



Comment Template
Draft Statement of Intent to issue International Standards of Actuarial Practice in relation to insurer ERM models and programs (ISAPs [5] and [6])

1. Do you agree an ISAP is needed on actuarial services in relation to insurer ERM models?

Yes
 No

2. Do you agree an ISAP is needed on actuarial services in relation to insurer ERM programs envisaged by the IAIS's ICPs (particularly 8 and 16)?

Yes
 No



3. Are any of the proposed topics inappropriate for inclusion in these ISAPs? If so, please explain why the particular topic should not be included.

The Actuarial Standards Board (ASB) was evenly split on whether either ISAP is “needed”. We therefore did not answer either question 1 or question 2. However, if the two questions had been phrased as “desirable” rather than “needed”, then the majority of the ASB would have responded yes to both questions as we do see some benefit of having ISAPs on ERM.

In Canada, actuarial standards of practice exist primarily in areas of practice that specifically require an actuary. In contrast, the ERM practice area is not reserved to actuaries, and many non-actuaries practice in this field. We have some concern that the IAA may be creating standards before actuaries have had sufficient time to develop a body of commonly accepted practice. ERM is an area where the ASB had decided to defer creating any standards at the current time.

The ASB generally expects to integrate ISAPs into Canadian Consolidated Standards of Practice following our own due process. Since there is presently little commonly accepted actuarial practice in much of ERM for insurers, we may have some difficulty ensuring that ERM ISAPs are in the best interests of the general public. Hence it may be preferable to initially deliver this guidance on these topics in the form of IANs rather than as ISAPs.

4. What other topics should be included in these ISAPs?

Please cover why you wish guidance in this area and if appropriate provide an example to illustrate the issue. Also please indicate in which of these two ISAPs such guidance should be placed. Please note that ISAPs are not intended to address unique, country-specific issues. Member associations and local actuarial standard setting organizations could address such issues by providing additional guidance to their members as the ISAP is adopted, or adding such additional guidance within the local adaptation of the ISAP.



Comments on draft Statement of Intent to Issue ISAPs [5] and [6]

Standardizing Terminology: Many words used in ERM are often misused or misunderstood. One particular value of an ISAP would be defining certain terms which would ultimately lead to greater clarity when these terms are used. For example, the terms “risk appetite”, “risk limit”, and “risk tolerance”, in the absence of definitions, can lead to confusion. We suggest any ERM ISAP include a glossary of ERM terms.

Common Report Wording: To the extent not covered by ISAP 1, this would ensure the actuary’s report communicates to stakeholders such ERM-specific considerations as model design, model usage, model validation, risk appetite, risk policies, and risk controls.

Name	Jim Christie
Organisation	Actuarial Standards Board (Canada)
E-mail address	jchristie@sympatico.ca
Type of response	<input type="checkbox"/> Personal <input checked="" type="checkbox"/> Organization

IMPORTANT:

Please check if the relevant check boxes are ticked appropriately and save the file renamed with the organization’s or individual’s name (e.g., SOI_CommentTemplate_[NAME].Doc). E-mail the file as an attachment to SOI.ISAPs5-6.comments@actuaries.org, with “ERM” in the e-mail header.