



ASSOCIATION ACTUARIELLE INTERNATIONALE INTERNATIONAL ACTUARIAL ASSOCIATION

Date: 27 May 2015

To: Presidents and Council Delegates of IAA Full Member Associations
Presidents and Council Representatives of IAA Associate Member Associations
Representatives of IAA Institutional Members
Representatives of IAA Observer Members

Copy: Correspondents, IAA Full and Associate Member Associations
Members of ASC and its task forces
Members of IAA Insurance Accounting, Insurance Regulation, Enterprise and Financial Risks and Professionalism Committees, and the Education and Practice Subcommittee of the Insurance Accounting Committee
Members of the Standard Setters Round Table
Other interested parties

From: Alf Gohdes, Chair, Actuarial Standards Committee (ASC)

Re: Draft Statement of Intent for ISAP [1A] - Governance of Models

We (in this memo the ASC) are pleased to attach a draft Statement of Intent (SOI) to issue an International Standard of Actuarial Practice (ISAP) on Governance of Models used in performing actuarial services.

ISAPs are model standards intended to be suitable for adoption by actuarial standard-setting organizations who wish to do so. It is the International Actuarial Association's (IAA's) intent that by publishing model international standards it will encourage the creation and convergence of national actuarial standards.

Need for an ISAP

Models are used for most actuarial assignments, and in particular are used extensively for the work covered by ISAPs 4, 5, 6, and 7. The task forces drafting those ISAPs have determined that guidance on governance of models more extensive than what is in ISAP 1 is needed for those ISAPs. Furthermore their needs are very similar.

This offers us two alternatives. We can insert the same language into each of the ISAPs or we can, in effect, extend our "general" guidance to support not only these ISAPs but also ISAPs 2 and 3, and future ISAPs. We have chosen to take the latter approach. We had originally intended to extend ISAP 1 but have changed course and now propose ISAP [1A]. This is covered more extensively in the SOI.

Request for comments

We are open to all comments and questions and are particularly grateful for comments in these areas:

1. Do you agree an ISAP is needed on governance of models?
2. Do you agree that the ASC should attempt to find a graceful way of merging ISAP [1A] into ISAP 1 at an appropriate time provided that can be done without disrupting the adoption of ISAP 1 or creating other problems for member associations?
3. Are any of the proposed topics inappropriate for inclusion in ISAP [1A]? If so, please explain why the particular topic should not be included.
4. What other topics should be included in ISAP [1A]? Please explain why you wish guidance in this area and if appropriate provide an example to illustrate the issue.

Next Steps

We ask you to distribute this discussion draft of the SOI (located under Publications on the IAA Website) widely within your organization, and to any actuarial standard setters and other interested parties in your jurisdiction. The deadline for comments on this draft is **31 July 2015**.

Comments should be addressed to SOI.ISAP1A.comments@actuaries.org with “Governance of Models” in the e-mail header, preferably using the attached MSWord template.

Alternatively or in combination with the attached comment template, an MSWord (or equivalent) attachment would be acceptable. If a markup of the draft SOI is submitted, we recommend using the “Comment” feature liberally, giving reasons for proposing the change. All comments will normally be posted to the IAA website identifying the commenter(s). However, in exceptional cases, in response to a request which the IAA Secretariat is satisfied is for a valid reason, comments may be either posted to the website anonymously or withheld from the website.

Thank you in advance for your attention to this matter. The ASC and its Model Governance Task Force look forward to your response.