

## COMMENT 7: JULY 31, 2008

**From:** Joseph Penick [<mailto:jpenick@curciowebb.com>] **Sent:** Thursday, July 31, 2008 1:27 PM **To:** ASB Comments **Subject:** ASOP No. 27 Request for Comments

I have comments – observation and opinion – on the first 3 of the 10 questions on which you specifically solicited input in your 3/27/08 Request for Comments regarding ASOP 27. These comments are my own, and do not necessarily reflect the views of my firm.

#1 & #2: Having worked as a pension actuary in 4 offices of 3 consulting firms, on both large and small clients, and having observed many actuaries at work, I think actuaries most often comply with ASOP 27 by essentially choosing each economic assumption (typically a slightly conservative or best point estimate) from the relevant assumption universe, and proceed with confidence that the selected assumption would certainly be within their best-estimate range if they were to expressly determine that range (but without actually doing so). I believe such an approach is already permitted by Section 3.4 of ASOP 27, but perhaps this approach should be more expressly allowed. However, the best-estimate range should be preserved in any case, because it serves a very important purpose – it provides assurance/comfort that reasonably selected assumptions will pass muster (and conversely, discourages the selection in unreasonable assumptions).

#3: I think the best-estimate range is already sufficiently wide enough, generally speaking, for the purposes of including a margin for conservatism or calculating a range of values. However, if deviations from this range are desired, the ASOP already allows them, subject to appropriate conditions (disclosure, etc.). And it's my opinion the recently proposed (exposure draft) Section 4.3 of ASOP 41 is sufficient for this purpose.

Thank you for your consideration of these comments.

---

Joseph L. Penick, ASA, FCA, EA, MAAA  
Consulting Actuary  
Curcio Webb, LLC  
100 Bush Street, Suite 2400  
San Francisco CA 94104