



Institute  
and Faculty  
of Actuaries

# Consultation: Exposure Draft of Proposed ISAP6 – Enterprise Risk Management Programs and IAIS Insurance Core Principles

IFoA response to Actuarial Standards Committee

28 February 2018

## **About the Institute and Faculty of Actuaries**

The Institute and Faculty of Actuaries is the chartered professional body for actuaries in the United Kingdom. A rigorous examination system is supported by a programme of continuous professional development and a professional code of conduct supports high standards, reflecting the significant role of the Profession in society.

Actuaries' training is founded on mathematical and statistical techniques used in insurance, pension fund management and investment and then builds the management skills associated with the application of these techniques. The training includes the derivation and application of 'mortality tables' used to assess probabilities of death or survival. It also includes the financial mathematics of interest and risk associated with different investment vehicles – from simple deposits through to complex stock market derivatives.

Actuaries provide commercial, financial and prudential advice on the management of a business' assets and liabilities, especially where long term management and planning are critical to the success of any business venture. A majority of actuaries work for insurance companies or pension funds – either as their direct employees or in firms which undertake work on a consultancy basis – but they also advise individuals and offer comment on social and public interest issues. Members of the profession have a statutory role in the supervision of pension funds and life insurance companies as well as a statutory role to provide actuarial opinions for managing agents at Lloyd's.



By email

28 February 2018

Dear Mr Gohdes,

**Consultation: Exposure Draft of ISAP 6 on Enterprise Risk Management Programs and IAIS Insurance Core Principles**

Thank you for the opportunity to comment on the Actuarial Standards Committee's (ASC) Exposure Draft of ISAP 6 on Enterprise Risk Management Programs and IAIS Insurance Core Principles (ISAP 6).

The Institute and Faculty of Actuaries (IFoA) commends the IAA's efforts to promote high standards in reporting of Enterprise Risk Management work. It has considered the proposals and is generally supportive of the standard as drafted. We have suggested that the standard could include guidance to help actuaries respond appropriately in cases where risk appetite exceeds risk tolerance. We have also suggested changes to specific paragraphs of the Exposure Draft, which are set out in the completed Comments Template (enclosed). Other than these specific comments we have no further feedback on the detail of the standard.

We note that the Exposure Draft of ISAP 6 references the current versions of ISAP 1 *General Actuarial Practice* and ISAP 1A *Governance of Models*. We also note from the Transmittal Memorandum of 17 October 2017 that it is intended that ISAP 6 will be modified accordingly, should the proposed revisions to ISAP 1 to merge it with ISAP 1A be approved by Council of the IAA. We do not have any comments in relation to this proposed approach, beyond those provided in our response to the ASC on its Exposure Draft of Proposed Revisions to ISAP 1 (dated 9 November 2017).

We hope that this feedback is useful. If there is anything within this response that is unclear or if the ASC has any questions then we would be happy to discuss it further or provide additional information.

If you have any questions about the response please contact Michael Williams ([Michael.Williams@actuaries.org.uk](mailto:Michael.Williams@actuaries.org.uk)).

Yours sincerely,

Des Hudson  
Chair, Regulation Board