

Response to the ASB's second exposure of a proposed new ASOP on "Setting Assumptions"
Collection of comments from MetLife
7/30/19

Section 2. Definitions	
New Definition Suggestion	
Comment	It would be helpful for "margins" to be a defined term. We generally know what it means but it can go by other names (conservatism, provision for adverse deviation), although the context makes clear what they are referring to. But the concern is that if we are using risk neutral (RN) assumptions for a purpose for which RN assumptions are appropriate, those assumptions by design would have significant bias, which would violate 3.4.d. unless that bias is deemed to represent a "margin." And while certainly the bias inherent in RN assumptions could be deemed to be a margin, I don't think that is the common usage. So, it would be helpful to have margins defined in a way that incorporates the bias inherent in RN assumptions.
Section 3. Analysis of Issues and Recommended Practices	
Section 3.5. Consistency of Assumptions	
Comment	In the situations where multiple assumptions are set by different actuaries instead of one actuary, what are the requirements or recommended approaches?
Section 3.6. Reasonable Assumptions in the Aggregate	
Comment	In the situations where multiple assumptions are set by different actuaries instead of one actuary, whose responsibility is it to review the assumptions in aggregate? What are the requirements or recommended approaches?
Section 4. Communications and Disclosures	
Section 4.1. Required Disclosures in an Actuarial Report	
Comment	What is considered a "significant" assumption? What are the considerations if you think that an assumption is significant or not is based on the actuary's professional judgment?