

Comment #5 – 5/30/19 – 9:36 p.m.

I am providing my comments on the Second Exposure Draft of the Proposed ASOP on Setting Assumptions.

Section 2.1

I have two concerns about the definition of an assumption. First, the definition includes "possibilities based on professional judgment," even though the fourth paragraph of Section 1.2 - Scope specifically excludes assumptions based on professional judgment. Second, an assumption can represent other metrics besides expectations, such as a measure of volatility or median.

Section 2.3

I would have used "Evaluation Date" instead of "Information Date" here. It is a much more well-known term in the profession and appears consistent with this definition.

Section 3.2c

I am not sure to what "or a combination of both" refers in this sentence.

Section 3.3

I think "margin" should be added to the definitions.

Section 3.6

I think this section should state that the combined impact of any margins in the assumptions should be evaluated for reasonableness.

Section 4.2a

I believe that the actuary should not only be required to explicitly disclose the amount of any margins, but also their combined impact on the final result of the analysis.

Thank you for your consideration of these comments.

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