



## 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?

<input checked="" type="checkbox"/>	Yes
<input type="checkbox"/>	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)?

<input checked="" type="checkbox"/>	Yes
<input type="checkbox"/>	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.**

In our opinion there are no inappropriate topics.

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

We believe that it is very important that all main items of an ERM program are addressed in this standard. Therefore, we would like to suggest adding the following topics to the scope of ISAP [6]:

- Risk governance
  - The risk governance of an organization is an important precondition for an effective ERM program. Items to be covered are among others the Three Lines of Defense model and the interaction between the actuarial, risk, compliance and audit function.
- Risk culture
  - Alike the risk governance the risk culture is another important precondition for an effective ERM program. Risk culture outlines the fit and proper requirements embedded in people for the benefit of effective risk management. Items to be covered include among others culture and awareness aspects, knowledge and skills and training.
- Risk response
  - A typical ERM process encompasses (1) risk identification, (2) quantification, (3) risk tolerance framework, (4) risk response and (5) monitoring and reporting. The items 1 – 3 are explicitly covered, but we would like the other two phases to be addressed also explicitly in this standard. For risk response this means additional guidance on typical standard risk responses such as:
    - avoiding the risk by deciding not to start or continue with the activity that gives rise to the risk
    - removing the source of the risk
    - changing the nature and magnitude of likelihood
    - changing the consequences
    - sharing the risk with another party or parties
    - retaining the risk by choice



- Risk monitoring en reporting
  - Alike the risk response we would like the risk monitoring and reporting phase to be also explicitly dealt with in this standard. Items to be covered include among others:
    - Integrated Risk Monitoring and Reporting
    - ORSA Reporting
    - Independent review

**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.**



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<b>Type of response</b>	<input type="checkbox"/> <b>Personal</b> <input checked="" type="checkbox"/> <b>Organization</b>

**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](mailto:SOI.ISAPs5-6.comments@actuaries.org), with "ERM" in the e-mail header.