



ASSOCIATION ACTUARIELLE INTERNATIONALE INTERNATIONAL ACTUARIAL ASSOCIATION

Date: 08 October 2015

To: Presidents and Council Delegates of IAA Full Member Associations
Presidents and Council Representatives of IAA Associate Member Associations
Representatives of IAA Partners, Observers and Patrons

Copy: Correspondents, IAA Full and Associate Member Associations
Members of Actuarial Standards Committee and its task forces
Members of IAA Insurance Accounting, Insurance Regulation, Enterprise and Financial Risks and Professionalism Committees, and the Education and Practice Subcommittee of the Insurance Accounting Committee
Members of the Standard Setters Round Table
Other interested parties

From: Alf Gohdes, Chair, Actuarial Standards Committee (ASC)

**Re: Exposure Draft of Proposed International Standard of Actuarial Practice 5
Insurer Enterprise Risk Models**

We are pleased to attach the ASC's proposals for the exposure drafts of International Standards of Actuarial Practice 5 (ISAP 5) on Insurer Enterprise Risk Models, and the related amendments to the Glossary. These have been drafted by the ISAP 5 Task Force of the ASC and approved for exposure by the ASC in accordance with Due Process. The purpose of this ISAP is to provide guidance to actuaries on Insurer Enterprise Risk Models.

This ISAP is a model standard intended to be suitable for adoption by actuarial standard-setting organizations who wish to do so. It is the IAA's intent that by publishing model international standards it will encourage the creation and convergence of national actuarial standards.

ISAP 5 is drafted on the premise that ISAP 5 will not repeat the general guidance provided in the proposed ISAP 1A on Governance of Models. An exposure draft of ISAP 1A was published for consultation on 1 October 2015 with a deadline of 31 March 2016. The consultation documents relating to the exposure draft of ISAP 1A is available on the IAA website under [Publications/ISAPs](#).

Since they interact sufficiently, it is recommended that you consider the guidance provided in the exposure draft of ISAP 1A together with this exposure draft of ISAP 5 when you provide your comments.

We ask you to distribute these consultation documents (also available under [Publications/ISAPs](#) on the IAA website), widely within your organization, and to any actuarial standard setters and other interested parties in your jurisdiction. The deadline for comments on these drafts is 31 March 2016.

Comments (from your organization, your members, or other parties to which you forward these exposure drafts) should be addressed to ISAP5.comments@actuaries.org with "ISAP 5" in the email header. The comment should make clear if it is a personal response or one representing a particular association, standard-setter, or other entity. In respect of the Glossary, only the amendments are open to comment.

The preferred format for submitting comments is the comment template provided herewith, attached to an e-mail. If a markup of the exposure draft is also submitted we recommend using the comment feature liberally, giving reasons for proposing the change. All comments will normally be posted to the IAA website identifying the commenter(s). However, in exceptional cases, in response to a request which the IAA Secretariat is satisfied is for a valid reason, comments may be either posted to the website anonymously or withheld from the website.

We ask the commenters particularly to consider the following questions:

1. Is the guidance clear and unambiguous? If not, how should it be changed?
2. Is the guidance sufficient and appropriate? If not, how should it be changed?
3. Is it clear how the guidance in the proposed ISAP relates to the guidance in ISAP 1 and ISAP 1A? If not, how should it be changed?
4. 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?
5. Are there other matters that should be included in this standard? Are there some included here that should not be?

Thank you in advance for your attention to this matter. The ASC and its ISAP 5 Task Force look forward to the responses.