Comment #11 – 8/30/13 – 1:28 p.m.

Here are my comments and questions regarding the Modeling Exposure Draft.

- I like the use of the bold font for identifying terms that are defined in the document.
- Under the definition of granularity, it states that a higher degree of granularity ... “may also require greater effort and expense to design, maintain, assemble and run.” I believe that it may also be harder to obtain credible assumptions if the granularity of the model is too fine.
- Is the definition of parameter intended to include settings in a model (e.g. curtail versus continuous)?
- In 3.1.1, it states that “the resources committed and controls the actuary applies to the model should relate to the degree of reliance on model results.” What should one do if an Actuary knows that a model is not very reliable, but then leaves the company before documenting this fact?
- In 3.2.4.d it says that in preparing documentation, an Actuary should do the following – “consider documenting potential limitations.” On one hand, I believe “should” = “must.” On the other hand, the way in which this reads is effectively “should consider.” I would suggest that this is something that must be done so that future users of the model (after the Actuary has moved on) know the limitations of the model.
- In 3.2.7.a.3 it says that the Actuary “should consider” “if relevant and credible experience is not available, using professional judgment in modifying available sources of information.” I suggest that the Actuary “should” document that professional judgment was used to set this assumption in this circumstance.
- Under 3.3.1.c, Peer Review, should they have to document whether or not a model has been peer reviewed, and if one was completed, what type of peer review was done?
- Under 3.6, documentation, what if time doesn’t permit documentation prior to an Actuary leaving a company? If one documents work on an ongoing basis, then this would not be a problem; however, often documentation occurs well after the model is actually being used.

Please let me know if you have any questions.

Thanks,
Andy

[Signature]  
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