

## **Comment #10 – 1/13/17 – 4:36 p.m.**

In response to the 7 questions specifically noted:

1. In some circumstances, the setting of assumptions is largely inseparable from the selection of methodology. The standard addresses this issue by including such methodology in the discussion of “assumptions” in section 1.2. Is this sufficiently clear?

Yes, this is clear.

2. Does the proposed standard provide appropriate guidance across all practice areas? If not, how should the guidance be modified?

Yes, it provides appropriate guidance across all practice areas.

3. Is the proposed standard clear on how to handle conflicts with practice-specific ASOPs? If not, how could it be improved?

In 1.2, consider rewording “those ASOPs will govern” to instead be clear that the reference is that “the practice area or activity specific ASOPs will govern.”

4. Would it be helpful to define additional terms in section 2? If so, what terms?

“Reasonable” or “Reasonableness” (3.1.3)

“Material” (referenced in 3.1.3a and elsewhere in 3.1.3)

“Principal” (used in a few places)

5. Is the guidance in section 3.1.3(b) that the actuary should consider the reasonableness of the results from using the assumptions, and not simply the reasonableness of each individual assumption, clear and appropriate?

Yes

6. Does the proposed standard appropriately address sensitivity analysis as discussed in section 3.2?

Yes. Consider adding a suggestion that “Sensitivity analyses may include adjusting just one assumption in such an analysis and/or adjusting multiple assumptions for developing alternatives.”

7. Are the disclosures about assumptions and changes in assumptions in section 4.1 of the proposed standard clear and appropriate? Is the proposed standard clear on how to handle conflicts with practice-specific ASOPs? If not, how could it be improved?

Yes

Other comments/considerations:

- A. 3.1.3b: Consider adding as a last sentence: “If the assumptions prescribed by law yield results that are not reasonable, the actuary may assess other steps necessary to arrive at reasonable results or communications necessary to clarify the results of the analysis.” Refer to ASOPs as needed.

- B. 3.1.3c: Consider revising to something like: “Assess whether assumptions set align with the purpose of prescribed assumptions set by law. If assumptions used counteract the effect of prescribed

assumptions set by law, assess the reasonableness of the assumptions used and determine whether adjustments are needed.”

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Thank you for the opportunity to provide feedback here -- Nick

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