Thank you for the opportunity to provide comments on the second exposure draft of the proposed ASOP on Setting Assumptions. The following individuals studied the language of the ASOP and came together to discuss.

- Mark Spong
- Jeffrey Roscoe
- Patrick Davidson
- Gabriel Alboukrek
- Haley Jeorgesen

The following comments represent our personal views and are not reflective of Oliver Wyman or clients.

**Section Comment**

3.1 Consider adding text related to materiality; this felt like a natural addition.
3.3 Consider adding text related to strategic considerations of margins (e.g. M&A sell-side vs buy-side)
3.4d Appendix 1 states that “Similarly, the fact that different actuaries may apply different professional judgement and may choose different reasonable assumptions does not indicate a flawed assumption-setting process.”

Section 3.4d states that assumptions are “expected to have no significant bias.”

Effectively, this acknowledges that two actuaries may arrive at different assumptions but they may not be biased one way or another. We note that the language of 3.4.d appears to imply that the “optimistic or pessimistic” differences that would naturally arise in some contexts (e.g. M&A buy-side vs. sell-side) may be in violation of this ASOP.

Consider whether or not the language “relative to the purpose of the assignment” sufficiently allows for disagreement when actuaries have a shared goal (e.g. performing an appraisal).

N/A The proposed ASOP is entirely focused on explicit assumptions and does not cover setting, identifying or disclosing implicit assumptions. E.g. An explicit assumption may be the long term expected interest rate and an implicit assumption may be whether to have mean reversion.

Consider including language about implicit assumptions in addition to explicit assumptions.

Mark Spong, FSA, CERA
Senior Consultant | Actuarial Consulting

OLIVER WYMAN