

# NEW ZEALAND SOCIETY OF ACTUARIES

## PROFESSIONAL STANDARD NO. 90 GENERAL ACTUARIAL PRACTICE

### STATUS MANDATORY

EFFECTIVE DATE: **DD MM 2025**

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### 1. INTRODUCTION

#### 1.1 Background

- 1.1.1 The International Actuarial Association encourages relevant actuarial standard-setting bodies to maintain a standard or a set of standards that is substantially consistent with International Standard of Actuarial Practice 1: General Actuarial Practice (ISAP 1) to the extent that the content of ISAP 1 is appropriate for Members in their jurisdiction.
- 1.1.2 The Society has determined that ISAP 1 is relevant to Members and this Professional Standard is a customised version of ISAP 1, with the text revised to the extent deemed appropriate by the Society, while ensuring that this Professional Standard is substantially consistent with ISAP 1.

#### 1.2 Purpose

- 1.2.1 The purpose of this Professional Standard is to provide guidance to Members when providing Applicable Actuarial Services to give Intended Users confidence that:
  - a) Applicable Actuarial Services are provided professionally and with due care;

- b) the results are relevant to their needs, are presented clearly and understandably, and are complete; and
- c) the assumptions and methodology (including, but not limited to, models and modelling techniques) used are disclosed appropriately.

### **1.3 Scope**

- 1.3.1 This Professional Standard is a general standard. It applies to all Applicable Actuarial Services performed by a Member, unless an element of guidance is explicitly superseded by the Code, another Professional Standard or by Law. In such cases, the remaining paragraphs (or parts of those paragraphs) continue in full force and effect.
- 1.3.2 When a Member is providing Actuarial Advice which is not Applicable Actuarial Services, the Member must consider the requirements of this Professional Standard and determine which of these requirements should apply. The level of detail provided and the extent to which the requirements of this Professional Standard are met will depend on the nature of the Communication and Advice.

### **1.4 Compliance**

- 1.4.1 A Member may fail to follow the guidance in a Professional Standard but still comply with a Professional Standard when the Member:
  - a) complies with requirements of Law that conflict with the Professional Standard;
  - b) complies with requirements of the Code and / or a Professional Standard applicable to the Work that conflicts with the Professional Standard;
  - c) departs from the guidance in a Professional Standard and provides, in any 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 1.4.1a) or paragraph 1.4.1b) applies, and the Member provides, in every Report to which it is relevant, an appropriate statement with respect to the nature, rationale, and effect of any such departure.

## **1.5 Application**

- 1.5.1 This Professional Standard provides guidance to Members on general actuarial practice when performing Applicable Actuarial Services. Other Professional Standards do not necessarily repeat the general guidance provided in this Professional Standard. Compliance with this Professional Standard is a prerequisite to compliance with all other Professional Standards. A Member who is performing the Applicable Actuarial Services may be acting in one of several capacities such as an employee, management, director, external adviser, auditor, or supervisory authority.
- 1.5.2 The application of this Professional Standard is clear when the Member is a single consulting actuary performing the Applicable Actuarial Services for a client who is not affiliated with the Member.
- 1.5.3 When a team is performing Applicable Actuarial Services, most paragraphs of this Professional Standard apply to every Member on the team. However, requirements in some paragraphs need not be met by every Member on the team personally (for example paragraph 5.1.1). One Member should take responsibility for identifying which members of the team are responsible for complying with each of the requirements of this Professional Standard and be satisfied that those team members accept that responsibility. This Member should be the team leader or the Member responsible for signing off the work product.
- 1.5.4 If a Member is performing Applicable Actuarial Services for an affiliated party (either individually or as a member of a team) the Member should interpret this Professional Standard 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 Professional Standard, the Member should endeavour to observe the spirit and intent of this Professional Standard 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 record these circumstances and the rationale

for limiting the content of that Report and make that information available to the Intended User.

## **1.6 Reasonable Judgment**

1.6.1 The Member should exercise reasonable judgment in applying any Professional Standard. A judgment is reasonable if it takes into account:

- a) the spirit and intent of the applicable Professional Standards;
- b) the type of assignment; and
- c) appropriate constraints on time and resources.

1.6.2 Nothing in a Professional Standard 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).

1.6.3 Any judgment required by a Professional Standard (including implicit judgment) is intended to be the Member's Professional Judgment unless otherwise stated.

## **1.7 Previous versions**

1.7.1 This professional standard replaces Professional Standard No. 90: General Actuarial Practice, effective 1 May 2021.

## **1.8 Legislation**

1.8.1 There is no legislation relevant to this Professional Standard.

## **1.9 Changes to referenced documents**

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

## **2. EFFECTIVE DATE**

2.1.1 This Professional Standard is effective for Applicable Actuarial Services performed on or after **DD MM 2025**.

### 3. DEFINITIONS

#### 3.1 Definitions

3.1.1 **Accepted Actuarial Practice:** means a practice or practices that are generally recognised within the actuarial profession as appropriate to use in performing Applicable Actuarial Services.

3.1.2 **Actuarial Advice:** means written, electronic or oral Advice:

- a) given by a Member in a professional capacity in areas of work in which actuaries are reasonably understood to have expertise; or
- b) given by a Member and relied upon by the recipient because the recipient reasonably believes the Advice to be given in a professional actuarial capacity;

including, but not limited to, Advice:

- a) in accordance with legislative requirements, or standards or guidelines set by a Government or statutory agency or regulator;
- b) in accordance with any Professional Standards or guidance issued by the Society;
- c) as an expert witness before a court of law or statutory tribunal;
- d) as a participant in the disciplinary scheme of a professional body;
- e) in relation to liability or asset valuations, economic valuations, premium setting, investment strategy; or
- f) for the purpose of providing information needed to prepare financial reports for an organisation or government agency, or for the purpose of preparing such reports

and includes Advice provided on a pro bono basis.

3.1.3 **Advice:** includes any conclusion, result, findings, opinion or recommendation.

3.1.4 **Applicable Actuarial Services:** means Actuarial Advice:

- a) provided in a statutory role, and/or
- b) within the scope of one of the Society's other Professional Standards, and/or
- c) provided for inclusion in financial statements, and/or

d) which could significantly affect an Intended User's decision making or reasonable expectations.

To avoid doubt Applicable Actuarial Services does not include anything written for general publication such as in a book, newspaper or magazine, or anything written for the education of others or for presentation/discussion at a conference or similar event.

- 3.1.5 **Code:** means the Code of Professional Conduct adopted under clause 19 of the Constitution of the Society.
- 3.1.6 **Communication:** means any statement (including oral statements) issued or made by a Member with respect to Applicable Actuarial Services.
- 3.1.7 **Data:** means 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.
- 3.1.8 **Documentation:** means a collection of [printed](#) or written information for use as a record of the processes followed, decisions made and outcomes generated during the provision of Applicable Actuarial Services.
- 3.1.9 **Intended User:** means any legal or natural person (usually including the Principal) whom the Member intends to use the output of the Applicable Actuarial Services at the time the Member performs those services.
- 3.1.10 **Law:** means applicable acts, statutes, regulations or any other binding authority (such as accounting standards or regulatory guidance that is effectively binding).
- 3.1.11 **Member:** means a member of the Society in accordance with the Constitution of the Society.
- 3.1.12 **Model:** means a representation of some aspect of the world. The model produces a set of outputs from inputs in the form of [data](#) and other information, assumptions, and parameters. Inputs and outputs may be qualitative or quantitative. The model is functionally designed by a specification that describes the matters that should be represented, the inputs and the relationships between the

inputs, and the resulting outputs. The model is technically designed and implemented through a set of mathematical formulae and algorithms.

- 3.1.13 **Model Governance:** means the application of a set of procedures and an organisational structure designed so that Intended Users can place their confidence in the results of the Model.
- 3.1.14 **Model Risk:** means 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.
- 3.1.15 **Principal:** means the party who engages the provider of Applicable Actuarial Services. The Principal will usually be the client or the employer of the Member.
- 3.1.16 **Professional Judgment:** means the judgment of the Member based on actuarial training, knowledge, experience, expertise and relevant codes of professional conduct.
- 3.1.17 **Professional Standard:** means a professional standard issued by the Society.
- 3.1.18 **Report:** means the Member's Communication(s) presenting some or all of the output of Applicable 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. To avoid doubt, a Report does not include anything written for general publication such as in a book, newspaper or magazine, or anything written for the education of others or for presentation/discussion at a conference or similar event.
- 3.1.19 **Society:** means the New Zealand Society of Actuaries.
- 3.1.20 **Subsequent Event:** means an event of which the Member becomes aware after the effective date of the analysis by the Member (or the date to which the Applicable Actuarial Service refer) but before the Member's Communication on the results of these Applicable Actuarial Services is delivered.
- 3.1.21 **Work:** means all actuarial activities performed by a Member related to Applicable 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.

#### **4. MATERIALITY**

- 4.1.1 In case of omissions, understatements, or overstatements, the Member must assess whether or not 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 must 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 must:
- a) assess materiality from the point of view of the Intended User(s), recognising the purpose of the Applicable 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;
  - b) consider the Applicable Actuarial Services and the organisation that is the subject of those actuarial services; and
  - c) consult with the Principal if necessary.
- 4.1.2 Where materiality has been imposed by another party it should be stated as such.

#### **5. APPROPRIATE PRACTICES**

##### **5.1 Acceptance of Assignment**

- 5.1.1 When providing Applicable Actuarial Services, the Member should confirm with the Principal the nature and scope of 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.



- 5.1.2 In accepting an assignment for Applicable Actuarial Services, the Member should:
- a) be competent and appropriately experienced to perform the services;
  - b) be satisfied that the assignment can be performed under the Code; 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 Member to communicate information, as may be necessary for the Work.

## **5.2 Knowledge of Relevant Circumstances**

- 5.2.1 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 Applicable Actuarial Services, to be appropriately prepared to perform the Applicable Actuarial Services required by the assignment. Members are also reminded of their professional competence obligations under the Code.

## **5.3 Reliance on Others**

- 5.3.1 The Member may use information prepared by another party. This information may include Data, opinions and analyses provided by other professionals or experts. 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.
- 5.3.2 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.
- 5.3.3 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.
- 5.3.4 If the Member states reliance on the information prepared by another party and disclaims responsibility for some or all of 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.
- 5.3.5 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.

## **5.4 Data Quality**

- 5.4.1 Sufficient and Reliable Data: The Member should consider whether sufficient and reliable Data are available to perform the Applicable 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 section 5.4.5 below.

- 5.4.2 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.

- 5.4.3 Sources of Data for Assumptions: To the extent possible and appropriate when setting assumptions, the Member should consider using Data specific to the organisation or the subject of the Applicable Actuarial Services. When 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.
- 5.4.4 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.
- 5.4.5 Deficiencies of 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 Applicable Actuarial Services;
  - b) work with the Principal to modify the Applicable Actuarial Services or obtain appropriate additional Data or other information; or

- c) subject to compliance with the Code, perform the Applicable 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).

## **5.5 Assumptions and Methodology**

5.5.1 The assumptions and methodology may be:

- a) set by the Member (5.6);
- b) prescribed by the Principal or another party (5.7); or
- c) mandated by Law (5.8).

5.5.2 Where the Report is silent about who set an assumption or methodology, the Member who authored the Report will be assumed to have taken responsibility for such assumption or methodology.

## **5.6 Assumptions and Methodology Set by Member**

5.6.1 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:

5.6.2 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 Applicable Actuarial Services. In selecting assumptions and methodology, the Member should consider the circumstances of the organisation, the subject of the Applicable 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.

5.6.3 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.

- 5.6.4 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.
- 5.6.5 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 organisation or subject of the Applicable Actuarial Services such as changes in an insurer's claims processing or changes in the mix of business; or
  - b) external circumstances impacting the organisation or subject of the Applicable Actuarial Services such as changes in the legal, economic, legislative, regulatory, supervisory, demographic, technological, and social environments.
- 5.6.6 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.
- 5.6.7 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 inconsistency in any Report.
- 5.6.8 Alternative Assumptions and Sensitivity Testing: The Member should consider and address the sensitivity of each methodology to the effect of variations in key assumptions, where appropriate. In determining whether sensitivity has been appropriately addressed, the Member should take into account the purpose of the Applicable Actuarial Services and whether the results of the sensitivity tests reflect a reasonable range of variation in the key assumptions, consistent with that purpose.

## **5.7 Assumptions and Methodology Prescribed (other than by Law)**

- 5.7.1 When the assumptions or methodology are prescribed by the Principal or another party:
- 5.7.2 If the Member is willing to support the prescribed assumption or methodology (following section 5.6 as applicable), the Member should disclose the party who prescribed the assumption or methodology and the Member's support in any Report.
- 5.7.3 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 Applicable 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.

- 5.7.4 When the Principal requests an additional calculation using an assumption set that the Member does not judge to be reasonable for the purpose of the Applicable Actuarial Services, the member may provide the Principal with the results based on such assumptions. The Member should disclose to the Principal and to any other party to whom those results are communicated, the source of those assumptions and the Member's opinion of their appropriateness.

## **5.8 Assumptions and Methodology Mandated by Law**

- 5.8.1 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.

## **5.9 Model Governance**

- 5.9.1 For the purpose of this section and subparagraphs i. and j. of paragraph 6.2.4, "using" includes selecting, developing, modifying,

and running Models. This section applies to all Models used when performing Applicable Actuarial Services that 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:

- 5.9.2 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.
- 5.9.3 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 recognised, 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.

- 5.9.4 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.
- 5.9.5 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.

5.9.6 Be satisfied that the Model is subject to appropriate controls. This should typically include a change control process that:

- a) avoids unauthorised changes to the Model;
- b) documents any changes made and any material impact on the Model; and
- c) allows any changes to be reversed.

5.9.7 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 5.9.3 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.

## **5.10 Process Management**

5.10.1 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.

5.10.2 Reasonableness Checks: The Member should review the results produced by the selected assumptions and methodology for overall reasonableness.



## **5.11 Peer Review**

- 5.11.1 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.
- 5.11.2 If a peer review is deemed to be appropriate 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 Applicable Actuarial Services.
- 5.11.3 If the reviewer is a Member, the reviewer should comply with the guidance in any applicable Professional Standard in performing the review.

## **5.12 Treatment of Subsequent Events**

- 5.12.1 The Member should consider any Subsequent Event that has the potential of materially changing the results of the Applicable Actuarial Services if the event had been reflected in the Work and disclose such an event in any Report.

## **5.13 Retention of Documentation**

- 5.13.1 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 Member.
- 5.13.2 Documentation is sufficient when it contains enough detail for another Member qualified in the same practice area to understand the Work and assess the judgments made.
- 5.13.3 Nothing in any Professional Standard is intended to give any person access to material beyond the access that they are already authorised to have.

# **6. COMMUNICATION**

## **6.1 General Principles**

- 6.1.1 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 Member's Communication.
- 6.1.2 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.
- 6.1.3 Clarity: The Member should word each Communication to be clear and use language appropriate to the particular circumstances, taking into account the Intended Users.
- 6.1.4 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.
- 6.1.5 Identification of the Member: A Communication should 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 should identify all responsible Members, unless the Members judge it inappropriate to do so. The name of an organisation 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 should also indicate to what extent and how supplementary information and explanation can be obtained from the Member or another party.

## **6.2 Report**

- 6.2.1 The Member should complete and provide to the Principal a Report, including relevant disclosures, if the Member is conveying the results of Applicable Actuarial Services, unless any Intended Users will otherwise be adequately informed about the output of the Applicable 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 Member qualified in the same practice area could make an objective appraisal of the reasonableness of the Member's Work.

- 6.2.2 A Member's Report under section 78 of the Insurance (Prudential Supervision) Act 2010 is exempt from the requirements of this professional standard which relate to a Report, provided that all matters which would otherwise be included in the Report are included in a financial condition report and/or another report which complies with the relevant professional standards of the Society and has been provided to the Principal.
- 6.2.3 Content: The Member should include in any Report, if applicable:
- a) the scope and intended use of the Report;
  - b) the name of the Principal;
  - c) the terms of reference provided to the Member and any instructions agreed with the Principal;
  - d) the output from the Applicable Actuarial Services, including the potential impact of variability on those outputs and drawing attention to any Material implications of those results;
  - e) the methodology, assumptions, Data and other information used;
  - f) a description of Material risks and uncertainties;
  - g) statements of the extent of, and any limitations to, the Member's responsibilities both to the Principal, other Intended Users and to other third parties;
  - h) an outline of the circumstances in which the Advice can be relied on and a statement that the Advice should not be used in other circumstances;
  - i) any restrictions on distribution;
  - j) the date of the Report; and
  - k) identification of the authorship of the Report.
- 6.2.4 Disclosures: The Member issuing a Report should disclose in that Report, if applicable:
- a) any material deviation from the guidance in this or any other applicable Professional Standard (section 1.4);
  - b) any reliance on information prepared by another party for which the Member disclaims responsibility (paragraph 5.3.4);
  - c) any material omissions, understatements, or overstatements (paragraph 4.1.1);

- d) any Data validation (paragraph 5.4.2), adjustments (paragraph 5.4.3), modification (paragraph 5.4.4), and deficiencies (paragraph 5.4.5);
- e) any margins for adverse deviations in assumptions or methodology (paragraph 5.6.4);
- f) any material inconsistency in the assumptions and methodology used (paragraph 5.6.7);
- g) assumptions and methodology that have been prescribed by another party which the Member does not support (paragraphs 5.7.2 and 5.7.3);
- h) assumptions and methodology that are mandated by Law (section 5.8);
- i) the limitations, and uncertainties, of any Model used for the Work, and their broad implications (paragraph 5.9.4);
- j) the threshold of materiality under which the Work is being conducted;
- k) where materiality has been imposed by another party, a statement to that effect (paragraph 4.1.2);
- l) the management actions or responses assumed in any Model used for the Work, and their implications (subparagraph e) of paragraph 5.9.7); and
- m) any material Subsequent Event (section 5.12).

6.2.5 Authorship: The Member issuing a Report should include in the Report:

- a) the Member's name;
- b) if applicable, the name of the organisation 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 Code and actuarial standards under which the Work was performed, if there is any possible ambiguity; and
- f) if applicable, attestations and reliances.

6.2.6 Form: A Report may comprise one or several Communications that may exist in several different formats. Where a Report comprises multiple Communications:

- a) the Member should communicate to all Intended Users which Communications comprise the Report;
- b) 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.
- c) in circumstances where a Member becomes aware that a Report prepared by the Member is no longer relevant or applicable and the Member reasonably believes that that Report continues to be relied upon by a Principal or knows that the report has been provided to third parties who may rely on and be materially affected by an Advice in it, then the Member should notify the Principal and any relevant third parties that the Report is no longer relevant or applicable; and
- d) in any draft Report given to the Principal there should be a prominent indication that the report is in draft form.

6.2.7 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 organisation's accounting or reporting policies. The Member should follow the guidance on disclosure in this and any other Professional Standard applicable to the Member, to the extent reasonably possible within such constraints.