

**Comment #25- 4/19/17 – 5:54 p.m.**

Good afternoon.

The following are comments regarding the Exposure Draft of Proposed ASOP on Setting Assumptions

Starting first with comments at a high level, it is unclear what current gap or lack of guidance this ASOP is intending to address. It seems to ultimately result in such broad guidance as to not provide much help and in fact may hinder an actuary's work. Without narrowing the intent and application of the ASOP there is the potential for opening up infinite debate about what was assumed and whether and how it was documented. This ASOP could create the situation where actuaries feel like they need to list every possible assumption that was made in their reports to avoid scrutiny. Does listing 1,000 assumptions increase the public's trust in the actuarial profession? Probably the opposite.

If, in fact, it is still determined that an ASOP is needed for this topic, more specific comments on the content are as follows:

- Suggest defining “assumption”- It is unclear what “Assumption” means for the sake of this document. In some instances it appears to be rather broad and almost seems to include what might be better called judgment or selections.
- Suggest defining “entity” –
- Is Government included as an entity? The government may have services provided to them but also in some instances the government may be providing assumptions.
- Is entity intended to be different from principal? If so what is the distinction?
- What about when the term is used to refer to the company whose data is being used to make assumptions, not the company for which services are being provided? E.g. an audit of a company being performed for the government
- 3.1.3a refers to material assumptions while 3.1.3b refers to all assumptions. Is it clear throughout the document when the intention is to apply to all assumptions and when to apply to material assumptions?
- 3.1.3c: We also have an obligation to the public to do the job right, not just accept all prescribed assumptions and allow for a knowingly unreasonable total result.
- Section 4: are we required to disclose assumptions we know to be “incorrect”? There are times, for example, in statistical analysis when a given distribution is assumed like normal even if we know the data is likely not normally distributed. What is the intent of this section?

Thank you,

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