

Dear Members of Task Force to Revise ASOP No. 2,

I appreciate your efforts in revising ASOP 2 as, along with all the Actuarial Standards of Practice, they provide important guidance of what should be considered, done, documented, and disclosed when rendering actuarial services.

As stated in ASOP No. 1 Section 3.1.4, "ASOPs are principles-based and do not attempt to dictate every step and decision in actuarial assignment. Generally, ASOPs are not narrowly prescriptive and neither dictate a single approach nor mandate a particular outcome." With this in mind, I believe that many areas of the current exposure draft for ASOP No. 2 are too prescriptive and should be left to actuarial judgment and/or regulation. The determination of NGEs already needs to take into account existing regulations (e.g. NY Reg. 210, illustration regulations) along with policy provisions. An actuary needs guidance from the ASOP for how to determine NGEs, not prescriptive constraints. Specifically:

- This draft introduces the concept of an NGE Framework in Section 2.5 and 3.1. I believe that this introduction is unnecessary given the existing determination policy of the current ASOP. I recommend it be eliminated and any relevant items covered in the determination policy.
- Section 3.2(b) states, "NGE scales are determined based on reasonable expectations of future experience and are not determined with the objective of recouping past losses or distributing past gains." The phrase "and are not determined with the objective of recouping past losses or distributing past gains" is an area that is covered by NY Reg 210 and this phrase goes beyond what is in that regulation to include distributing past gains. This type of prescriptiveness is best left to regulation, and I recommend the deletion of this phrase.
- I agree with another commenter that sections 3.2(a), 3.4.1(c), and 3.4.2.4(c) are prescriptive and best left to regulation and either be removed or rewritten to include "if required by statute or regulation".
- Also, as mentioned by another commenter, Section 3.4.1 states, "When determining NGE scales for future sales of a new or existing product, the actuary should take into account the following: . . ." However, not all items in the list are always applicable, so the phrase "if applicable" should be added after "following"
- 3.4.2.4 (c) should drop the second sentence with the example that is best left to regulation and modified to read "determine new NGE scales using a method that is consistent with sections 3.2(a) and 3.2(b), policy provisions and applicable law. "

Thank you for your efforts and the opportunity to comment on this draft exposure.



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SVP & Chief Actuary

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