

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:	Devon Esson
Name of organization		Office of the Superintendent of Financial Institutions Canada (OSFI)
Disclosure of comments:	Please indicate if your comments should be treated as confidential, and if so why:	nonconfidential
Instructions for filling in and sending the template	Please follow the following instructions for filling in the template: <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 Word Format, to ISAP7.comments@actuaries.org</p>	

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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?	
Q2.	Is the guidance sufficient and appropriate? If not, how should it be changed?	<ol style="list-style-type: none"> 1. The introduction explains what is meant by the “ICS”. There is work underway to assess whether the Aggregation Method will provide comparable outcomes to the ICS. Given this context, should ISAP 7 clarify how/if this guidance is changed if the Aggregation Method (AM) is considered comparable to the ICS version 2 e.g. Is the AM excluded from the scope of ISAP7? 2. Given that there are some areas where assumptions and methodology are prescribed in the ICS, can the actuary be considered not in compliance with ISAP 7 for not being able to satisfactorily justify these assumptions based on their own analysis? In this case, does the actuary just refer to ISAP 1 section 2.7? Can this be made more explicit in ISAP 7.
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?	
Q5.	Should the title of the ISAP be made shorter or simpler? Suggestions are welcome.	

	General Comments on the ISAP 7 Exposure Draft	

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)
1.2 – first bullet & 2.8.1	N/A	There seems to be an inconsistency as the scope section and most of the guidance relates to ICS “Current Estimates”. However, there is one paragraph (2.8.1) for General Insurance where the Market Adjusted Valuation is referenced. Can the rationale for this difference be made more explicit.
2.2.1	N/A	If there are circumstances under which it would not be appropriate to seek the principal’s guidance on materiality an example or two would be helpful to practitioners, otherwise delete

		“When appropriate”.
2.5.2.a	N/A	The circumstances under which particular management actions would be taken will likely not be exhaustive as the actuary is unlikely to be able to anticipate all such circumstances. Would it not be better to ask for the principles governing such actions?
2.5.2.b.ii	N/A	Policyholders’ reasonable expectations (PRE) may be inconsistent with policies if the insurers past practices have not been aligned with its policies (for example payment of dividends even when policy required otherwise), in which case consistency with both policies and PRE might not be achievable. Further guidance to deal with such situations would be helpful to practitioners.
2.5.2.b.iii	N/A	Further guidance or criteria on how to determine “unduly dependent” would be helpful to practitioners otherwise a wide range of interpretations and practices could emerge.
2.5.4.1.a	N/A	Should credibility considerations be reflected in the the guidance around setting the narrowness of the HRGs?
3.1	N/A	We believe materiality should be considered in all disclosures to the principal, rather than just in the context of assumptions or judgements related to reinsurance recoverables, as per item 3.1.2.d .

3.1.1	Descriptions of the changes and adjustments in assumptions or methods from those used in the <u>financial statements</u> (2.5.1., 2.5.2, 2.5.3,2.7.)	Suggest these highlighted references should be added as they are similar to 2.5.1 and 2.7

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)