

February 26, 2016

ASOP No. 23 Revision
Actuarial Standards Board
1850 M Street, NW, Suite 300
Washington, DC 20036

To Actuarial Standards Board

We applaud the task force's well-thought out efforts to update the critical Actuarial Standard of Practice on Data Quality. Analyzing data and using it to draw conclusions is fundamental to actuarial work.

With respect to the specific inquiries from the request for comments:

1. Does this proposed revision provide appropriate guidance for an actuary preparing data for another actuary's use? We believe such direction is clear.
2. Does this proposed revision provide appropriate guidance for working with nontraditional data sources? We feel that any reasonable interpretation of this standard does indeed incorporate such guidance for all data including nontraditional forms.
3. Considering the guidance in section 3.6, which discusses the quality of other information relevant to data, is the title of the standard "Data Quality" appropriate? We would argue that section 3.6 is not necessary (see below) and as such, we view this question as moot.

With respect to the wording of the proposed revision of the standard itself, we offer some thoughts for your consideration.

In Section 3.3.c, the standard notes that an actuary should, ".....perform a review of the current data for consistency with the data used in the prior analysis." Although this is generally good actuarial practice, there are many instances where compatibility with prior data is neither necessary nor desirable. We would suggest eliminating this requirement.

In addition, the final paragraph of Section 3.3 seems redundant. Disclosure with respect to an actuary not performing a review could be appropriately covered by adding a word or two to the initial paragraph of that section rather than rehashing the situation in another paragraph. We suggest the following:

3.3 Review of Data – A review of data may not always reveal existing defects. Nevertheless, whether the actuary prepared the data or received the data from others, the actuary should perform a review, unless, in the actuary's professional judgment, such review is not necessary, practical or appropriate and then disclose that such a review was not preformed. In exercising

professional judgement, the actuary should consider the purpose and nature of the assignment, any relevant constraints, and the extent of any known checking, verification or audit of the data that has already been performed.

Another option for actuaries using data (Section 3.4) should be, with appropriate disclosure, to disregard that portion of the data that is viewed as inadequate and to complete the assignment with the remaining portion of the data that has been judged to be adequate. This option would become Section 3.4.e while the original 3.4.e would be moved to 3.4.f.

We would advocate that Section 3.6 be eliminated. As it stands that section is already wordy and somewhat unclear. We think that all actuaries would agree that data (defined in Section 2.4) and data elements (defined in Section 2.5) include the "other information" referred to in this section. It is also redundant in that elsewhere in the standard, the actuary is already directed to use appropriate data and consider whether such data are reasonable. Proposed Section 3.6 develops a situation where that has not been done.

All standards should reference ASOP #41 (*Actuarial Communications*) when directing actuaries on appropriate communication and disclosures. We agree with the reference to ASOP #41 in the opening paragraph in Section 4; however, repeating specific sections of ASOP #41 in Sections 4.1.h, 4.1.i and 4.1.j is unnecessary and in some ways counterproductive.

We appreciate the opportunity to comment on the exposure draft for the proposed revisions to ASOP #23 and look forward to the revised standard of practice.

Sincerely,



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