

**Comment #25– 5/15/19 – 8:44 p.m.**

May 15, 2019

Dear Chairperson, Task Force, and Board:

My 9/29/13 comments, Section A, expressed serious concern that aspects of the guidance could inappropriately weaken, rather than strengthen, the standard of quality of actuarial modeling. Another commentator, a prominent actuary, voiced the same concern strongly and concisely.

I would not typically revisit a previously considered concern, but for its grave importance and additional perspective gained in the intervening six years.

OBJECTION: I object to permitting actuaries to rely upon models which they do not fully understand.

"3.3 Reliance on Models Developed by Others—If the actuary relies on a **model** designed, developed, or modified by others, such as a vendor or colleague, and the actuary has a limited ability to obtain information about the **model** or to understand the underlying workings of the **model**, the actuary should disclose the extent of any such reliance. In addition, the actuary should make a reasonable attempt to have a basic understanding of the **model**, including the following, as appropriate:..."

PERSPECTIVES: As expressed earlier, I still feel this violates Precept 1 of *The Code* and diminishes our profession.

Here's the additional perspective.

Never before has the nation needed some of our retirement (annuity) products more than now, when the second half of the Baby Boom generation joins the first in entering retirement, and well-designed and priced annuity products, appropriately sold, could insure the longevity and inflation risks. But last I looked, a year or so ago, sales of life insurance and total annuities were on a steady decline. And the popular press, while occasionally jumping on board with new and potentially useful products like DIA's, much more often denigrates annuity products or has severe cautions perhaps disproportionate to other assets.

Do we validate the criticism already out there by weakening our standards? Or do we stand with the strictest integrity and work to ensure the strongest modeling stands behind our products, and further work to encourage they are sold by financial advisors with similar ethics?

Thank you.

Sincerely,

Mary Jo Napoli, MAAA