Comment #5 – 8/10/16 – 4:42 p.m.

The following comments are submitted on my own behalf and reflect my personal viewpoint rather than that of my employer.

1) In Section 3.2.1, while most actuaries use IRR as a primary measure of profitability, I do not think the ASOP should imply that IRR is more important than other pricing measures. I know that the paragraph says "should consider" but it clearly sets IRR apart from the other measures. IRR should be listed like one of the other measures. Actuaries should feel free to use the measures that are most relevant to their pricing work.

2) Also in Section 3.2.1, I generally think of the pricing horizon as the period over which I should be evaluating results. I do not see the value to calculating results over shorter periods.

3) In 3.5.1, this implies to me that margins are needed in pricing despite "should consider". I would rather see a more general statement that margins should be considered to the degree that experience is not credible, behavior is expected to be different than experience or something similar.

4) In 4.1, why are the three sections singled out? I would take out a., b. and c.

5) In 4.2, I do not agree with the one size fits all approach described here. An actuarial report includes reports provided to Senior Management and all the model framework considerations, for example, may not be necessary.

Thank you.

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