



## 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.**

All topics are appropriate subject to context. The specific detail of the standard(s) may place the actuaries in a challenging position vis-à-vis other ERM professionals in terms of requirements placed upon individuals versus organizations (which is outside the domain of the IAA). In addition, if the resulting standard(s) do not narrow the range of practice then one of the principles namely, “Help to give comfort and confidence to boards/managements and regulators of insurance companies” will be difficult to achieve.

**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.

For ISAP5 we believe that the inclusion more broadly of data rather than exclusively focusing upon data quality is warranted. Specifically:

- What are the key considerations in choosing particular data series (given that quality considerations are met) noting that resulting metrics may differ materially depending upon the choices.

“Assessing consistency with valuation basis” should be extended to broader “use-test” principles with consideration of consistency between the various uses of the results. We understand that some uses are not within the exclusive domain of the actuary; however he/she must be aware of these. This may be addressed in either ISAP5 or ISAP6.

For ISAP6 (ERM) there may be a need to link to ISAP5 particularly in respect to the technical elements of the standards identified below:

- Techniques for quantification of various types of risk;
- Determination of risk interdependencies and aggregation of risks



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

**ISAP6 should include a discussion on the “use-test” given its importance in internal model work. It may be broadly discussed under “Risk Identification” or afforded its own section which touches upon the various topics identified in the standard.**

**For both ISAP5 and ISAP6**

**Clarity is needed on the scope of work that the standards apply to and how they apply (what constitutes actuarial versus non-actuarial ERM and models).**

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**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.