



**ASSOCIATION ACTUARIELLE INTERNATIONALE
INTERNATIONAL ACTUARIAL ASSOCIATION**

Date: 11 April 2014

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 Enterprise and Financial Risk, Insurance Regulation, Supranational Relations, and Professionalism Committees
Members of the Standard Setters Round Table
Other interested parties

From: Dave Pelletier, Chairperson, Actuarial Standards Committee (ASC)

Re: Draft Statement of Intent to issue International Standards of Actuarial Practice in relation to insurer ERM models and programs (ISAPs [5] and [6])

We are pleased to attach draft Statements of Intent (SOIs) to issue two International Standards of Actuarial Practice (ISAPs) on actuarial services performed in relation to Enterprise Risk Management (ERM) models of insurers and insurer ERM programs envisaged by the Insurance Core Principles (ICPs) of the International Association of Insurance Supervisors (IAIS).

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.

History

When the ASC's interim predecessor subcommittee (the IASSC) was first created, ERM was identified by the Executive Committee (EC) as one of the priority areas for which a proposal was requested on an ISAP. Commenters on a draft SOI published in 2012 raised several issues, including concern over scope, and the ASC, with the agreement of the EC, decided not to proceed with an ISAP at that time.

However, given the maturing of the ERM practice in the insurer area, the Executive Committee and Council recently voted to restore ERM onto the IAA's strategic plan for ISAPs, with a narrower scope than outlined in the 2012 SOI, specifically, "guidance to actuaries performing ERM work within insurance entities and providing opinions on adequacy of those ERM programs." The two draft SOIs have been prepared accordingly.

Request for comments

The ASC's ERM Task Force has prepared these draft SOIs.

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 actuarial services in relation to insurer ERM models?
- 2) Do you agree an ISAP is needed on actuarial services in relation to insurer ERM programs envisaged by the IAIS's ICPs (particularly 8 and 16)?
- 3) Are any of the proposed topics inappropriate for inclusion in these ISAPs? If so, please explain why the particular topic should not be included.
- 4) What other topics should be included in these ISAPs? Please cover why you wish guidance in this area and if appropriate provide an example to illustrate the issue. Also please indicate in which of these two ISAPs such guidance should be placed. Please note that ISAPs are not intended to address unique, country-specific issues. Member associations and local actuarial standard setting organizations could address such issues by providing additional guidance to their members as the ISAP is adopted, or adding such additional guidance within the local adaptation of the ISAP.

Next Steps

We ask you to distribute these drafts of the SOIs (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 discussion draft is **Friday, 13 June 2014**.

Comments should be addressed to SOI.ISAPs5-6.comments@actuaries.org with "ERM" 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 discussion draft 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 ERM Task Force look forward to your response.