

Policy on Due Process for the Approval of Guidance Material other than Standards of Practice and Research Documents

Document 222105

Purpose and Scope

This document describes the Institute's process for the approval of educational notes and educational note supplements, updates, minor amendments, and explanatory reports, hereinafter collectively referred to as "guidance material" unless indicated otherwise. The process for adoption/approval of Standards of Practice, research reports and papers, public positions and material such as papers written by individual members, is outside the scope of this document.

Specifically, this policy outlines the roles and responsibilities of the Actuarial Guidance Council (AGC), as well as the practice committees, subcommittees, working groups, and task forces that develop the guidance material, and describes the process of consultation with members and other interested parties. This policy has been developed in accordance with the CIA Policy on Councils, which outlines the duties and purpose of the AGC.

Policy Statements

1. Protocol for the Adoption of Educational Notes (EN)

- a. Before any significant work is undertaken, the AGC reviews a written statement of intent outlining the scope of the project; the statement of intent may take the form of a brief e-mail addressed to the chair of the AGC. The AGC considers the statement of intent from a broad perspective, ensuring there is a strong rationale to have the EN and taking into account the CIA's priorities, and decides on a two-thirds approval basis, in consultation with the relevant group, whether to develop such material. As ENs should be enduring and need to be maintained, the scope of the project should also include a commitment to periodically review the EN and, if necessary, update or withdraw it.
- b. If an EN is to be developed, the AGC refers the development work to a Working Group (WG), which is normally an existing practice committee or task force, but it may be developed from time to time by another group designated by the AGC. If the development work is referred to a working group or subcommittee of a practice committee, requirements of the WG referenced hereafter are deemed to include the practice committee as well. The AGC and the WG work together to identify other relevant committees or task forces whose input will be required. Where feasible and relevant, the AGC and WG solicit input from all

CIA members and other relevant, interested parties outside the CIA, such as regulators, other actuarial bodies, other professions and other relevant groups.

- c. The WG is responsible for the development and discussion of technical substance, and for drafting the EN. The WG is responsible for seeking and coordinating input on each draft with significant changes from the previous draft from all the groups identified, and making final decisions on content in the version presented to the AGC for approval. The WG is encouraged to present early drafts of the EN to the AGC prior to the submission of the final version of the EN to the AGC for approval. If a group involved in the development of the EN disagrees with a final decision on content, that group should communicate that disagreement with the chair of the WG and chair of the AGC for resolution before the EN is presented to the AGC for approval. The WG may also wish to consider the appropriateness of including a sunset clause in the EN.
- d. The WG may consider the appropriateness of exposing the EN in draft form prior to approving the final document. However, such exposure is not a requirement of due process. Where a draft EN is being exposed:
 - i. The draft EN and the cover letter to members must clearly indicate that the guidance material is being exposed in draft form;
 - ii. The cover letter is not signed; and
 - iii. All aspects of due process that do not conflict with the foregoing two sub-clauses are to be followed.
- e. When considering exposure of the EN, the solicitation of input and the appropriateness of a legal review, the WG consults with the AGC on the nature of such exposure, solicitation, and legal review.
- f. All ENs are subject to review by the Head Office who will edit, and verify them for internal consistency, as well as for consistency with the Standards of Practice, prior to submission to the AGC for approval.
- g. ENs are approved by the WG as affirmed by a vote of at least two-thirds of its members.
- h. The WG submits the EN to the AGC for approval, together with a cover note that includes:
 - i. Its recommendation that the AGC approve the EN for distribution to members and other interested parties;
 - ii. The list of relevant parties from whom input has been solicited;
 - iii. A summary of the major issues raised by members and other interested parties, together with the WG's response thereto and the rationale for that response;
 - iv. Confirmation that due process was followed in the development of the EN and that it has been reviewed by legal counsel, if applicable;

- v. Where applicable, confirmation that the EN is a minor or technical amendment to an existing document; and
- vi. A description of how the EN meets the criteria for the approval of guidance material identified in section 3 below;
- i. The EN will also comprise a cover letter to members that includes:
 - i. The purpose of the EN including a succinct outline/rationale for guidance material. The cover letter should avoid giving biases/advocating any particular approaches. It also lists the CIA practice committees, task forces and any external stakeholders consulted.
 - ii. Confirmation that due process has been followed in the development of the EN;
 - iii. The date of final AGC approval;
 - iv. Contact information, as applicable for, the chair of the practice committee and the chair of the WG; and
 - v. Signatures of the AGC chair and the practice committee chair.
- j. Although approval of the guidance material by the Actuarial Standards Board (ASB) is not required, the AGC should advise the ASB of the nature and scope of the material that is being developed. In addition, it is recommended that the AGC provide a copy of the EN and the WG's cover note to the ASB for information prior to approval.
- k. If the ASB provides input on the EN, the AGC must consider the input, and either ensures that the input is appropriately reflected in the EN or explain to the ASB why the suggestions are not being adopted.
- l. The AGC may make any amendments to the EN and cover letter that it considers appropriate prior to its vote, provided it receives concurrence, in advance of the AGC vote, from the WG or any other interested party regarding the appropriateness of the amendments.
- m. The EN is approved for distribution based on compliance with the criteria in section 3 below and as affirmed by a majority vote of two-thirds of AGC members.
- n. As part of its approval process, the AGC also approves the French version of the EN. Approval by the AGC can occur prior to completion of the French technical review. However, if as a result of this review process, significant changes are needed to the French version, the AGC will re-approve the French version.
- o. Where approval of the EN by a committee, task force, WG, or the AGC is referenced in this document, it is nonetheless acceptable to approve the EN subject to minor changes in presentation or wording (e.g., spelling, punctuation, grammar, cross references, or correction of translation). The final

version of the EN would then be reviewed by a small group appointed for that purpose (e.g., the chair of the WG in consultation with the CIA Head Office).

- p. If the AGC does not approve the EN for distribution to members, the AGC decides whether to abandon the EN or ask the WG to prepare a new version for approval.

2. Protocol for the Adoption of Educational Note Supplements, Updates, Minor Amendments, and Explanatory Reports (Other Guidance)

- a. Where at least two-thirds of the AGC agree, other guidance can be developed in place of or in addition to an EN. If the AGC does not so agree to apply the protocol in this section for other guidance, section 1 of this policy applies. When assessing the merits of following the condensed due process for other guidance (see below), the AGC should consider the time sensitivity, the materiality and impact of the change in guidance, and the likelihood the guidance might be contentious.
- b. Where other guidance is to be developed, the chair of the AGC refers the development of the material to a Working Group (WG).
- c. The chair of the AGC designates an Authorizing Committee (AC) consisting of at least three members of the AGC who are not already serving as members of the WG. In establishing the AC, the chair would normally include one AGC member who is outside of the relevant practice area.
- d. The WG considers whether the material to be developed can be characterized as being either (i) a minor or technical amendment of the source EN, (ii) short-term guidance that updates prior guidance and which is intended to have effect over a predetermined period of time, or (iii) is of an explanatory nature to assist or supplement an EN. Where such characterization is inappropriate, a new EN may be developed instead of an EN supplement or minor amendment.
- e. If the AGC considers a proposed amendment to an EN to be minor or technical in nature, there would usually be no need to solicit input in the development of the amendment.
- f. Other guidance must be approved by the WG as affirmed by a vote of at least two-thirds of its members.
- g. The WG submits the other guidance to the AC for approval, together with a cover note that includes:
 - i. Its recommendation that the AC approve the other guidance for distribution to members and other interested parties;
 - ii. The list of relevant parties from whom input has been solicited;
 - iii. Confirmation that the other guidance can be characterized as a minor, technical, or timing-specific amendment of the source EN;

- iv. Confirmation that due process was followed in the development of the other guidance; and
 - v. A description of how the other guidance meets the criteria for the approval of guidance material identified in section 3 below.
- h. Other guidance normally includes a cover letter to members. Where appropriate, the letter will state:
- i. The purpose of the document including a succinct outline/rationale for guidance material and avoids biases/advocating any particular approaches. It also lists the CIA practice committees, task forces and any external stakeholders consulted.
 - ii. Confirmation that due process has been followed in the development of the document;
 - iii. The guidance material which the document is updating;
 - iv. The publication date of the guidance which is being updated;
 - v. Contact information, as applicable, for the chair of the practice committee and chair of the WG; and
 - vi. Signatures of the AGC chair and the practice committee chair.
- i. As part of its approval process, the AC also approves the French version of the other guidance. Approval by the AC can occur prior to completion of the French technical review. However, if as a result of this review process, significant changes are needed to the French version, the AC will re-approve the French version.
- j. If the AC agrees that due process has been followed in the development of the other guidance that it meets the threshold of quality for release and is not in conflict with applicable Standards of Practice, the other guidance is approved for distribution to CIA members.
- k. Other guidance can be published as a stand-alone document if it contains appropriate references to the source EN.
- i. If the AC does not approve the other guidance for distribution to members, the AC decides whether to abandon the other guidance or ask the WG to prepare a new version for approval.

3. Criteria for the Approval of the Contents of Guidance Material

- I. The AGC adheres to the following principles:
 - a. Advances the public interest
 - i. It is of paramount importance for the AGC to hold the duty of the profession to the public above the interests of the profession and its members.

- ii. Guidance material is drafted to be suitably understandable, appropriately balancing the needs of the profession and the public who rely on them.

b. Relation of Guidance Material to Standards of Practice:

- i. Do not conflict with Standards of Practice

General principles are outlined in standards of practice. The role of guidance material is to provide supplementary guidance to standards of practice. Guidance material is intended to be more specific to demonstrate approaches that might be taken and/or to provide detailed application of standards or certain aspects of standards. Guidance material should avoid being interpreted as a standard.

- ii. Contributes to narrowing the range of practice among actuaries

Guidance material often defines a reasonable range within which the standards may be applied using appropriate application of professional judgment.

II. The AGC fulfills the following governance role for technical content:

- a. The AGC's main responsibility is to ensure that due process was robust; in particular, sufficient input was obtained from all relevant CIA practice committee(s) and, where appropriate, from external stakeholder(s) if any, and was duly considered.
- b. Except in unusual circumstances, the AGC does not override technical decisions by the WG. The AGC relies on the WG for the ultimate responsibility for the accuracy of guidance material.
- c. The AGC ensures it is adequately satisfied, as applicable, with its understanding of:
 - i. The interrelationships with other applicable guidance material including avoiding conflicts with other guidance material wherever possible.
 - ii. The most contentious issues, both within the WG and among practice committees/stakeholders consulted, and the WG's thought process/rationales in reaching conclusions.
 - iii. Any substantial issues the WG consciously decided to exclude from the guidance material and the thought process/rationale for their exclusion.
 - iv. If applicable, the WG's rationale for the extent to which guidance by other actuarial organizations were considered.
 - v. The appropriateness of the degree of consistency among practices areas.

III. The AGC ensures guidance material is suitably drafted:

- a. Written in a well-organized, clear, concise and consistent style

The drafting style for guidance material should avoid ambiguity, and ensure that editing and future changes can be made with relative ease. The language used should not be directive. Use of terminology and abbreviations should be consistent and appropriate.

b. Practical in their application

Guidance material should provide clear, specific, and practical guidance; it is not useful to create guidance material that is extraordinarily difficult to apply in practice.

c. States that compliance with guidance material is not mandatory

All guidance material must include a not-binding disclaimer as indicated in the appendix to this document.

d. Contents of the guidance material:

- i. Should minimize any statements made without providing proof to those that are obvious. Conversely, proof statements (and explanations) should be effectively succinct.
- ii. Should minimize, as appropriate, advocating any particular approaches.
- iii. May include an appropriate number of illustrative examples. If examples are included, it should be stated that they are not necessarily exhaustive.
- iv. Should include links for referenced documents.

Exemptions

N/A

Escalation Procedures/Management of Non-compliance with this Policy

N/A

Definitions and Abbreviations

N/A

Associated Documents

[Policy Governing Research](#)

[Policy on Due Process for the Adoption of Standards of Practice](#)

[Policy on Councils](#)

References	
N/A	

Monitoring, Evaluation, and Review	
Approval date	April 12, 2022
Effective date	April 12, 2022
Approval authority	Actuarial Guidance Council (AGC)
Review owner	Actuarial Guidance Council (AGC)
Prior review and revision dates	May 17, 2016; June 27, 2018; December 10, 2019
Review cycle	Every five years
Next review date	2027

Appendix – Cover Page Notes

The following text must be present on the cover page of all guidance material approved by the Actuarial Guidance Council (“AGC”), in accordance with the *Policy on Due Process for the Approval of Guidance Material other than Standards of Practice and Research Reports* (i.e., educational notes, educational note supplements, updates, minor amendments, and explanatory reports.)

A. Educational Notes

The actuary should be familiar with relevant educational notes. Educational notes are not binding; rather they are intended to illustrate the application of the standards of practice. A practice that an educational note describes for a situation is not necessarily the only accepted practice for that situation nor is it necessarily accepted practice for a different situation. Responsibility for ensuring that work is in accordance with accepted actuarial practice lies with the actuary. As accepted actuarial practice evolves, an educational note may no longer appropriately illustrate the application of standards. To assist the actuary, the CIA website contains a reference of pending changes to educational notes.

Educational Note Supplements, Updates, Minor Amendments, and Explanatory Reports (“Other Guidance”)

The actuary should be familiar with relevant other guidance. They expand or update the guidance provided in an educational note. They do not constitute standards of practice and are, therefore, not binding. They are, however, intended to illustrate the application of the Standards of Practice, so there should be no conflict between them. The actuary should note however that a practice that the other guidance describe for a situation is not necessarily the only accepted practice for that situation and is not necessarily accepted actuarial practice for a different situation. Responsibility for the manner of application of standards of practice in specific circumstances remains that of the members. As standards of practice evolve, other guidance may not reference the most current version of the Standards of Practice; and as such, the actuary should cross-reference with current Standards. To assist the actuary, the CIA website contains an up-to-date reference document of impending changes to update other guidance.