

ISAP 7 - “Current Estimates” and Other Matters in Relation to the IAIS Insurance Capital Standards
Report on Treatment of Comments on the Final Review Consultation

Submission

The Actuarial Standards Committee (ASC) is pleased to submit this report. It was drafted by the ISAP 7 Task Force of the ASC and reviewed and edited by the ASC. Throughout the document “we” means the ASC.

The report documents the comments we received on the proposed final ISAP 7 in the final review process and how we addressed those comments.

We would like to record our thanks to all commenters.

Preamble

In accordance with the IAA’s due process for the development of ISAPs, the proposed final ISAP 7 along with the amendments to the Glossary for the proposed final ISAP 7 were published for final review on 12 December 2022 with a comment deadline of 26 January 2023. The proposed final ISAP 7 and the associated Glossary were provided to all member associations and commenters on the Exposure Draft to enable them (a) to draw attention to any unintended consequences in the final draft’s wording, and (b) to determine whether their comments have been appropriately considered in the preparation of the proposed final ISAP.

This report outlines comments we received on the proposed final ISAP 7 and what we did as a result.

I. General overview of the responses to the consultation and the list of commenters

We received seven responses to the consultation: six from IAA Full Member Associations, and one from a Standard Setter.

Five of the seven commenters were unconditionally happy with the proposed final ISAP 7 as published for consultation. The comments made by the other commenter were carefully considered by the ISAP 7 Task Force of the ASC. Summary responses are set out below in this report.

All comments received can be viewed in their entirety on the IAA website ([click here](#))

List of commenters:

Comment Letter Number	Submitted By	Date Received
1	Financial Reporting Council (UK)	3 January 2023
2	Deutsche Aktuarvereinigung e.V.	20 January 2023
3	Actuarial Society of Finland	24 January 2023
4	The Institute of Actuaries of Japan	26 January 2023
5	Het Koninklijk Actuarieel Genootschap- Netherlands	26 January 2023
6	Israel Actuarial Association	26 January 2023
7	Institute of Actuaries of Australia	26 January 2023

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II. Summary of comments received and our responses.

Comments	<ul style="list-style-type: none"> • Financial Reporting Council (UK) We are content that our comments have been appropriately considered in preparation of the final draft. I can also confirm that we have not identified any unintended consequences in the wording of the final draft. • Deutsche Aktuarvereinigung (DAV) On behalf of the Deutsche Aktuarvereinigung (DAV), I would like to inform you that we accept the current version of the proposed final draft of „ISAP 7 on Current Estimates“. • Actuarial Society of Finland Suomen Aktuaariyhdistys (Actuarial Society of Finland) is grateful for the opportunity to participate in the final review of the ISAP 7. We are pleased with the final ISAP 7. • Het Koninklijk Actuarieel Genootschap- Netherlands I consulted the ERM and professionalism committee in the Netherlands. We agree with the proposed text. • Israel Actuarial Association We have reviewed the ISAP 7 draft and update that we do not have any special comments.
Response	Thank you. We appreciate your feedback and support.
Comment	<ul style="list-style-type: none"> • Institute of Actuaries of Japan. Thanks for the final draft of ISAP7. I am writing to send the comment on it on behalf of the Institute of Actuaries of Japan. The final draft seems to emphasize the difference between ICS and financial statement assumptions. It is understandable, but as already mentioned by others, assumptions for regulatory and inner-control purpose do not appear in the draft. The difference between ICS and them might become important and be asked in the near future. So I suggest adding the sentence "In the consideration, assumption of regulatory or inner-control tools should be referred." at the end of paragraph 2.7.1. I also hope the relationship between ICS and similar regulatory/inner-control tools would be considered continuously.

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Response	We believe this change is not necessary. We did not make a change.
Comment	<ul style="list-style-type: none">• Institute of Actuaries of Australia: 3.1.1 - Include reference to all of paragraph 2.5, not just 2.5.1. Disclosures are required in relation to practices mentioned in 2.4, 2.5.1, and 2.6 to 2.9. What is the rationale for excluding reference to 2.5.2 (relating to ICS Capital Requirement Methodology – particularly Grouping and Risk Mitigation)? This seems to be an oversight, unless it is felt that ICS Capital Requirement Methodology is a given and doesn’t need to be disclosed.
Response	We made changes by adding new wording in 2.5.2.3 and 3.1.3.