



Deadline: 28 February 2018

Please use this template to comment on the [Exposure Draft of ISAP 6 on on Enterprise Risk Management Programs and IAIS Insurance Core Principles](#), and the proposed revisions to the [Glossary for ISAP 6](#).

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 6](#).

<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		<b>Institute of Actuaries of Japan</b>
Disclosure of comments:	Please indicate if your comments should be treated as confidential, and if so why:	<b>Not confidential</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 <a href="mailto:ISAP6.comments@actuaries.org">ISAP6.comments@actuaries.org</a></b></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?	Yes (except for the general/specific comments below)
Q2.	Is the guidance sufficient and appropriate? If not, how should it be changed?	Yes (except for the general/specific comments below)
Q3.	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 (except for the general/specific comments below)
Q4.	Are there other matters that should be included in this standard? Are there some included here that should not be?	No

	General Comments on the ISAP 6 Exposure Draft	
	<p>1. While section 2.3, 2.4, and 2.5 list up the factors to be considered by actuaries, some of these factors, such as 'skill base of staff' and 'culture' as shown below, might not be objective or clear enough without further guideline. Thus, more concrete guidance (i.e. basis for conclusion) may be required.</p> <p>2.3.1.a Whether the skill base of staff is adequate to understand and identify risks</p> <p>2.3.3.f The culture within the insurer to commit to, and implement, risk mitigation actions when needed</p> <p>2. Section 1.2 (Scope) states this ISAP 6 applies to actuaries who are in charge of performing actuarial services with responsibility for or significant involvement in the ERM programs (including ORSA) that are within the scope of regulations consistent with ICP 8 and ICP 16. It is therefore considered functions providing actuarial services are more widely scoped than other ISAPs. ISAP 6 covers not only risk management department but also the first and third lines of defense. On the other hand, the factors listed in Section 2.3, 2.4, and 2.5 are from the view point of risk management department. Therefore, we are concerned about the possibility that actuaries outside of risk management department may not be able to follow how to comply with ISAP 6. Section 1.2 (Scope) should be elaborated further.</p>	



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<b>Comments on specific paragraphs of the ISAP 6 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>
2.3.1.b	'Foreseeable' should be changed to 'reasonably foreseeable' so that it will be consistent with 8.1.5 in ICP 8.	Some actuaries may think they should identify ALL emerging risks.
2.3.1.d	The expression may be more clarified since two different interpretations are possible. A) The time frame from when fundamental events occur to when those have an impact on insurance financial structure. B) The time frame of emerging risks that grows over the time, such as low birthrate and aging population.	'emerge' in 2.3.1.d reminds us of emerging risk. It is not clear that 2.3.1.d focuses only on time frame of emerging risks or that of both A) and B).
2.3.2.f	The expression may be clarified since different interpretations are possible.	Consecutive 'and' may be confusing.
2.3.3.e	The expression may be clarified since different interpretations are possible.	Consecutive 'and' may be confusing.
2.4.1.d	This factor may be considered in section 2.3.	The process to identify and assess off-balance sheet exposures may be required beforehand.



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<b>Comments on specific definitions in the Exposure Draft of the updated Glossary</b>		
<b>Note that only the proposed revisions are open for comment</b>		
<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>Nil</b>		