

February 26, 2016

ASOP No. 23 Revision
Actuarial Standards Board
1850 M Street, NW, Suite 300
Washington, DC 20036

Dear Sir or Madam,

Subject: Comments on Proposed Revision of Actuarial Standard of Practice (ASOP) No. 23

Thank you for the opportunity to provide comments on the proposed revision of ASOP No. 23.

I will first address two areas of the exposure draft where the wording could merit further consideration:

1) Section 3.6, Reliance on Other Information Relevant to the Use of Data

- a) The exposure draft states: "The actuary may rely on such information supplied by others, unless it is or becomes apparent to the actuary in the course of the assignment that the information is unsuitable for use in the actuary's analysis, or the information suggests that the **data** may be unsuitable."
 - i) The grammar in this sentence is difficult to understand because there are several ideas being presented.
 - ii) Given that information and data are two distinct concepts as described/defined in the ASOP, the last clause "or the information suggests that the data may be unsuitable" doesn't fit with the beginning of the sentence.
 - iii) Taking out the middle of the sentence gives: "The actuary may rely on such information supplied by others, unless the information suggests that the data may be unsuitable". The grammar implies that the *information* shouldn't be relied on if it suggests the *data* may be unsuitable. I think the intent is the other way around - that the *data* shouldn't be relied on if the *information* suggests it is unsuitable.
 - (1) I did note that several sentences later the standard addresses not relying on the information if there are inconsistencies between the information and the data.
 - iv) For clarity, the sentence could be broken up as follows:
 - (1) "The actuary may rely on such information supplied by others, unless it is or becomes apparent to the actuary in the course of the assignment that the information is unsuitable for use in the actuary's analysis."
 - (2) Then continue with the wording in the ASOP as is, from "The actuary should disclose reliance..." to "...disclosing when other relevant information that has been provided is not used."

- (3) Then include additional wording for the case where the data (as opposed to the information) is unsuitable: "If the other information suggests that the data may be unsuitable, the actuary should make a professional judgment about whether to use the data based on considerations in sections 3.4 and 3.5."
 - b) "If the actuary believes the information is unsuitable, or inconsistencies between the information and the data suggest..."
 - i) The word data needs to be bold in this sentence.
- 2) Section 4.1, Communication and Disclosure, statement b.
- a) The exposure draft states: "whether the actuary performed a **review** of the **data** and, if not, the reason for not reviewing the **data**;"
 - i) It appears that when the wording about including the reason for not reviewing the data was added, the prior wording of "any resulting limitations on the use of the actuarial work product" was removed.
 - ii) The last sentence of section 3.3, Review of Data, in the exposure draft says "If, in the actuary's professional judgment, it is not appropriate to perform a **review** of the **data**, the actuary should disclose that the actuary has not performed such a **review**, the reason the actuary has not performed such a **review**, **and any resulting limitation on the use of the actuarial work product**, as described in section 4."
 - iii) To make section 4.1 statement b. consistent with section 3.3, the missing wording could be added back so the statement reads "whether the actuary performed a **review** of the **data** and, if not, the reason for not reviewing the **data** **and any resulting limitations on the use of the actuarial work product**"
 - (1) Note that "limitations" is plural in the suggested wording to be consistent with the wording in the existing ASOP, even though it is not plural in the statement above from section 3.3 of the exposure draft.
 - (2) Statement e. of this section addresses limitations on the use of the actuarial work product, but in a different context that doesn't relate to whether or not a review was performed.

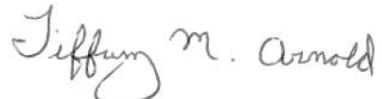
To address the specific areas where comments were requested:

- 1) Yes, the proposed revision provides appropriate guidance for an actuary preparing data for another actuary's use. The wording is very clear that the actuary is to prepare the data according to the ASOP as if he or she will be using the data him/herself. No additional wording is necessary.
- 2) No additional thoughts.
- 3) Yes, the title "Data Quality" is still appropriate given the guidance in section 3.6. The other information can potentially impact how the actuary interacts with the data, but it is still secondary to the data itself. There's also something to be said for keeping the title of the ASOP clean and concise.

Thank you for your time and consideration.

Sincerely,

Hewitt Associates LLC, an Aon Hewitt company



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