



December 30, 2008

ASB Request for Comments
Actuarial Standards Board
7th Floor
1100 Seventeenth Street, NW
Washington, DC 20036-4601

Dear ASB Members:

This letter is the formal response from Watson Wyatt & Co. to the October, 2008 request to comment on the substance of Actuarial Standards of Practice (ASOPs) and ASB's procedures. Watson Wyatt supports the ASB and the standard setting process. We appreciate the opportunity to comment on the standards.

Watson Wyatt employs approximately 7,000 associates on a worldwide basis; with about 400 US actuaries. As the company's Resource Actuary in the U.S., I have prepared our response with input from others in the firm. As a pension actuary working for a firm comprised mostly of pension actuaries, our comments will be based on our familiarity with ASOPs relevant to pension actuaries.

Our comments below are by question number.

1. Appropriate level of guidance. We believe that the ASOPs function as minimum standards of practice for actuaries and should continue to serve this purpose in order to benefit actuaries, their clients and the public. The standards are revised periodically and generally each revision "raises the bar" of actuarial practice. We believe that the current set of ASOPs generally provides an appropriate level of guidance, but should be periodically reviewed to see that this is still the case. While standards of practice can always be revised, the ASB must be careful to balance the needs of actuaries, clients and the public in this process.
2. Degree of specificity in guidance. We will have to disagree with your statement that "As currently written, ASOPs generally do not direct actuaries to perform specific actions." If we look at the recent release of ASOP 4 Revised, we see that this standard requires an actuary who is communicating results subject to the standard to disclose no fewer than 16 items. Several of these items to be disclosed include suggested language. The items to be disclosed pursuant to Section 4.1 of this standard are in addition to items required to be disclosed under ASOP 23, 27, 35, 41 and 44. While we agree that the current standards do leave some room for an actuary to exercise professional judgment when performing actuarial services, they also provide long checklists of activities to consider,



document and disclose. Therefore, we do not believe that the ASOPs need to be more prescriptive.

3. Clarity of ASOPs. The pension ASOPs are generally reasonably clear and unambiguous.
4. Exposure draft comment period. There have been several instances in the recent past when actuaries have not been given enough time to respond to an exposure draft. We believe it is important for the ASB to actively solicit input from the membership on its exposure drafts and allow reasonable periods of time to respond. We believe that 90 days should be a minimum period to respond to exposure drafts.
5. Obtaining adequate number of representative comments. It is not clear to us that the ASB would receive better input if it received more comment letters. Many firms (like ours) submit one letter of response, but that letter is generally representative of many actuaries from that firm.
6. ASB responses to comments. We believe the ASB generally does a good job at reflecting comments and explaining changes.
7. Reliance under ASOPs. We believe the current guidance on reliance in general is reasonable.
8. Concepts of other disciplines. We believe that ASOPs should set forth minimum standards of practice for actuaries. Therefore, we are not overly concerned about concepts in other disciplines unless those concepts affect practice for actuaries and a consensus regarding those concepts has been reached.
9. Litigation risk. Since ASOPs set forth minimum standards for actuaries, it is imperative that they be followed in a litigious environment.
10. Other suggestions. We believe the ASB's goal to set standards for appropriate practice for US actuaries is a reasonable goal. As noted above, practice can always be revised, but may not always best serve the membership, their clients or the public. The ASB, with support of its members, has the difficult task of finding the appropriate balance.

Please contact me if you have any questions about our comments.

Sincerely,

Kenneth A. Steiner
Resource Actuary