

## Actuarial practice guideline

### 1. Introduction

This guideline is intended as a supplement to the code of conduct in relation to actuarial work. In producing it, the intention is that the trust of clients and the public in our work should be enhanced, without diminishing the creativity and personal judgement of our members.

The International Association of Actuaries (IAA) and the Actuarial Association of Europe (AAE) have also developed standards that can be adopted by the member associations either unchanged or modified.

The SAA has decided to continue maintaining its own guidelines, following on from the existing framework dated 1 August 2009. The fundamental elements of these guidelines are in line with ISAP 1 (International Standard of Actuarial Practice) from the IAA and ESAP 1 (European Standard of Actuarial Practice) from the AAE.

These guidelines will constitute part of an actuary's training in the requirements for professional conduct, while establishing the basis for valuating any disputes in the SAA Commission.

### 2. Scope

These guidelines are intended for all SAA members (hereinafter "members"), providing actuarial services or submitting actuarial opinions on issues. It is binding on members of the SAA Actuaries' section. Deviations from these guidelines are permissible if there are reasonable grounds. The Commission will base decisions relating to disciplinary proceedings on these guidelines and judge the appropriateness of justifications for any deviations from them.

### 3. Actuarial practice

3.1 Members deliver actuarial services only when in possession of the necessary qualifications and experience, unless they are carrying out a mandate in collaboration with or under the supervision of an expert who possesses the necessary knowledge or experience. In addition to knowledge of a purely actuarial nature, the necessary expertise includes knowledge of the pertinent laws, guidelines and the code of conduct. Members should also consider whether new and emerging risks (including climate change, sustainability, and other technological, economic, political, and legislative changes) are relevant to the actuarial services delivered. In accordance with the actuarial reserves for statutory accounting or reporting for a supervisory authority, members must be conversant with and take due account of the relevant accounting principles, national statutory requirements and valid

directives. To guarantee the quality of the work, members must consider the necessary time and resources.

3.2 In providing their services, members may use, base their work on and rely upon the results and products of the work of third parties only if they are aware of the underlying processes and control mechanisms of such work that they themselves have not carried out and if said processes and mechanisms are documented. It must be clear where members have relied or based their work on the work of a third party and the source must be stated. It must be made clear if no responsibility is accepted for this part of the work. If the end product is the work of a team, the team leader is the responsible.

3.3 Members must carry out the checks necessary to enable them to evaluate the suitability and quality of the data used.

3.4 Important verbal statements must be confirmed in writing.

3.5 Written statements, reports and resources (here below "report")

3.5.1 It should be clearly specified to whom the report is being addressed and the role being assumed by members in the evaluation. In particular, the identity of the client or principal client and the purpose and scope of the mandate should be specified.

3.5.2 The data used must be described and evaluated. In particular, it should be clear whether the member considers the data reliable and appropriate or has limitations including in relation to new and emerging risks (such as climate change, sustainability, and other technological, economic, political, and legislative changes).

3.5.3 It should be stated, documented and evaluated which assumptions and methods have been used by the member. The report should provide an indication as to how far the methods and assumptions have been modified since the last report of this nature and the scope of these modifications. Furthermore, the report should provide information about the sensitivity of the results in terms of the basis selected and any potential events related to the results.

3.5.4 If certain parameters, models or assumptions legally prescribed or laid down by the client are not considered appropriate by the member within the given context or purpose in question, this should be mentioned in an unambiguous manner within the report. What is more, they should also indicate the influence on the results of the assumptions and models that they deem appropriate.

3.5.5 Any recommendations made in a report should contain the information on each relevant factor and on the results of members' research required by the recipient of the report so as to be able to judge the suitability of the recommendations and the consequences of their implementation.

3.5.6 Written reports on point estimates of expected values should indicate that future observations will usually deviate from these estimates. The point estimate is to be accompanied by a statement on uncertainty where possible, and can consist of a distribution, confidence interval, standard deviation or other appropriate value or information and can, if necessary, be supplemented by special scenario observations.

3.6 Members should communicate such that the recipient is able to understand the conclusions and core messages. This point is particularly important if the methods used by members deviate from those generally used by recipients or if the conclusions of members deviate from the expectations of the recipient.

3.7 Insurance terminology comprises a series of frequently used terms that may not be generally understood or can be interpreted in various ways. Members should ensure that such terms are clearly defined.

3.8 Members providing advice of an actuarial nature on pension schemes in the 2nd Pillar shall adhere, in addition to the SAA guidelines, to the general principles and guidelines for pension fund experts published jointly by the SAA and the Swiss Chamber of Pension Fund Experts, as well as to the directives and official communications of the Occupational Pension Supervisory Commission (OPSC).

3.9 Members shall determine the extent to which a report should be reviewed by a third party before it is ultimately submitted to the intended users. The purpose of third-party review is to ensure the quality of a report. If a review is deemed necessary, it must be carried out independently and the auditor must be able to demonstrate sufficient knowledge and experience in the field concerned.

3.10 Members shall keep the necessary documents for a reasonable period of time in order to facilitate third-party review or audit. The storage of documents must comply with legal requirements and the specifications of the client. Documentation will be considered sufficient if it is detailed enough for another qualified member in the same field to comprehend the work and to understand and evaluate the assumptions made.

**Approved by the Board on 1 December 2023**