

Title of Exposure Draft: Proposed Revision of Actuarial Standard of Practice No. 12

Comment Deadline: May 1, 2024

Instructions: Please review the exposure draft, and give the ASB the benefit of your recommendations by completing this comment template. Please fill out the tables within the section below, adding rows as necessary. Sample for completing the template provided at the following link: <http://www.actuarialstandardsboard.org/email/2020/ASB-Comment-Template-Sample.docx>

Each completed comment template received by the comment deadline will receive consideration by the drafting committee and the ASB. The ASB accepts comments by email. Please send to comments@actuary.org and include the phrase 'ASB COMMENTS' in the subject line. Please note: Any email not containing this exact phrase in the subject line will be deleted by our system's spam filter.

The ASB posts all signed comments received to its website to encourage transparency and dialogue. Comments received after the deadline may not be considered. Anonymous comments will not be considered by the ASB nor posted to the website. Comments will be posted in the order that they are received. The ASB disclaims any responsibility for the content of the comments, which are solely the responsibility of those who submit them.

I. Identification:

Name of Commentator / Company
Gregory Fann, MAAA, FSA, FCA

II. ASB Questions (If Any). Responses to any transmittal memorandum questions should be entered below.

Question No.	Commentator Response

III. Specific Recommendations:

Section # (e.g. 3.2.a)	Commentator Recommendation (Please provide recommended wording for any suggested changes)	Commentator Rationale (Support for the recommendation)
3.2.3	Whether it is appropriate to use a risk characteristic may depend on societal , regulatory, and industry, <u>and business</u> practices or may depend on the scope and context of the actuary's work.	The current standard speaks of applicable law, industry practices, and business practices (3.3.3). "Societal practices" is vague and may potentially be interpreted as value-based subjective opinions which do not have universal consensus. With the proposed language, actuaries may adhere to the law and commonly accepted actuarial practice and be unduly exposed to accusations of departing from "societal practices". It is unclear whether "societal practice" is intended to refer to "social practice", which is a theory within psychology that seeks to determine the link between practice and context within social situations. If not intended, some actuaries may interpret this intent. With an objective connotation, actuaries generally recognize what industry and business practices are.

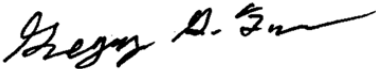
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IV. General Recommendations (If Any):

Commentator Recommendation (Identify relevant sections when possible)	Commentator Rationale (Support for the recommendation)
<p>The conformance to societal practice requires a loss of actuarial independence and replaces the authenticity of actuarial work with desired societal acceptance. Our finest moments have been counter to expected societal alignment.</p> <p>Review & Outlook: Richard Foster for President: Medicare's Chief Actuary on ObamaCare Facts - WSJ</p>	<p>The proposed standard strikes me as a monumental change not only in an actuarial standard but more broadly in a change of what actuaries do and who actuaries are.</p> <p><i>From: Actuaries are objective professionals and are expected to objectively perform their work by dispassionately selecting risk characteristics which correlate with outcomes.</i></p> <p><i>To: Actuaries should be prepared to demonstrate their objectivity but should also consider alignment of their sources/measures and selection of risk characteristics with accepted societal norms.</i></p> <p>While Actuarial Standards of Practice (ASOPs) govern the work of actuaries who have an opportunity to opine on each standard with the release of exposure drafts, I am concerned that many actuaries may be unaware that a change of this magnitude is occurring within a standard update to a single ASOP.</p>

V. Signature:

Commentator Signature	Date
	5/1/2024