

## **GLOSSARY OF DEFINED TERMS USED IN EUROPEAN STANDARDS OF ACTUARIAL PRACTICE**

**Exposure Draft**

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## Glossary of Defined Terms Used in European Standards of Actuarial Practice

This glossary is the single repository of all defined terms used in European Standard of Actuarial Practice 1 (ESAP1). It is not an ESAP and has no authority of its own. Defined terms are indicated in ESAP1 in blue text with a dotted blue underline (e.g. [defined term](#)).

**AAE** – Actuarial Association of Europe.

**Accepted Actuarial Practice** – A practice or practices that are generally recognised within the actuarial profession as appropriate to use in performing [actuarial services](#) within the scope of an ESAP or the applicable professional standards of practice.

**Actuarial Services** – Services, based upon actuarial considerations, provided to [intended users](#) that may include the rendering of advice, recommendations, findings or opinions.

**Actuary** – An individual member of one of the member associations of the [AAE](#).

**Adoption Date** – The date on which this ESAP was adopted as a final document by the General Assembly of the [AAE](#).

**Communication** – Any statement (including oral statements) issued or made by an [actuary](#) with respect to [actuarial services](#).

**Data** – all types of quantitative and qualitative information.

**Intended User** – Any legal or natural person (usually including the [principal](#)) whom the [actuary](#) intends, at the time the [actuary](#) performs the [actuarial services](#), to use the output of the [actuarial services](#).

**Law** – Applicable acts, statutes, regulations or any other binding authority (such as accounting standards and any regulatory guidance that is effectively binding).

**Model** – A simplified representation of some aspect of the world. A model is defined by a specification which describes the matters that should be represented and the inputs and the relationships between them, implemented through a set of mathematical formulae and algorithms, and realised by using an implementation to produce a set of outputs from inputs in the form of [data](#) and assumptions, usually involving [professional judgement](#) of the [actuary](#).

**Model Governance** – The application of a set of procedures and an organisational 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 an [actuary](#) and intended by that [actuary](#) to be relied by the [intended users](#).

**Principal** – The party who engages the provider of [actuarial services](#). The principal will usually be the client or the employer of the [actuary](#).

**Professional Judgement** – The judgement of the [actuary](#) based on actuarial training and experience.

**Report** – The [actuary's](#) [communication](#)(s) presenting some or all of the output of the [actuarial services](#), including any results, advice, recommendations, findings and opinions, to an [intended user](#) in any recorded form including but not limited to paper, word processing or spreadsheet files, e-mail, website(s), slide presentations and audio or video recordings.

**Subsequent Event** – An event of which the [actuary](#) becomes aware after the valuation date (or date to which the [actuarial services](#) refer) but before the [actuary's](#) [communication](#) on the results of these [actuarial services](#) is delivered.

**Work** – All actuarial activities performed by an [actuary](#) related to [actuarial 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](#).