From: Blanchard III,Ralph S
To: "ISAP.comments@actuaries.org"
Subject: Comments on IASP 1
Date: September-11-12 3:23:05 PM

To whom it may concern:

An August 28th email asked me to "*Please confirm your support, or identify if you have any substantive issues with the ISAP [1] as now presented*". I am hereby responding that I have one issue with paragraph 3.9 - Assumptions and Methodology Mandated by Law. That paragraph says:

"When an assumption or methodology is mandated by law, the actuary should disclose in the report that the assumption or methodology was mandated by law <u>and that the report should not be used for any purpose other than that required by law</u>." [underlining added]

I believe that the underlined part of this paragraph is ill-advised, as reports that include assumptions mandated by law may validly be used for many purposes other than that envisioned by the law. Examples include (1) comparing such reports of various competitors to determine relative market share, (2) comparing such reports from different time periods to determine relative growth rates where no other information is available, and (3) using such a report to evaluate potential dividendable cash flow, either for internal management purposes (such as for capital management) or in a potential external valuation for either lending or acquisition purposes. Many other valid uses can be envisioned.

I believe that the underlined section should be deleted at a minimum. If desired, the underlined wording could be replaced by wording such as the following:
"and that the report may not be appropriate for any purpose other than that required by law"

In short, the underlying wording is inappropriate and needs to be changed.

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