



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		Actuarial Standards Board
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 ISAP1A.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?	In general, the guidance is clear and unambiguous. However in places the guidance could be clearer. Our suggestions for improvement are noted below.
Q2.	Is the guidance sufficient and appropriate? If not, how should it be changed?	In general, the guidance is sufficient and appropriate.
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, it is not particularly clear.
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?	Yes, we believe the guidance is at the right level of detail.
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?	

	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)
1.1	Purpose: This section should indicate that the ISAP deals with the governance of models rather than the broad purpose of “performing actuarial services involving the development and use of models.” Perhaps “on model governance” could be inserted after “guidance” or “the governance over” could be inserted before “the development or use”.	
1.2	Scope: This section and Section 1.1 reference “the development or use of models” and “risks inherent in developing or using models.” Section 2, however, references “selecting”, “modifying”, “building”, and “using” as activities in which an actuary may be involved. Clarity would be improved if Section 1.1 and 1.2 used consistent terminology with Section 2.	
2.1	The reference to the importance of model governance for simple spreadsheets may be confusing given the definition of “model” excludes calculations that could be “effectively performed manually”.	
2.2.2	Understand the conditions under which the <u>model</u> developer intended the <u>model</u> to be used, including any limitation of the <u>model</u> .	
2.2.4	If this section is intended to apply to all models (including simple spreadsheets), we'd suggest adding language that the applicability of the guidance in this section is to be applied to more complex models or applied “as appropriate”.	
2.3.3	Be satisfied that an adequate change control process is in place for the <u>model</u> .	
2.5	When using a model, the actuary should:	
3.1	The <u>actuary</u> should make any disclosures which the <u>actuary</u> considers to be appropriate so that the <u>intended users</u> are able to understand <u>model</u> limitations and uncertainty in the results presented.	

Deleted: A change control process usually restricts unauthorized changes to the model, documents any changes made, and allows any changes to be rolled back.

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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)