

Comment #1 – 7/27/16 – 7:17 p.m.

Below are my comments on the Modeling exposure draft:

- In section 1.2 and 3.1 (and perhaps elsewhere), simple model is not underlined as a defined term, only model is (at least on the web version)
- I believe the terms output and results are used interchangeably. If so, it may be best to just use one term throughout. If not, it would be helpful to explain the difference
- I suggest adding a disclosure describing the model validations performed
- I believe section 3.3 may be onerous for a junior actuary on a modeling team. I believe in that circumstance it may be hard for that actuary to “be reasonably satisfied that the other actuary’s selecting, designing, building, modifying, developing, reviewing, evaluating, or use of the model was performed in accordance with this ASOP and is appropriate for the intended purpose.”

Regarding the specific questions:

1. Does the proposed standard provide sufficient and appropriate guidance to actuaries working with models? If not, what suggestions do you recommend for improving the guidance? Yes, other than suggestions above
2. Does the proposed standard provide sufficient and appropriate guidance to actuaries working with all types of models, including financial projection models, predictive models, and statistical models? Yes
3. The scope of the proposed ASOP excludes “simple” models, which are defined in section 2.13. Is this definition appropriate and sufficiently clear? Yes
4. Section 3.2 requires the actuary to make practical efforts to comply with applicable sections of this standard with respect to models designed or built by someone else, such as a vendor or a colleague, when the actuary has a limited ability to obtain information about the model or to understand the underlying workings of the model. Is this guidance appropriate and clear? Yes

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