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## GLOSSARY OF GENERAL DEFINED TERMS USED IN PRACTICE GUIDELINES

### March 2020

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This glossary is a repository of defined terms used in certain Practice Guidelines. It is not a Practice Guideline and has no authority of its own. Any defined term used in a Practice Guideline takes the authority of that Practice Guideline.

Other capitalized terms used in this glossary are defined in the Code.

**AASB 119** – Australian Accounting Standard 119 Employee Benefits, including any Interpretations from the Australian Accounting Standard Board, as issued through August 2015.

**Accepted Actuarial Practice** – A practice or practices that are generally recognized within the actuarial profession as appropriate to use in performing Applicable Services within the scope of a Practice Guideline (PG) or Professional Standard.

**Accounting Policies** – As defined in AASB 108.

**Adoption Date** – The date on which this PG was adopted as a final document by the Council of the Institute.

**Applicable Professional Practice Document (Applicable PPD)** – A Professional Standard or Practice Guideline that covers Applicable Services.

**Applicable Services** – Services that are designated in an Institute Professional Standard or Practice Guideline as being Applicable Services.

**Communication** – Any statement (including oral statements) issued or made by a Member with respect to Applicable Services.

**Code** – The Code of Conduct of the Institute.

**Constructive Obligation** – As defined in AASB 137.

**Data** – 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.

**Employee Benefit** – As defined in AASB 119.

**Evaluation Date** - The date at which an Insurer Enterprise Risk Model is being considered or reviewed.

**IAA** – The International Actuarial Association.

**IAS 19** – International Accounting Standard 19 Employee Benefits, including any Interpretations from the International Financial Reporting Interpretations Committee or the Standing Interpretations Committee thereon, as issued through September 2014.

**Insurer** – A company that has written or reinsured or proposes to write or reinsure, policies of life insurance, general insurance including lenders mortgage insurance or health insurance.

**Insurer Enterprise Risk Model** – A Model that is developed to evaluate the risks of an Insurer. Examples include but are not limited to:

- Solvency and Capital models
- Stress and Scenario testing models
- Reinsurance models including catastrophe and pandemic scenarios.

**Intended User** – Any legal or natural person (usually including the Principal) whom the Member intends to use the output of the Applicable Services at the time the Member performs those services.

**Law** – Applicable acts, statutes, regulations, prudential standards, subordinate standards, rules issued by government authorities or any other binding authority (such as accounting standards, standards issued by professional bodies and any regulatory guidance that are effectively binding).

**Material** – Relevant to the circumstances and either important or essential in the opinion of the Member. For this purpose, “Material” does not have the same meaning as in Australian accounting standards. “Materially” has a meaning consistent with “Material”.

**Measurement Date** – The date as of which the value of an asset or liability is presented, whether or not the actual calculations have been made as of a different date and rolled forward or back to the measurement date.

**Model** – A simplified representation of relationships among organizations or events using statistical, financial, economic, or mathematical concepts. A model has a specification, uses assumptions, Data and methodologies to produce results that are intended to provide useful information on that system.

**Model Governance** – The application of a set of procedures and an organizational structure designed so that Intended Users can place their confidence in the results of the Model.

**Model Risk** – 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.

**Opinion** - An opinion expressed by a Member and intended by that Member to be relied upon by the Intended Users.

**Principal** – The party who engages the provider of the Applicable Services. The Principal will usually be the client or the employer of the Member.

**Professional Judgment** – The judgment of the Member based on actuarial training and experience.

**record** – To include information within working papers or other documentation, but this information does not need to be included in written Reports or similar Communication.

**Report** – The Member’s Communication(s) presenting some or all of the output of Applicable 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.

**Reporting Entity** – As defined by the Australian Accounting Standards Board in the Statement of Accounting Concept 1 Definition of the Reporting Entity.

**Services** – Any engagement, work, findings, advice or act of a Member as an actuary and includes services that are provided on a pro-bono basis.

**Subsequent Event** – An event of which the Member becomes aware after the valuation date (or date to which the Applicable Services refer) but before the Member’s Communication on the results of these Applicable Services is delivered.

**Work** – All actuarial activities performed by a Member related to the Applicable 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.