Comment #3 – 1/13/15 – 9:27 p.m.

My comment/concern centers around Section 3.3.1C. from the Second Exposure Draft for the proposed Actuarial Standard of Practice covering modeling. The wording I am commenting on follows:

The actuary should consider obtaining a peer review, where practical and appropriate, depending on the intended purpose and the actuary’s role. Such peer review, if obtained, may include items such as review of the reasonableness of the input to the model, the model construction, and the model results.

This section seems to imply that peer review is an occasional practice. In my experience, when work requires estimates where little direct experience is available, where work is addressing a relatively new process, or where the financial consequences of the work are significant, peer review is a very important practice for experienced actuaries. Our modeling standard should describe the circumstances when peer review is critical to a professional work product and indicate that peer review is required to generate a helpful result.

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