

COMMENT 4: DECEMBER 31, 2008

From: Frantz, Hank
Sent: Wednesday, December 31, 2008 12:03 PM
To: ASB Comments
Subject: Repeal of ASOP #31

General Comments: Mathematicians try to formulate minimal sets of axioms to derive subsequent theorems. I am not sure that the actuarial profession would be well served by developing minimal sets of Actuarial Standards on which all other constraints on actuarial practice could be derived by closely reasoned "proofs."

The proposed repeal of ASOP #31 "proves" that #31 is unnecessary by referencing 5 of the 8 Health ASOPs and 2 of the 6 General ASOPs. I do not see any harm in having an ASOP that is derived from other ASOPs, especially an ASOP that addresses a topic as central as ratemaking. If ASOP #31 is repealed, will more actuaries, or fewer actuaries, develop good documentation for their ratemaking efforts?

Given the importance of ratemaking, rather than eliminate #31, I think it would be a good idea to go in the other direction: keep it up to date. Perhaps change the title to "Considerations in Health Benefit Plan Ratemaking."