

## Appendix 2

### Comments on the Exposure Draft and Responses

The exposure draft of the repeal of ASOP No. 31, *Documentation in Health Benefit Plan Ratemaking*, was issued to the membership in September 2008 with a comment deadline of December 31, 2008. Four comment letters were received. The ASB and Health Committee carefully considered all comments received. Summarized below are the significant issues and questions contained in the comments and responses to each. The term “reviewers” in appendix 2 includes the Health Committee and the ASB.

<b>GENERAL COMMENTS</b>	
Comment	<p>The four commentators generally shared the same concerns in that they believed ASOP No. 31 should not be repealed but updated instead as to not create a void in actuarial guidance relative to ratemaking. The following is a summary of each comment letter received:</p> <ul style="list-style-type: none"> <li>• Although ASOP No. 31 contains parts of other ASOPs that provide similar guidance, it is unique in that seven other ASOPs had to be referenced in comparison and, therefore, it should not be repealed. The commentator also noted that certain assumptions, such as credibility and trend, are referenced in ASOP No. 31, but not ASOP No. 41.</li> <li>• The repeal of ASOP No. 31 “proves” that the ASOP is unnecessary as five of the eight Health ASOPs and two of the six General ASOPs were referenced. However, given the importance of ratemaking, ASOP No. 31 should not be eliminated but rather updated, and perhaps the title should be changed to <i>Considerations in Health Benefit Plan Ratemaking</i>.</li> <li>• The current ASOP No. 31 is an excellent guide to the specific task of documenting the ratemaking process for health benefit plans and should not be repealed. The commentator believes it would be distracting and confusing to have to reference so many ASOPs whereas now all the requirements are contained in ASOP No. 31.</li> <li>• Although general guidance with regard to documentation of the health actuary’s work for ratemaking is likely addressed in other ASOPs, ASOP No. 31 is used by many health actuaries not only as documentation guidance but also as a valuable checklist of elements and aspects that should be considered and addressed in ratemaking for health benefit plans. Therefore, having such reference is especially important for actuaries working on heavily regulated products, and a repeal of ASOP No. 31 would thus create a void in the actuarial guidance for health benefit plan ratemaking.</li> </ul>
Response	<p>The reviewers note that the cover memorandum to ASOP No. 31 specifically states that, “It is not a standard on ratemaking itself, but rather on the <i>documentation</i> of the ratemaking process.” Also, in section 1 of the ASOP, the purpose and scope, as described, are limited to documentation of the ratemaking process. The same is true for ASOP No. 41 and, as such, does not include references to specific assumptions. Appendix 1 could have been limited to providing guidance to actuaries regarding documentation requirements on ratemaking as contained in other ASOPs. This would have reduced the references in appendix 1 primarily to ASOP No. 41.</p>

	<p>However, the reviewers believe that it would be helpful to practicing actuaries to have a more comprehensive list of cross references than those pertaining to just documentation. Thus, appendix 1 was developed to provide guidance to practicing actuaries regarding all ASOPs that can be referenced on specific issues as it relates to ratemaking, including documentation. In addition, the reviewers note there are several ratemaking and pricing sources that a practicing actuary can reference, including study notes, practice notes, and textbooks in addition to the referenced ASOPs noted in appendix 1. The reviewers further note that much of the material contained in ASOP No. 31 is also contained in ASOP No. 8. Therefore, the reviewers believe the repeal of this ASOP is appropriate.</p>
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