

Please use this template to comment on the [Exposure Draft of ISAP 7 on “Current Estimates” and Other Matters in Relation to the IAIS Insurance Capital Standards](#), and the proposed revisions to the [Glossary for ISAP 7](#).

The IAA invites comments on this Exposure Draft, particularly on the questions set out below. Comments are most helpful if they:

- (a) Comment on the questions as stated;
- (b) Indicate the specific paragraph or group of paragraphs to which they relate;
- (c) Contain a clear rationale; and
- (d) Include any alternative that the IAA should consider, if applicable within the scope of the [Statement of Intent for ISAP 7](#).

	Identification and instructions	
Name of Individual:	Please indicate if your comments are personal, or represent your organization:	Comments are on behalf of DAV e.V. (German Association of Actuaries)
Name of organization	Deutsche Aktuarvereinigung e.V. (DAV)	
Disclosure of comments:	Please indicate if your comments should be treated as confidential, and if so why:	
Instructions for filling in and sending the template	<p>Please follow the following instructions for filling in the template:</p> <ul style="list-style-type: none"> ⇒ Do not write in the yellow shaded cells ⇒ Write in the white cells ⇒ When commenting on a specific paragraph: <ul style="list-style-type: none"> ○ Please use a separate row for each paragraph, sub paragraph, or bullet. ○ Please include the full reference in the first column such as “Introduction 3rd paragraph 2nd bullet” or “2.6.1.b.ii” ○ Please insert/append extra rows as needed. <p>Please send the completed template, renamed with the organization’s or individual’s name, attached in <u>Word Format</u>, to</p>	

	ISAP7.comments@actuaries.org	
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	Specific Questions asked by the ASC	Response
Q1.	Is the guidance clear and unambiguous? If not, how should it be changed?	<ul style="list-style-type: none"> From our point of view the section on reinsurance recoverables does categorically hardly fit the general content structure as a section next to materiality, methodology or assumption setting. We would suggest to either intergrate the content into the other sections, or to position the section on reinsurance recoverables at the end of ISAP7, similar to the section on GI-specific issues.
Q2.	Is the guidance sufficient and appropriate? If not, how should it be changed?	
Q3.	Is the guidance at the right level of detail? If not, what text should be omitted because it is too detailed? In what areas do actuaries need more detailed guidance?	
Q4.	Are there other matters that should be included in this standard? Are there some included here that should not be?	<p>To be considered for inclusion</p> <ul style="list-style-type: none"> The draft standard refers to GAAP principles and the derivation or comparison of Current Estimates with valuation acc. to financial statements. However in many regions and countries a comparison with regional or local regulation referring to similar (economic) standards like ICS is worthwhile, so a reference to these standards (like Solvency II) should be made. Analogously a reference to IFRS 17 Best Estimates should be made, since in many IAIGs this is the governing standard for making up financial statements. We see a need for including a subsection on the central topic of interest rates and interest rate assumptions.

Q5.	Should the title of the ISAP be made shorter or simpler? Suggestions are welcome.	<ul style="list-style-type: none"> We suggest to align the title of ISAP 7 closer to the scope definition (acc. to 1.2), e.g. "ICS – Handling Current Estimates and the use of professional judgement in submissions"
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	General Comments on the ISAP 7 Exposure Draft	
	In general the ISAP7 ED is written from a life-insurance perspective. We suggest to make the paper more balanced and include general topics on knowledge, assumptions, methodologies, materiality up-front, followed by subsections on life, GI, reinsurance specifics.	

Comments on specific paragraphs of the ISAP 7 Exposure Draft		
Full paragraph reference	Change proposed to the paragraph (markup preferred)	Reason the change is needed (can be kept very brief or left blank if obvious from the change)
2.3	<ul style="list-style-type: none"> The term proportionality as used in the Exposure Draft deviates from its use in other context, e.g. in Europe according to Solvency II. In order to give it more context (similar for materiality), reference to ISAP 1 could be made also in this paragraph. 	
2.3	<ul style="list-style-type: none"> In ISAP 1 paragraph 1.5 refers to proportionality. So the first sentence in 2.3 Proportionality should probably read "In applying ISAP 1 paragraph 1.5., and in particular paragraph 1.5.2, the actuary should take into account <i>proportionality</i>" (instead of "In applying ISAP 1 paragraph 1.5. , and in particular paragraph 1.5.2, the actuary should take into account <i>materiality</i>"). 	

2.5.1	<ul style="list-style-type: none"> We strongly suggest that reference to Solvency II and IFRS 17 should be made, see more extensive remark above. 	
2.5.4	<ul style="list-style-type: none"> We understand that – according to the definition of the scope of ISAP 7 – this paragraph on ICS Capital Requirements has been included since grouping and risk mitigation require professional judgement by the actuary. However this topic is a bit “hidden” in the midst of the remainder of the section which is solely on current estimates. We propose to consider making this paragraph a separate subsection (e.g. 2.6) in order to increase visibility of the Capital Requirement-related topics. 	
2.5.4.1 / 2.8	<ul style="list-style-type: none"> We suggest to check consistency of naming GI business. Currently one sections talks about Non-Life risks, the other refers to General Insurance 	

Comments on specific definitions in the Exposure Draft of the updated Glossary

Note that only the proposed revisions are open for comment

Defined Term	Change proposed to the definition (markup preferred)	Reason the change is needed (can be kept very brief or left blank if obvious from the change)