

INFORMATION NOTE ON DRAFTING OF GUIDANCE

Introduction

This note sets out some issues to be considered in drafting and reviewing actuarial guidance. It has been structured around key drafting issues, with guidance on each. It is intended to assist practice area committees / members involved in drafting of such guidance. Where it touches on topics also covered in other material (such as professional guidance frameworks or templates for professional guidance documents) it is intended to be supplementary only. The aim is to assist guidance drafters in improving the quality of the professional guidance created for members*.

Status of Guidance

Should guidance be a Standard of Actuarial Practice (SAP), an Actuarial Practice Note (APN) or an Information Note? (To what extent should compliance with this specific piece of guidance be mandatory versus advisory?)

- Information on the distinction between Standards of Actuarial Practice versus Actuarial Practice Notes is available on the Society's website.
- Frequently the purpose of a guidance note can clarify whether it should be advisory or mandatory. Post drafting, check the content back against the purpose to ensure only the correct content is included. (Adding additional content not related to the purpose of mandatory guidance may lead to inappropriate or advisory content starting to appear in mandatory guidance.)
- It is possible to draft a single guidance note that contains both mandatory and advisory content. However, it is preferable if this is contained in different documents, or with advisory content as a clearly stated advisory-only appendix within the standard, as it is very difficult to keep the distinction between these two types of content clear in the text itself. Should a single guidance note contain both types of content, a very rigorous exercise must be done to check that the distinction between mandatory and advisory content is made very clear in every single instance.
- Where you have a mandatory guidance note, check that every obligation created will be enforceable and can and should reasonably be complied with. Creating obligations that cannot be complied with or enforced must be avoided. Consider replacing excessively onerous obligations (when considering the cost vs the aim of the obligation) by more proportionate obligations. (This can avoid guidance ending up stifling innovation or causing inappropriate cost of compliance). Where mandatory guidance is enforceable and appropriate but might in some scenarios become impossible to comply with or inappropriate or unenforceable, then ideally review and clarify the obligation to allow for such scenarios.
- Only create rules where essential. Principles tend to create fewer inappropriate obligations than rules. (Rules are more likely to be or become inappropriate in some scenarios than principles.)
- Part of reviewing draft guidance should include reviewing far-reaching words to ensure every single desired obligation is created, but that only desired obligations are created. Especially verbs such as "should", "must", "may", etc. are key as they can lead to very

* Assistance in delivering actuarial guidance achieving the principles in this note may be available from the Office. Guidance drafters should contact them timeously where they expect such assistance will be required.

different obligations. Descriptors like “all”, “every”, “always”, “no”, “never” etc. can also inadvertently create inappropriately onerous obligations.

- Where lists of expectations are provided (bulleted or within text), specifically check the use of conjunctions (particularly AND versus OR, but also neither, nor, etc.). This is helpful to avoid the way lists are punctuated creating unintendedly onerous or lenient obligations.

Intended Audience

To whom should the guidance apply?

- Where it applies to multiple subsets of actuaries (e.g. “senior actuaries and all actuaries that support them”), check that for every paragraph that expectations are both clear and appropriate for each of the different “roles” for whom the guidance is intended. Where a guidance note is mandatory, also confirm the appropriateness of wording (as per the previous section) for every paragraph using that lens across the different “roles” who may be within the ambit of the guidance note. Make sure that expectations that are appropriate with respect to one category of members does not create inappropriate burdens for another category of members. (It is possible for one topic to require mandatory guidance for some members but only advisory guidance for other members. If so, consider creating separate guidance documents).
- A guidance document can only place requirements on those to whom it applies. As such, guidance note wording should not create expectations or obligations on those to whom it doesn't apply. (As an obvious example, obligations can't be placed on non-actuaries. Similarly, it can only create duties for board members if dealing specifically with guidance for actuarial board members).

Structure

How should you decide on the use of sections, headings, cross-references, etc.?

- Divisions and headings are essential for readability. However, ensure that the wording of the content itself is such that reliance on divisions or headings are not required for clarity on expectations.
- Design the structure (e.g. sections) before drafting starts, to avoid repeating content across sections or having a confusing flow of content across sections. Once drafting is done, review the grouping of content to ensure it is useful and improves clarity. If not, edit to improve.
- Appendices / annexures might be useful, but their status and content should be referenced and positioned in the body of the guidance note itself.
- Be very careful when creating cross-references to other guidance. It can create onerous consistency and guidance maintenance complications in future. Where there is a risk of content needing to be linked across guidance, clarify this in the guidance. Also make it clear what guidance will take precedence. State all of this in a way that would still hold should some of the current guidance be repealed in future.
- Similarly to that, guidance that summarizes material that exists in other documents (e.g. legislation or standards from other professional organizations) can make future maintenance of the guidance quite onerous. Where possible, rather future-proof guidance by being clear on principles (which may include compliance or familiarity with documents issued by regulators or other organizations).

Tone / Grammar / Style

What are preferences regarding grammar / style / tone / etc.? What are pitfalls to watch out for and eliminate as part of review?

- Tone should always be professional, rather than informal. Avoid the use of slang. Use the most widely used versions of actuarial terms wherever possible and appropriate. Generally, active voice is better than passive voice. Gender neutrality is preferable.
- Avoid abbreviations or acronyms (unless defined in the document). Define concepts that do not have a single clear usage either in the guidance note or in a separate glossary. Avoid putting too much detail into a single definition, as that tends to reduce clarity. Ensure consistency in terminology choices across the guidance note.
- Familiar and short words should be used over farfetched or long words whenever possible.
- Keep to short sentences as far as possible. Multiple sentences are preferable over a single longer sentence, unless clarity require ideas to be combined in a single sentence.
- Clarity tends to be improved with sentences in the form of subject – verb – object. Putting too many words between the subject and the verb tends to reduce clarity and readability.
- Be deliberate about which content is positively phrased (the actuary must or may do something) versus which content is negatively phrased (the actuary should avoid something).
- Once done with most drafting, review the whole document to check whether ideas could be expressed more concisely and that all unnecessary duplication has been removed.

Final Review

Once done drafting, is there anything else to do before submitting guidance for approval?

- Two final checks before submitting a guidance document for approval can greatly improve perceived professionalism. Documents where obvious checks appear not to have been done create questions around the quality of the content too, which result in a slower process towards approval. Therefore, firstly check spelling and grammar again. Secondly, check the document for structural or formatting errors that may have crept in. Areas that frequently go wrong include numbering, internal cross-references, consistent formatting, etc.