



Comment Template

Draft Statement of Intent to issue an International Standard of Actuarial Practice on Governance of Models (ISAP [1A])

1. Do you agree an ISAP is needed on governance of models?

<input checked="" type="checkbox"/>	Yes
<input type="checkbox"/>	No

We would welcome an ISAP on governance of models since it could give useful insights for our members and would add to the general consistency in the IAA papers regarding this topic. We think that most insurance companies in the Netherlands already have something in place which in most cases seem to work fine.

2. Do you agree that the ASC should attempt to find a graceful way of merging ISAP [1A] into ISAP 1 at an appropriate time provided that can be done without disrupting the adoption of ISAP 1 or creating other problems for member associations?

<input checked="" type="checkbox"/>	Yes
<input type="checkbox"/>	No

Yes but also depending on the length and depth of the ISAP 1a compared to the current ISAP1. A separate ISAP is also fine for us.

3. Are any of the proposed topics inappropriate for inclusion in ISAP [1A]? If so, please explain why the particular topic should not be included.

The proposed last topic "communicating results from model" is inappropriate according to us. We suggest to replace this by a section on the reporting of the development and management of the models. Communicating results is already part of ISAP1. Furthermore, it could be considered to add the reporting on the models to the other appropriate sections such as on model design.



4. What other topics should be included in ISAP [1A]?

Please explain why you wish guidance in this area and if appropriate provide an example to illustrate the issue.

- We don't understand the difference between the design and the selection of models. Model design or model development including changes to models includes the selection of the appropriate model. We therefore suggest to combine both in one section.
- We would like to suggest to make separate sections on model design and model validation as these two are supplementary processes which need to be carried out by independent functions.
- We expect an explicit section on expert judgement and assumption setting as these are important elements of the model life cycle.
- We suggest to consider to add a separate section on model risk management which focusses on identifying model risks, the quantification of these risks and mitigation actions which need to be carried out.
- We would recommend to use Solvency II guidance in the preparation of this draft ISAP.

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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.ISAP1A.comments@actuaries.org, with "Governance of Models" in the e-mail header.