



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.

	<b>Identification and instructions</b>	
Name of Individual:	Please indicate if your comments are personal, or represent your organization:	<b>organization</b>
Name of organization	Deutsche Aktuarvereinigung (DAV) e.V.	
Disclosure of comments:	Please indicate if your comments should be treated as confidential, and if so why:	<b>No</b>
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"> <li>⇒ Do <b>not</b> write in the yellow shaded cells</li> <li>⇒ Write in the white cells</li> <li>⇒ When commenting on a specific paragraph: <ul style="list-style-type: none"> <li>○ Please use a separate row for each paragraph, sub paragraph, or bullet.</li> <li>○ Please include the full reference in the first column such as "Introduction 3<sup>rd</sup> paragraph 2<sup>nd</sup> bullet" or "2.6.1.b.ii"</li> <li>○ Please insert/append extra rows as needed.</li> </ul> </li> </ul> <p><b>Please send the completed template, renamed with the organization's or individual's name, attached in <u>Word Format</u>, to</b></p> <p><a href="mailto:ISAPIA.comments@actuaries.org">ISAPIA.comments@actuaries.org</a></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?	<p>It should be made explicit that all models means that also models not used for ERM / Solvency purposes are concerned. This would certainly include valuation models but possibly also reserving systems.</p> <p>The term “model” seems to be quite far reaching. Thus, the principle of proportionality is of special importance and should be underlined. (Restricting the requirements to ERM models is an alternative but sound proportionate governance is always is an asset).</p> <p>Furthermore, the guidance tries to approach the topic not starting from the model but from typical processes: “selection of model”, “modifying/changing a model”, “building a new model”, “using a model”.</p> <p>This however leads to the issue that model requirements are repeated although they could have been introduced and then referred to e.g. changing a model should preserve or improve any quality level reached with respect to the requirements (on statistical quality, documentation, validation, ...).</p> <p>Some proposals for changes are provided, sketching the direction we think should be taken.</p>
Q2.	Is the guidance sufficient and appropriate? If not, how should it be changed?	Yes. But see above (Q1).



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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?	Yes
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?	Please consider the proper embedding of models into the decision process as one topic for enterprise risk models. Please also consider the appropriateness of communication with respect to addressees.

	<b>General Comments on the ISAP 1A Exposure Draft</b>	
	<p>The draft needs reworking to which we would be happy to contribute. Main topics are:</p> <ul style="list-style-type: none"> <li>- Definition of model far reaching without enough words on proportionality.</li> </ul> <p>Approach to requirements not starting from the model but from processes which are not properly specified.</p>	

<b>Comments on specific paragraphs of the ISAP 1A Exposure Draft</b>		
<b>Full paragraph reference</b>	<b>Change proposed to the paragraph (markup preferred)</b>	<b>Reason the change is needed (can be kept very brief or left blank if obvious from the change)</b>
	<b>See markup version of ISAP 1A Exposure Draft.</b>	
<b>3.1.</b>	The actuary should make any disclosures which the actuary considers to be appropriate so that the intended users <u>of the results</u> are able to understand	<b>Clarification</b>



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	limitations and uncertainty in the results presented.	
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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**

<b>Defined Term</b>	<b>Change proposed to the definition (markup preferred)</b>	<b>Reason the change is needed (can be kept very brief or left blank if obvious from the change)</b>
<b>Model</b>	<b>See markup version of updated Glossary.</b>	The term “model” should be more clearly defined. The definition in the glossary is too abstract and leaves too much room for interpretation.