



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:	Gábor Hanák Chairperson of the Standards Project Team
Name of organization		Actuarial Association of Europe
Disclosure of comments:	Please indicate if your comments should be treated as confidential, and if so why:	No
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>	



	Specific Questions asked by the ASC	Response
Q1.	Is the guidance clear and unambiguous? If not, how should it be changed?	Second paragraph of 2.1 appears to cover all actuarial work and not just modelling.
Q2.	Is the guidance sufficient and appropriate? If not, how should it be changed?	Guidance could be enhanced in a number of respects. See our track changes version. Particularly for building a new model, many of the factors in selecting an existing model would also apply.
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?	Note our comments on proportionality and materiality in the “tracked changes” version attached.
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?	We have suggested some changes in the attached “tracked changes” version.
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?	It is important to bring out that the actuary is responsible for being satisfied as to the continued validity of the underlying relationships on which the model depends. Another key principle is that the outputs should serve the needs of the intended users and that they should be reliable for the intended users to make judgements and decisions or limitations should be disclosed. We have suggested some changes in the attached “tracked changes” version.

	General Comments on the ISAP 1A Exposure Draft	



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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)

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)
Model	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 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 judgement of the actuary	There is an existing definition of model in an international model standard, namely ESAP2 which has been adopted by the Actuarial Association of Europe. It could be confusing to have a second definition and would make it difficult for the AAE to adopt ISAP1A or amend ESAP1/ESAP2 to accommodate the content of the Glossary linked to ISAP1A.