



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: | Jean-David Carlus and Elsa Renouf For the Institut des Actuares - France |
| Name of organization | | Institut des Actuares |
| Disclosure of comments: | Please indicate if your comments should be treated as confidential, and if so why: | NA |
| 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 |
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| Q1. | Is the guidance clear and unambiguous? If not, how should it be changed? | Yes The guidance is clear but ambiguous in some point: The scope should have another goal in term of quantification of the models risks |
| 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? | The points 2.3 should precise the upgrade process of an existing model. The point 2.4 should precise the process to monitor the implementation of a new model |
| 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? | What is the scope of the actuary responsibilities |

| | 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) | To precise the reasons why the changes are needed (can be kept very brief or left blank if obvious from the change) |
| 1.1 1 st Bullet | The term Professional have to be precised in the glossary | To clarify the term “professional” |
| 1.1 3rd Bullet | Are selected and disclosed appropriately | To clarify the role of the actuary |
| 1.2 | In developing, controlling validating or using models | The audit works should also be included in the scope |
| 2.3.2 | The model review should also be made by external expert | The good way to validate a new model |
| 2.3.4 | User’s have to be educated to the modified model | The modified model will be used inapropriatly |
| 2.4.3 | Be satisfied that there is an appropriate model development and change control process that is followed | Be satisfied that there is an appropriate model development that is followed |
| 2.4.4 | User’s have to be educated to the modified model | The modified model will be used inapropriatly |
| 2.5.6 | User’s have to be educated to the modified model | The modified model will be used inapropriatly |
| 2.4 | <p>Before developing a new model, the actuary must chose the methodology and the algorithm that is fit for the purpose once the target of the model understood. A particular care should be taken to these choices has it will have an impact on the results. The actuary must have the conscious that:</p> <p>1° his choices are of most importance</p> <p>2 the development of a model without having understood the context and the intent</p> | To clarify the role of the actuary |



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| | of having such model may conduct to inappropriate decision for the intended users | |
| 2.4.1 | Elaborate and document,... | To clarify the rule of the actuary |

| 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) |
| Professionally | The actuary must follow the standards in use. | Not clear int the 1.1 text |