

CARIBBEAN ACTUARIAL ASSOCIATION



***Caribbean Actuarial Association
Standard of Practice***

APS 0: General Actuarial Practice

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Section 1. General**1.1. Purpose**

1.1.1. This Actuarial Practice Standard (“APS”) provides guidance to actuaries of the Caribbean Actuarial Association (“CAA”) 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.

1.1.2. This APS also applies to all members of the CAA and should be read accordingly.

1.2. Scope

1.2.1. This APS 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 It applies to all actuarial services performed by an actuary unless an element of guidance is explicitly superseded by another standard such as a practice-specific standard or by law.

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 which 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.

1.3. Compliance – There are situations where an actuary may deviate from the guidance of this APS but still comply with the APS:

1.3.1. The law may impose obligations upon an actuary. Compliance with requirements of law that conflict with this APS is not a deviation from the APS.

1.3.2. The actuarial code of professional conduct applicable to the work may conflict with this APS. Compliance with requirements of the code that conflict with this APS is not a deviation from the APS.

1.3.3. The actuary may depart from the guidance in this APS while still complying with the APS:

- a. In unusual or unforeseen situations for which the actuary considers this APS to be inappropriate or where compliance with this APS would produce a result that would be inappropriate or would potentially mislead the intended users of the actuarial services; or
- b. If the actuary considers that the effect of the deviation is not material.

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The [actuary](#) shall provide, in any [report](#), an appropriate statement with respect to the nature, rationale, and effect of any such departure.

- 1.3.4. If the [actuary](#) decides that the terms of the assignment conflict with this APS, the [actuary](#) may, subject to 2.1.2, comply with the terms of the assignment, but should report the conflict and, if practical, useful and appropriate under the terms of assignment, report the result of applying the APS.

1.4. Applicability – This APS applies to [actuaries](#) when performing [actuarial services](#). 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 of the [entity](#).

- 1.4.1. The application of this APS is clear when a single consulting [actuary](#) is performing [actuarial services](#) for a client who is not affiliated with the [actuary](#).

- 1.4.2. There are at least two general cases which do not meet the criterion stated in 1.4.1:

- a. A team of [actuaries](#) is performing [actuarial services](#); or
- b. An [actuary](#) is performing [actuarial services](#) for an affiliated party (such as the [actuary](#)'s employer or affiliated entities within a group under common control).

- 1.4.3. When a team is performing [actuarial services](#), and an [actuary](#) takes overall responsibility for the team's [work](#) product, most paragraphs of this APS 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 members of the team are responsible for complying with such requirements and be satisfied that the other team members accept that responsibility.

When a team is performing [actuarial services](#), and a team member who is not an [actuary](#) takes overall responsibility for the team's [work](#) product, an [actuary](#) on the team may not have control of the team's [work](#) product. In this case, the [actuary](#) should interpret the APS within that constraint, and follow the principles of the guidance of paragraph 1.4.4 and of paragraph 3.2.5.

- 1.4.4. If an [actuary](#) is performing [actuarial services](#) for an affiliated party (either individually or as a member of a team), the [actuary](#) should interpret this APS 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 APS, the [actuary](#) should endeavour to observe the spirit and intent of this APS as fully as possible.

- 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.

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- b. If the [actuary](#) believes circumstances are such that including certain content in the [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 a [report](#).

1.5. Reasonable Judgment – The [actuary](#) should exercise reasonable judgment in applying any APS.

1.5.1. A judgment is reasonable if it takes into account:

- a. [Accepted actuarial practice](#);
- b. The spirit and intent of the APS;
- c. The type and scope of assignment, the scope of the decision to which it relates, and the benefit that [intended users](#) would be expected to obtain from the [work](#); and
- d. Appropriate constraints on time and resources.

1.5.2. Nothing in a 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](#).

1.5.3. Any judgment required by the APS (including implicit judgment) is intended to be the [actuary](#)'s [professional judgment](#) unless otherwise stated.

1.6. Language

1.6.1. Some of the language used in all APSs is intended to be interpreted in a very specific way in the context of a decision of the [actuary](#). In particular, the following verbs are to be understood to convey the actions or reactions indicated:

- a. “Must” means that the indicated action is mandatory and failure to follow the indicated action will constitute a departure from this APS, 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 with its normal meaning.

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- 1.6.2. This document uses various expressions whose precise meanings are defined in the Glossary. These expressions are highlighted in the text with a dashed underscore and in blue, which is also a hyperlink to the definition (e.g., [actuary](#).)
- 1.7. Cross-References** – When this APS 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 this APS. The referenced document may be amended, restated, revoked, or replaced after the adoption date. In such a case, the [actuary](#) should consider the extent the modification is applicable and appropriate to the guidance in this APS.
- 1.8. Effective Date** – This APS was approved at a General Meeting of the [Members](#) on December 6, 2019 and is effective for [actuarial services](#) performed on or after December 6, 2019.

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Section 2. Appropriate Practices**2.1. Acceptance of Assignment**

- 2.1.1. When providing actuarial services, the actuary should confirm with the principal the nature and scope of actuarial services to be provided, including:
- The role of the principal;
 - Any limitations or constraints on the actuary;
 - Any requirements that the actuary is required to satisfy;
 - Identification of the schedule and expected cost or resources needed (especially if they are substantial); and
 - The information needed to be communicated to and by the actuary, especially if it is sensitive or confidential.
- 2.1.2. In accepting an assignment for actuarial services, the actuary shall:
- Be competent and appropriately experienced to perform the services;
 - Be satisfied that the assignment can be performed in compliance with the applicable code of professional conduct; and
 - 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 appropriate for the work.

2.2. Knowledge of Relevant Circumstances – The actuary should have or obtain sufficient knowledge and understanding of the data and 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 actuary may use information prepared by another party such as data, opinions of other professionals, projections, and supporting analyses (but excluding assumptions or 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.

- 2.3.1. If the actuary selects the party on whom to rely, the actuary should consider the following:
- The other party's qualifications;
 - The other party's competence, integrity, and objectivity;
 - The other party's awareness of how the information is expected to be used;

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- d. Discussions and correspondence between the [actuary](#) and the other party regarding any facts known to the [actuary](#) 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 [actuary](#) uses information prepared by another party without disclaiming responsibility for that information, the [actuary](#):
- a. Should determine that the use of that information conforms to accepted actuarial practice in the jurisdiction(s) of the [actuary](#)'s services;
 - b. Should establish appropriate procedures for the management and review of the information that the [actuary](#) intends to use; and
 - c. Does not need to disclose the source of the information.
- 2.3.3. If the [actuary](#) states reliance on the information prepared by another party and disclaims responsibility for it, the [actuary](#) should:
- a. Disclose in any [report](#) or other appropriate [communication](#) that fact (including identifying the other party);
 - b. Disclose in any [report](#) or other appropriate [communication](#) 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](#) or other appropriate [communication](#) the steps, if any, that the [actuary](#) took to determine whether it was appropriate to rely on the information and the [actuary](#)'s assessment of the uncertainty inherent in the information used.
- 2.3.4. 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.
- 2.4. Materiality** – In case of omissions, understatements, or overstatements, the [actuary](#) should assess whether or not 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 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:
- 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;
 - 2.4.2. Consider the [actuarial services](#) and the [entity](#) that is the subject of those [actuarial services](#); and

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2.4.3. Consult with the [principal](#) if necessary.

2.5. Data Quality

2.5.1. Sufficient and Reliable Data - 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 that information is substantially accurate. If sufficient and reliable [data](#) are not available, then the [actuary](#) should follow the guidance in paragraph 2.5.5 below.

2.5.2. Validation - 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 that for a prior period or periods.

The [actuary](#) should describe this review in the [report](#).

2.5.3. Sources of Data for Assumptions - To the extent possible and appropriate when setting assumptions, the [actuary](#) should consider using [data](#) specific to the [entity](#) for which the assumptions are being made. Where such [data](#) are 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 the [report](#).

2.5.4. Data Modification - The [actuary](#) should disclose any modification of [data](#) before its use (such as interpolation, extrapolation, adjustment, or discarding of outliers) in any [report](#).

2.5.5. Data Deficiencies - 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:

- 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 [actuary](#)'s code of professional conduct, perform the [actuarial services](#) as well as possible and disclose the [data](#) deficiencies in the [report](#) (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
- Set by the [actuary](#) (2.7);
 - Prescribed by the [principal](#) or another party (2.8); or
 - Mandated by [law](#) (2.9).
- 2.6.2. Where the [report](#) is silent about who set an assumption or methodology, the [actuary](#) who authored the [report](#) will be assumed to have taken responsibility for such assumption or methodology.

2.7. Assumptions and Methodology Set by Actuary – Where the [actuary](#) sets the assumptions and methodology, or the [principal](#) or another party sets an assumption or methodology that the [actuary](#) is willing to support:

- 2.7.1. Selection of Assumptions and Methodology - 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 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 [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.
- 2.7.3. Margins for Adverse Deviations - 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 conservatism or margins for adverse deviations in assumptions or methodology in any [report](#).
- 2.7.4. Discontinuities - The [actuary](#) should consider the effect of any discontinuities in experience on assumptions or methodology. Discontinuities could result from:
- 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

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- 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 [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.
- 2.7.6. Internal Consistency of Assumptions - The [actuary](#) should determine if the assumptions used for different components of the [work](#) are materially consistent, and that any significant interdependencies are modelled appropriately. The [actuary](#) should disclose any material inconsistency in the [report](#).
- 2.7.7. Alternative Assumptions and Sensitivity Testing - The [actuary](#) should consider and address the sensitivity of the 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. If practical, useful and appropriate, the [actuary](#) should report on the results, financial impact and other implications of any sensitivity testing.
- 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 [actuary](#) is willing to support the prescribed assumption or methodology (following paragraph 2.7 as applicable), the [actuary](#) may disclose **in any report** the party who prescribed the assumption or methodology and the [actuary](#)'s support.
- 2.8.2. If the [actuary](#) is unwilling to support the prescribed assumption or methodology because:
- It significantly conflicts with what would be appropriate for the purpose of the [actuarial services](#), or
 - 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,
- 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.
- 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

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results are communicated to any party other than the [principal](#), the [actuary](#) should disclose the source of those assumptions and the [actuary](#)'s [opinion](#) of their appropriateness.

2.9. Assumptions and Methodology Mandated by Law – When an assumption or methodology is mandated by [law](#), the [actuary](#) should disclose in the [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 3.2.2.i and 3.2.2.j, “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 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 [actuary](#) 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 validation includes assessments that:
 - a. 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;
 - 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 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 risks](#).

- 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 [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](#).
- 2.10.4. Be satisfied that there is adequate documentation of the [model](#) design, construction, and operation (including, where appropriate, scope, purpose, methodology, statistical

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quality, calibration, and fitness for intended purpose,) and of the conditions under which it is appropriate to use the [model](#), including any limitations of the [model](#).

- 2.10.5. Be satisfied that the [model](#) is subject to appropriate controls. Where appropriate, this should include a change control process which avoids unauthorized changes to the [model](#), documents any changes made and any material impact on the [model](#), and allows any changes to be reversed.
- 2.10.6. When the results or output of a [model](#) run are to be used:
- Be satisfied that the conditions to use the [model](#) are met;
 - Be satisfied that there are appropriate controls on inputs and outputs of the [model](#);
 - Consider whether the validation described in paragraph 2.10.2 should be performed in whole or in part;
 - 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](#);
 - 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
 - Document, where appropriate, limitations, inputs, key assumptions, intended uses, and [model](#) output.

2.11. Process Management

- 2.11.1. **Process Controls** - The [actuary](#) 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 [actuary](#) should review the results produced by the selected assumptions and methodology for overall reasonableness.

2.12. Peer Review – The [actuary](#) 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 [actuary](#) 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](#).
- 2.12.2. If the reviewer is an [actuary](#), the reviewer should comply with the guidance of any APS, as applicable, in performing the review.

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2.13. Treatment of Subsequent Events – 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](#) **or** [communication](#).

2.14. Retention of Documentation

- 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](#).
- 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 APS is intended to give any person access to material beyond the access that he or she is already authorized to have.

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Section 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 actuary's communication.
- 3.1.1. Form and Content - 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. Where the communication is oral, the actuary should make all material disclosures required by this APS and determine whether the communication should be confirmed in writing.
- 3.1.2. Clarity - The actuary 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 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.
- 3.1.4. Identification of the Actuary - 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 also may be included in the communication, but the actuary's responsibilities are not affected by such identification. The actuary may wish to disclose whether or not the report, or aspects of it, was peer reviewed. 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.
- 3.2. Report** – The actuary should complete a report unless any intended users will otherwise be adequately informed about the results of actuarial services (including access to the supporting information which is necessary to understand these results.) 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.
- 3.2.1. Content - In the report, the actuary should include, if applicable:
- The scope and intended use of the report;
 - The results of actuarial services, including the potential variability of these results and the variance of results from those of a previous report;
 - The methodology, assumptions, and data used;
 - Any restrictions on distribution;
 - The date of the report; and
 - Information on the authorship of the report.

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- 3.2.2. Disclosures - In the report, the actuary issuing the report should disclose, if applicable:
- a. Any material deviation from the guidance in this APS and the rationale and effect of any such departure (1.3);
 - b. Any reliance on information prepared by another party for which the actuary disclaims responsibility and the steps that the actuary took to determine whether it was appropriate to rely on the information (2.3.3);
 - c. Any material omissions, understatements, or overstatements (2.4);
 - d. Any data modification, validation and deficiencies (2.5.4);
 - e. The actuary's assessment of the uncertainty inherent in the information used by the actuary (including any information relied upon) (2.5.5);
 - f. Any conservatism or margins for adverse deviation in the assumptions or methodology used (2.7.3);
 - g. Any material inconsistency in the assumptions used (2.7.6);
 - h. The results and implications of any sensitivity testing conducted (2.7.7);
 - i. Where the report contains the results of an additional calculation using an assumption set requested by the principal which the actuary does not judge to be reasonable for the purpose of the assignment (2.8.3);
 - j. Assumptions and methodology that have been prescribed by another party which the actuary does not support (2.8);
 - k. Assumptions and methodology that are mandated by law (2.9); and
 - l. The limitations, and uncertainties, of any model used for the work, and their broad implications (2.10.3);
 - m. The management actions or responses assumed in any model used for the work, and their implications (2.10.6.e);
 - n. Any material subsequent event (2.13).
- 3.2.3. Authorship - The actuary issuing the report should include in the report:
- a. The actuary's name;
 - b. If applicable, the name of the organization on whose behalf the actuary is issuing the report, and the actuary's position held;
 - c. The capacity in which the actuary serves in issuing the report;
 - d. The actuary's qualifications;
 - e. The code of professional conduct and actuarial standards under which the work was performed, if there is any possible ambiguity; and

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- 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 actuary should communicate to all intended users which communications comprise 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.
- 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 actuary should follow the guidance of this APS to the extent reasonably possible within such constraints.