

Memorandum

To: Fellows, Affiliates, Associates, and Correspondents of the Canadian Institute of the Actuaries and Other Interested Parties

From: A. David Pelletier, Chair
Actuarial Standard Board
Marthe Lacroix, Chair
Designated Group

Date: December 11, 2012

Subject: **Minor Revision to Standards: Harmonization of the Appointed Actuary's Report with IASB (IAS 1) Terminology**

Document 212105

The Actuarial Standards Board (ASB) approved changes to the wording of the Appointed Actuary's Report (paragraph 2140.17 of the Standards of Practice) and the related definitions on November 28, 2012.

The ASB considers the revisions to standards to be minor in nature and that section D of the Policy on due process for the adoption of standards of practice is applicable.

BACKGROUND

The ASB is pursuing the objective of reflecting the terminology of the International Accounting Standards Board's (IASB) International Accounting Standard (IAS 1) *Presentation of Financial Statements* in the Standards of Practice. To do so, the wording of the Appointed Actuary's Report (paragraph 2140.17) and the related definitions (subsection 1110, paragraphs .27.2 and .35) have been modified. The entire Standards of Practice will be reviewed at a later date to ensure consistency with IASB terminology.

SUMMARY OF COMMENTS RECEIVED

Three committees of the Canadian Institute of Actuaries (Property and Casualty Insurance Financial Reporting; Life Insurance Financial Reporting; and Appointed/Valuation Actuary) were consulted. The Office of the Superintendent of Financial Institutions (OSFI) and the Autorité des marchés financiers (AMF) also received the proposed changes. All parties consulted are in favour of the changes.

DUE PROCESS AND IMPLEMENTATION

The ASB's Policy on due process for the adoption of standards of practice was followed in the development of the final standards. The effective date of the final standards is January 1, 2013. Since these modifications present no conflicts with existing standards, early implementation is permitted.

ADP, ML

STANDARDS OF PRACTICE

Subsection 1110

.27.2 Insurance contract liabilities in an insurer's ~~balance sheet~~ statement of financial position are the liabilities at the date of the balance sheet ~~statement of financial position date~~ on account of the insurer's insurance contracts, including commitments, which are in force at that date or which were in force before that date.

.35 Policy liabilities in an insurer's ~~balance sheet~~ statement of financial position are the liabilities at the date of the balance sheet ~~statement of financial position date~~ on account of the insurer's policies, including commitments, which are in force at that date or which were in force before that date. Policy liabilities consist of insurance contract liabilities and liabilities for policy contracts other than insurance contracts.

Paragraph 2140.17

Standard reporting language

Here is the standard reporting language.

Appointed Actuary's Report

To the policyholders [and shareholders] of [the ABC Insurance Company]:

I have valued the policy liabilities [and reinsurance recoverables] of [the Company] for its [consolidated] ~~balance sheet~~ statement of financial position at [31 December XXXX] and their changes in the [consolidated statement of income] for the year then ended in accordance with accepted actuarial practice in Canada including selection of appropriate assumptions and methods.

In my opinion, the amount of policy liabilities [net of reinsurance recoverables], makes appropriate provision for all policy obligations and the [consolidated] financial statements fairly present the results of the valuation.

[Montréal, Québec]
[Report date]

[Mary F. Roe]
Fellow, Canadian Institute of Actuaries