



15th Nov., 2011

Comments on Exposure Draft - Indian Accounting Standard (Ind AS) 19 (as amended) *Employee Benefits*

<i>Comment</i>	1
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<i>Paragraph Number</i>	59
<i>Current Wording</i>	This standard encourages, but does not require, an entity to involve a qualified actuary in the measurement of all material post-employment benefit obligations. For practical reasons, an entity may request a qualified actuary to carry out a detailed valuation of the obligation before the end of the reporting period. Nevertheless, the results of that valuation are updated for any material transactions and other material changes in circumstances (including changes in market prices and interest rates) up to the end of the reporting period.
<i>Rationale for alternate wording</i>	<p>The measurement of employee benefits requires actuarial valuation method and assumptions. It would be more appropriate to involve a “qualified actuary” in such a measurement exercise, such qualification to be identifiable in terms of Indian Laws and the “qualified actuaries” regulated under Professional Conduct Standards enforceable within and under Indian Laws. In India, the Actuaries Act., 2006 empowers the Institute of Actuaries of India (www.actuariesindia.org) to qualify and regulate Actuaries. In the public interest, therefore, it is appropriate that the Institute of Actuaries of India (IAI) and ICAI work in tandem.</p> <p>The wordings of paragraph 59 gives scope for performing the measurement by unqualified persons in the actuarial valuation exercise and consequently the ICAI will have limited avenues of enforcing conduct standards on such a person.</p>



Institute of Actuaries of India

Alternate Wording

This standard requires an entity to involve a qualified actuary in the measurement of all material post-employment benefit obligations. For practical reasons, an entity may request the qualified actuary to carry out a detailed valuation of the obligation before the end of the reporting period. Nevertheless, the results of that valuation are updated for any material transactions and other material changes in circumstances (including changes in market prices and interest rates) up to the end of the reporting period.

Comment

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Commenter

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Paragraph Number

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Current Wording

None

Rationale

For the reasons explained in connection with paragraph 59 it is imperative that the “qualified actuary” is defined. Such definition to be legally sound within provisions of the Indian Laws and the “qualified actuary” is subject to Professional Conduct Standards which are legally enforceable within India. Consequently such a “qualified actuary” has to be an “actuary in practice” as defined under Section 2 (2) of the Actuaries Act, 2006. We also propose that any “qualified actuary” desiring to prepare actuarial report within the meaning of the Ind AS 19 should have Certificate of Practice (CoP) issued by the Institute of Actuaries of India (IAI) for carrying out such actuarial report. The IAI proposes to work along with ICAI so as to ensure that conditions required for CoP are in sync with requirements, if any of the ICAI. IAI also proposes to work with ICAI so as to have Audit Protocol agreed between the two bodies so as to ensure that role boundaries of Actuary and Auditor are well defined and understood.



Institute of Actuaries of India

Alternate Wording

Qualified Actuary means Fellow Member of Institute of Actuaries of India holding Certificate of Practice as issued for the purpose by the Institute of Actuaries of India.

The undersigned will be happy to engage in discussions with ICAI in respect of the above points and any other point/s that the ICAI may consider beneficial.

Regards

Liyaquat Khan
