

Comment #2 – 4/1/19 – 3:09 p.m.

Just one comment for the Committee’s consideration regarding the Second Exposure Draft for the Actuarial Standard of Practice (“ASOP”) “Setting Assumptions”:

Section 3.4.d (“Reasonableness of Assumptions”): This section includes the requirement for an assumption to be considered reasonable that “it is expected to have no significant bias. . .” While this may be covered by the caveat “relative to the purpose of the assignment, I note that there are instances when assumptions are set with intended biases. For example, scenario testing for sensitivity testing may result in the preparation of scenarios designed to show pessimistic versus optimistic results via the use of pessimistic and optimistic assumptions. I would prefer that this be clarified in the ASOP but, again, perhaps, the Committee feels this is covered by the “purpose of the assignment” caveat.

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