



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:	
Name of organization		Association of Consulting Actuaries
Disclosure of comments:	Please indicate if your comments should be treated as confidential, and if so why:	
Instructions for filling in and sending the template	<p>Please follow the following instructions for filling in the template:</p> <ul style="list-style-type: none"> ⇒ Do not write in the yellow shaded cells ⇒ Write in the white cells ⇒ When commenting on a specific paragraph: <ul style="list-style-type: none"> ○ 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. <p>Please send the completed template, renamed with the organization's or individual's name, attached in <u>Word Format</u>, to</p> <p>ISAPIA.comments@actuaries.org</p>	



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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?	Broadly, yes. The words 'appropriate' and 'adequate' are used throughout the guidance with no indication provided on how they should be interpreted.
Q2.	Is the guidance sufficient and appropriate? If not, how should it be changed?	Yes.
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?	Yes.
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 response to 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?	No.

	General Comments on the ISAP 1A Exposure Draft	

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)



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1.3	References in ISAP 1 to “this ISAP” should be interpreted as applying equally to this ISAP 1A, where appropriate.	
2.1	Model governance is important for all models, from simple spreadsheets to complex simulations. The level of governance should be proportionate to the risks associated with the development and use of models in appropriate processes used in modelling.	Too specific a comment for an overview section.
2.2.1	Be satisfied that the capability of the model is sufficient for consistent with the intended application, and the model is fit for this purpose. Examples of items that the actuary should consider, if applicable, include but are not limited to the data that might be available, the granularity and the quality of inputs, the appropriateness of the relationships recognized, and the model's ability to capture possible volatility around expected values.	In order to avoid over-complicated models being used.
2.2.4		Independent peer review should not be necessary for all models and a balance will need to be struck. In certain situations a requirement for independent peer review will be inefficient and costly.
2.3	If the actuary modifies an existing model (whether developed in-house or by a third party):	
2.3.3	Be satisfied that an adequate change control process is in place for the model . A change control process usually restricts unauthorized changes to the model, documents any changes made, and allows any changes to be rolled back.	It is not necessary to set out what is required of a change control process.
2.4	If the actuary develops a new model (whether developed in-house or by a third party):	Not all models are developed by an ‘actuary’. The guidance should, however, apply in all circumstances.



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)