Comment #9 - April 30, 2011 - 3:27 p.m.

ASOP No. 27 Revision
Actuarial Standards Board
1850 M Street, NW, Suite 300
Washington, DC 20036

To: Actuarial Standards Board (ASB), Proposed Revision of Actuarial Standard of Practice (ASOP) No. 27

Below are my individual comments relating to “question 8” of the recently issued exposure draft for ASOP No. 27, Selection of Economic Assumptions for Measuring Pension Obligations.

Q8: Do you agree that it may be appropriate to require the actuary to provide rationale for assumptions or change in assumptions? If so, do you agree that the proposed changes represent the appropriate approach?

Response:

I do not agree with the concept that actuaries should provide a rationale for choosing or changing material assumptions in every actuarial communications. Rationale is a very strong term and would require providing validation and/or justification for assumptions/changes. In my opinion, some may argue that compliance with ASOP 27 may require greater justifications than just providing a comment on why an assumption was changed or selected. I am concerned that if actuaries are required to provide validation and justification for assumptions/changes in every actuarial communication, such requirements will add significant burden on the profession. Further, such requirements could become a compliance issue during litigations as it could easily be argued that an actuarial communication lacks compliance with ASOP 27, even when a narrative comment about assumption/change is included.

Thanks.

Sincerely,

Aquil Ahmed, ASA, FCA, MAAA
President