



251 South Lake Avenue  
Suite 910  
Pasadena, CA 91101-3022  
USA

Tel +1 626 577 1144  
Fax +1 626 793 2808

## MEMO

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To: Actuarial Standards Board via e-mail to [comments@actuary.org](mailto:comments@actuary.org)  
From: Brian Brown, FCAS MAAA  
Lori Julga, FCAS MAAA  
Stephen Koca, FCAS MAAA  
Re: **Comments regarding the Exposure Draft of Proposed ASOP *Setting Assumptions***

To whom it may concern:

Thank you for the opportunity to comment on the exposure draft of the proposed actuarial standard of practice titled *Setting Assumptions*. Please note these comments are our opinions and not opinions of our employer or any actuarial organization where we are a member.

- We agree with previous commenters who had questioned the need for this ASOP. In particular, Jan Harrington and John Pedrick provided well thought out comments. In summary, we believe specific guidance on setting assumptions is well covered by other existing ASOPs, and *ASOP 41 Actuarial Communications* sufficiently covers the more general ideas within this exposure draft.
- **Section 3.1.3.c.** states “ensure that assumptions are not set for the purpose of counteracting the effect of prescribed assumptions set by law”. The intended purpose of a given assumption (or set of assumptions) prescribed by law may not be known. Further, how a given assumption (or set of assumptions) interacts with other assumptions can be a complex process. Perhaps this guidance could be changed to “not intentionally counteract the effect of prescribed assumptions set by law”.
- **Section 3.1.3.d.** discusses the idea of assumptions being “reasonably consistent”. A definition of consistency as used within this ASOP would be a useful addition.
- **Section 4.1.a** states “material assumptions in sufficient detail to permit another qualified actuary to assess the reasonableness of the assumptions, including rationale if necessary for this purpose.” The statement “including rationale if necessary” is vague or redundant. If the actuary is disclosing the material assumptions in sufficient detail to permit another qualified actuary to assess the reasonableness of the assumptions, why would the statement including rationale be necessary? Can examples of when rationale should be disclosed be provided?
- The wording in Section 1.4 Effective Date does not make it clear when the guidance in the ASOP would be binding.