

Title of Exposure Draft: Statements of Actuarial Opinion Based on Asset Adequacy Analysis for Life Insurance, Annuity, or Health Insurance Reserves and Other Liabilities

Comment Deadline: November, 30, 2020

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
John Robinson FSA, FCA, MAAA

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)
Section 2, definition 2.4	Replace "expectations or assumptions" with either "assumptions" or "expectations"	If they mean the same thing, choose one or the other.
Section 2, definition 2.10	Replace "economic and other assumptions" with "assumptions".	The phrase "economic and other assumptions" does not exclude any assumptions; so it might as well just say "assumptions". Alternatively, I suggest you re-consider what meaning is intended.
Section 2, definition 2.11	Delete the word "material".	Materiality is a separate consideration. "Subsequent" need refer only to when an event occurred.
Section 3.1.1.e	1. There is an inconsistency in number: the first sentence refers to "methods" but the second and third sentences refer to "method". 2. A definition is given for Gross Premium Reserve (Section 2.6). It would be helpful, particularly since this ASOP is applicable to health, to define at least one Loss Ratio Method.	
Section 3.1.2.2.g	Replace "the impact of any prescribed margin on the overall analysis" with "whether the margin is prescribed".	If a margin is prescribed, the actuary should not have the discretion to consider it or assess its impact; but the actuary may express an opinion that the prescription is unreasonable in a particular situation.

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Section 3.1.5	1. It seems highly unlikely that cash flows from one scenario-based calculation would be used in another scenario-based calculation unless assets, liabilities and scenario are all identical. 2. Delete the last phrase “under moderately adverse conditions”.	The phrase is not necessary.
Section 3.1.6	Provide a definition of “insulated”.	Companies and actuaries often use the terms “unitized” and “non-unitized” to characterize separate accounts. “Insulated” should not be confused with either of these terms.
Section 3.1.11	Replace ““not analyzed”” with “that has not been subject to asset adequacy analysis”	This will enhance the text.
Section 3.2.2	Replace “reserves or other liabilities ” with “ liabilities ”.	(See comments below concerning “reserves and other liabilities ”)
Section 4.1	Do not show asset in bold.	The phrase “regulatory asset adequacy issues summary” is a reference to a specific report.
Sections 3.1.8, 3.1.10, 4.1.m and 4.1.0	Replace “opinion” with “statement of actuarial opinion”.	The term “statement of actuarial opinion” should not be abbreviated to “opinion”, and the ASOP does a good job of this except for the locations cited.
Section 4.1.l.	Section 4.1.l, concerning management actions, is a mandatory (“should”) disclosure item. I ask for re-consideration of this item.	It is unclear what an “assumed result” is, and what a reviewer should make of it if he/she were presented one.

IV. General Recommendations (If Any):

Commentator Recommendation (Identify relevant sections when possible)	Commentator Rationale (Support for the recommendation)
There are 27 uses of the phrase “reserves and other liabilities ”. Replace all of them with “ liabilities ”.	The phrase “reserves and other liabilities” bears the interpretation that “reserves” are primary and “other liabilities” are secondary. However, only “liability” is a defined term (Section 2.8). Since it is not the purpose of this ASOP to distinguish between types of liabilities, and since its only purpose would be to distinguish it from “asset/assets”, it is sufficient to use the term “liability/liabilities”.

V. Signature:

Commentator Signature	Date
	June 24, 2020

