

Model Risk Management Through Effective Model Governance, Controls, and Documentation

Interactive Panel Discussion

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Today's panel

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- Current job: AVP Finance, Risk and Controls at Sun Life Financial, Wellesley, MA
- Former job: AVP & Actuary, John Hancock Financial Services

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- Starting soon : Director & Corporate Actuary, Great West Financial, Colorado
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- Current job: Principal at Actuarial Practice of Oliver Wyman, Hartford, CT
- Former job: Consulting Actuary at Big Four accounting firm

Today's goals

- 1 High level of audience participation**
- 2 Sharing of model risk management best practices**
- 3 Better actuarial models**

Key questions

1 What are the sources of risk in our models?

2 What can go wrong?

3 How can we manage the risk?

Discussion of select model risk management components

1

Model governance

- Governance structure
- Model definition
- Model inventory
- Assumption management
- Documentation standards

2

Model management

- Modeling standards
- Change controls
- Input management
- Output management
- User acceptance testing

3

Model validation

- Independent reviewer
- Fitness for purpose
- Validation method
- Validation tolerances
- Validation documentation