

New Zealand Society of Actuaries

Wording to be Included in Professional Standards

This document includes wording that is to be included in all professional standards (where relevant) Note that this document is an addendum to the Document on Development of Professional Standards. Where the words “Member”, or Actuary” are used below they may be replaced by another word that is appropriate to the Standard and consistent with the rest of the wording in the Standard.

Changes to Referenced Documents

Any professional standard that refers to another document (for example legislation, or another standard) must include, in Section 1, the following wording:

When this Professional Standard refers to another document, the reference relates to the document as it was as at the effective date of this Professional Standard. The referenced document may be amended, restated, revoked, or replaced after the effective date. In such a case, the Member should consider the extent to which the modification is applicable and appropriate to the guidance contained in this Professional Standard.

Materiality

Any professional standard for which materiality is relevant must include, as Section 4, the following wording:

In case of omissions, understatements, or overstatements, the Actuary must assess whether or not the effect is material. The threshold of materiality under which the work is being conducted must be determined by the actuary unless it is imposed by another party such as an auditor or the party who engages the provider of actuarial services. When determining the threshold of materiality, the Actuary must:

- Assess materiality from the point of view of the intended user(s), recognising 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;
- Consider the actuarial services and the entity that is the subject of those actuarial services; and
- Consult with the party who engages the provider of actuarial services if necessary.

Where materiality has been imposed by another party it should be stated as such.

Divergence for Professional Standard

The circumstances where a Standard allows members to deviate from that Standard must be defined in the Standard.

Compliance with legislation, regulation, Code of Conduct or another Professional Standard are valid reasons for a deviation that doesn't breach the Standard.

If a Standard allows divergence when in a member's opinion a particular aspect is not relevant or good practice, then this opinion should be reviewed by another member with expertise in that area.

In all cases of divergence, disclosure is required on the nature, rationale and effect of any departure.