



Hrvatsko aktuarsko društvo
Martićeva 73, Zagreb

GENERAL MEETING

PROPOSAL

Pursuant to Article 29 of the Articles of Association of the Croatian Actuarial Association (hereinafter referred to as the CAA), the General Meeting of the CAA, at its ordinary session held in Zagreb on 2 July 2009, adopted the following

PROCEDURE FOR THE ISSUANCE OF NEW AND CHANGES TO THE EXISTING CAA ACTUARIAL STANDARDS OF PRACTICE

1. *Definition and purpose of Actuarial Standards of Practice*

Actuarial Standards of Practice (hereinafter: ASOPs) set minimum standards on matters such as the methodology to be employed, the approach to be used in setting assumptions, content of the resulting report or opinion and the way in which the report or opinion should be presented. They deal with issues of key importance for the actuary activity. The intention of the ASOPs is to achieve greater consistency of approach to actuarial practice in a given situation. All members of the CAA are obliged to apply the ASOPs. Non compliance with the above shall be considered disciplinary breach.

Individual terms and abbreviations shall have the following meanings for the purpose of this document:

- ASOP - Actuarial Standard of Practice
- Committee - committee for the development of a specific ASOP nominated by the Board of Directors of the CAA
- interested parties - *members of the CAA and third parties if relevant for the ASOP that is being developed (e.g. legislation and regulatory institutions for insurance and insurers' associations)*

2. *Procedure for the issuance of new ASOPs and changes to the existing ASOPs*

A change to an existing ASOP can be material or not. If the change to an existing ASOP is fundamental, the same procedure shall apply as for the issuance of a new ASOP. If the change is not fundamental (e.g. formal changes, proof-reader's corrections, update with new names and/or references and similar), the Committee shall forward the modified ASOP to the Board of Directors who will include the modification of the said ASOP in the agenda of the next General Meeting of the CAA. The Board of Directors of the CAA shall decide whether the change is fundamental or not.

The procedure for the issuance of **new ASOPs and fundamental changes to the existing ones** is as follows:

a. Decision to begin with the ASOP development

The CAA Board of Directors shall adopt a Decision to begin an ASOP development. The Decision shall contain:

- i. name and short description,
- ii. name of the person or organization requesting the issuance of an ASOP, if applicable
- iii. clearly explained need for the issuance
- iv. commentary on non-existence of conflict with the existing standards and norms of professional conduct
- v. date the development will begin and the expected date of application, and
- vi. Committee with the names of members designated to work on the development of the said ASOP

The CAA Board of Directors shall adopt the above decision in the manner prescribed by the Articles of Association of the CAA and shall publish the same on the CAA website and deliver it to the CAA members and organization which has requested the issuance of the said ASOP, if such exists.

Before adoption of the said decision, the CAA Board of Directors can request additional information.

b. ASOP development

- i. *The Committee* shall draw up the first working draft of the ASOP. The said working draft need not contain solutions to all controversial issues but it can provide alternative solutions and questions to which commentaries can be expected.
- ii. The Committee in charge of the ASOP development shall send the said draft to the CAA Board of Directors for approval.
- iii. The CAA Board of Directors can either approve or refuse the working draft. If the draft is refused, the Board of Directors shall send it back, with commentaries, to the Committee for correction. If the draft is approved, the CAA Board of Directors will send the working draft of the ASOP to all *interested parties* as well as the notification on the beginning and duration of the term during which it shall receive comments. The period designated for the receipt of comments cannot exceed 4 months.
- iv. Upon expiry of the period designated for the receipt of comments, the CAA Board of Directors and the Committee shall consider the comments and decide on their admissibility. In decision-making, they are entitled to request opinion from individual actuaries and/or other experts. If key comments are contradictory, the CAA Board of Directors can organize a round table on the subject of the ASOP.
- v. Taking into consideration comments and decision from paragraph iv, the Committee shall prepare a new working draft of the ASOP with changes explained and will send it to the CAA Board of Directors for approval.
- vi. The CAA Board of Directors can approve or refuse the new working draft. If the draft is refused, it shall be returned with commentaries to the Committee for correction. If the draft is approved and if changes in respect or the previous working draft are significant, the CAA Board shall dispatch to all *interested*

parties the new working draft of the ASOP with clearly marked changes and comments as well as the notification on the beginning and duration of the period designated for the receipt of comments. The new period designated for the receipt of comments cannot exceed 2 months.

- vii. Depending on received comments, steps iv, v and vi are repeated.
- viii. After the CAA Board of Directors has approved the final version of the ASOP, the Committee shall draw a final report which must contain a detailed description of the development of ASOP, how different opinions have been reconciled and the reason why the proposed solution has been accepted.
- ix. The CAA Board of Directors shall decide on including the ASOP in the agenda of the next CAA General Meeting.

c. The Decision on the issuance of an ASOP:

- i. At the annual General Meeting of the CAA, the ASOP proposal is put to vote based on the decision of the CAA Board of Directors from 2.b.ix. The materials for the General Meeting must contain, in addition to the ASOP proposal, the Committee's final report.
- ii. After the General Meeting has adopted the ASOP, the same is dispatched to all interested parties and published on the CAA website.

3. *The form of an actuarial standard of practice Forma standarda aktuarske prakse*

The ASOP must be drawn up in the form prescribed by the CAA Board of Directors.

The ASOP must contain:

- a. subject,
- b. scope of application,
- c. date of application and
- d. other depending on the subject of the ASOP as determined by the Committee

4. *International Standards of Actuarial Practice (ISAP)*

The CAA Board of Directors can propose a decision that the CAA accept a particular International Standard of Actuary Practice issued by the IAA (International Actuarial Association) ili GC (Groupe Consultatif Actuariel Européen) in whole. In that case, the procedure stated under item 2b shall not apply and the final report of the Committee should contain the reason for acceptance of the ISAP in whole. As a rule, the ISAP is adopted in Croatian translation at the General Meeting. The original ISAP and its translation into Croatian are then sent to the interested parties and published on the CAA website.

Zagreb, 02.07.2009