



AMERICAN ACADEMY *of* ACTUARIES

October 28, 2011

Director John Huff
Mr. Danny Saenz
Group Solvency Issues (EX) Working Group
National Association of Insurance Commissioners
Via email: DVacca@naic.org

Re: Comments on *NAIC Own Risk and Solvency Assessment (ORSA) Guidance Manual*

Dear Director Huff and Mr. Saenz,

Given the significance of model risk for many insurers, the American Academy of Actuaries¹ ERM Committee would like to suggest the explicit recognition of this risk in the NAIC's *Own Risk and Solvency Assessment Guidance Manual*.

On page 6, third paragraph, we suggest inserting the following (new language is in brackets): "These materials may include risk management policies or programs, such as the insurer's underwriting, investment, claims, asset-liability management (ALM), reinsurance counterparty, operational, [and model risk management] polices."

On page 7, first paragraph, we suggest inserting the following (new language is in brackets): "Examples of relevant material risk categories might include, but not be limited to, credit, market, liquidity, underwriting, operational, [and model] risks."

Thank you for this opportunity to comment. If you have any questions, please contact Tina Getachew, senior policy analyst, Risk Management and Financial Reporting Council, via email (getachew@actuary.org) or phone (202/223-8196).

Sincerely,

Maryellen Coggins
Chairperson, ERM Committee
Risk Management & Financial Reporting Council
American Academy of Actuaries

¹ The American Academy of Actuaries is a 17,000-member professional association whose mission is to serve the public and the U.S. actuarial profession. The Academy assists public policymakers on all levels by providing leadership, objective expertise, and actuarial advice on risk and financial security issues. The Academy also sets qualification, practice, and professionalism standards for actuaries in the United States.