



Deadline: 31 March 2016

Please use this template to comment on the [Exposure Draft of ISAP 1 A](#) Governance of Models, and the proposed revisions to the [Glossary for ISAP 1A](#).

The IAA invites comments on this Exposure Draft, particularly on the questions set out below. Comments are most helpful if they:

- (a) Comment on the questions as stated;
- (b) Indicate the specific paragraph or group of paragraphs to which they relate;
- (c) Contain a clear rationale; and
- (d) Include any alternative that the IAA should consider, if applicable within the scope of the Statement of Intent for ISAP 1A.

	Identification and instructions	
Name of Individual:	Please indicate if your comments are personal, or represent your organization:	Julian Gribble (comments of organisation)
Name of organization		International Association of Insurance Supervisors
Disclosure of comments:	Please indicate if your comments should be treated as confidential, and if so why:	Comments as public
Instructions for filling in and sending the template	Please follow the following instructions for filling in the template: ⇒ Do not write in the yellow shaded cells ⇒ Write in the white cells ⇒ When commenting on a specific paragraph: ○ Please use a separate row for each paragraph, sub paragraph, or bullet. ○ Please include the full reference in the first column such as "Introduction 3rd paragraph 2nd bullet" or "2.6.1.b.ii" ○ Please insert/append extra rows as needed. Please send the completed template, renamed with the organization's or individual's name, attached in <u>Word Format</u>, to ISAPIA.comments@actuaries.org	



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	Specific Questions asked by the ASC	Response
Q1.	Is the guidance clear and unambiguous? If not, how should it be changed?	Guidance is high level and directional. This may be appropriate for developing guidance that it is anticipated may be further developed by member associations to reflect their more specific circumstances
Q2.	Is the guidance sufficient and appropriate? If not, how should it be changed?	See Q1
Q3.	Is it clear how the guidance in the proposed ISAP relates to the guidance in ISAP 1? If not, how should it be changed?	No comment
Q4.	Is the guidance at the right level of detail? If not, what text should be omitted because it is too detailed? In what areas do actuaries need more detailed guidance?	See Q1
Q5.	Are there other matters that should be included in this standard on governance of models? Are there some included here that should not be?	See specific comments below

	General Comments on the ISAP 1A Exposure Draft
	Background The International Association of Insurance Supervisors (IAIS) welcomes the opportunity to provide comments to be considered by the International Actuarial Association's (IAAs) drafting committee developing its International Standards of Actuarial Practice (ISAP) 5, "Insurer Enterprise Risk Models" (ISAP5). The IAIS represents insurance regulators and supervisors of more than 200 jurisdictions in nearly 140 countries, constituting 97% of the world's insurance premiums. Its objectives are to: Promote effective and globally consistent supervision of the insurance industry in order to develop and maintain fair, safe and stable insurance markets for the benefit and protection of policyholders; and to



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	Contribute to global financial stability Fundamental to the IAIS achieving these objectives is for the IAIS to develop principles, standards and guidance for the supervision of insurance markets, and to support the implementation and practical application of its principles and standards. As with the IAA and its relationship with its member Associations, the IAIS does not itself carry out the implementation of its supervisory materials in any jurisdiction, as that is the responsibility of that jurisdiction's supported by its insurance regulators and supervisors. In this context the IAIS supports the work the IAA is undertaking in developing global actuarial guidance with the objective of supporting IAA members developing their own guidance, consistent with IAA guidance, to support their actuaries when performing actuarial services.
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Comments on specific paragraphs of the ISAP 1A Exposure Draft		
Full paragraph reference	Change proposed to the paragraph (markup preferred)	Reason the change is needed (can be kept very brief or left blank if obvious from the change)
2.1	Model <u>governance</u> is important for all models, from simple spreadsheets to complex simulations. The level of governance should be proportionate to the risks associated with inappropriate processes used in modelling <i>and impact on these</i> .	
2.2.3	Be satisfied that there is adequate documentation of the <u>model</u> construction <i>and operation</i> , including scope, purpose of the <u>model</u> , methodology and algorithms, statistical quality, and calibration.	
2.2.4	Be satisfied that the <u>model</u> has been appropriately reviewed and <i>independently</i> validated by a person/team not <i>directly</i> involved in developing <i>or using</i> the <u>model</u> , or otherwise arrange such review and validation. This validation should include an assessment that the model reasonably delivers its intended purpose and that the results of the <u>model</u> can be appropriately reproduced.	



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2.3.1	Document <i>the changes made and</i> any material impact of the changes on the <u>model's</u> scope, purpose, <i>structure, theory and</i> statistical quality, calibration, and suitability for purpose.	
2.3.2	Be satisfied that the modifications are appropriately, <i>signed-off</i> , reviewed and validated.	
2.3.3	Be satisfied that an adequate change control process is in place for the <u>model</u> . A change <i>governance and</i> control process usually restricts unauthorized changes to the <u>model</u> , documents any changes made, and allows any changes to be rolled back.	
2.4.1	Document the <u>model</u> <i>design and</i> construction, including scope, purpose of the <u>model</u> , <i>structure</i> , methodology and algorithms, statistical quality, calibration, and fitness for intended purpose.	
2.4.2	Be satisfied that there are appropriate <i>parameterization and</i> validation processes throughout the <u>model</u> development process.	

Comments on specific definitions in the Exposure Draft of the updated Glossary

Note that only the proposed revisions are open for comment

Defined Term	Change proposed to the definition (markup preferred)	Reason the change is needed (can be kept very brief or left blank if obvious from the change)
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No comment	No comment	No comment
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