise one or several communications that may exist in several different formats. Where a report comprises multiple communications, the Member should communicate to each intended user which communications compose the report. The Member should ensure that report components (especially those in electronic media) are such that they can be reliably reproduced for a reasonable period of time.</p>
3.2.5	<p><b>Constraints</b> – The content of a report may be constrained by circumstances such as legal, legislative, regulatory, or supervisory proceedings. Constraints could also include other standards such as financial reporting standards or an organization’s accounting policy. The actuary should follow the guidance on disclosure in any actuarial standard applicable to the actuary, to the extent reasonably possible within such constraints.</p>	<p><b>Constraints</b> – The content of a report may be constrained by circumstances such as legal, legislative, regulatory, or supervisory proceedings. Constraints could also include other standards such as financial reporting standards or an organization’s accounting policy. The Member should follow the guidance on disclosure in any actuarial standard applicable to the Member, to the extent reasonably possible within such constraints.</p>

\*\*\* END OF ACTUARIAL GUIDANCE NOTE \*\*\*