

Comment #11 – 2/10/10 – 4:43 p.m.

This email presents my comments on the proposed revision of ASOP #41 on Actuarial Communications.

I emphasize that my comments are personal and do not necessarily reflect the views of my employer or of any of the actuarial bodies of which I am a member. I am an enrolled actuary, a Fellow of the Institute of Actuaries (London), a Fellow of the Society of Actuaries, and a Member of the American Academy of Actuaries.

Please delete from Section 2.1 the words “written, electronic, or oral.” They serve no purpose.

Please delete Section 2.6 which defines “Intended Audience” as “All Intended users.” I do not think the intended audience is generally limited to intended users. Providing a definition that implies congruity of these expressions is unhelpful. Deleting the paragraph is the easiest solution.

In Section 3.1.4, the term “Actuary” in the title should be replaced by “Actuar(y)/(ies)”

In Section 3.3.4(c) the word “prominently” is awkward and unclear – does the font need to be bigger, bolder, and in a more noticeable color than all other text? The problem stems from the implicit notion that an actuary is defined as “a person who almost certainly chose the assumptions used for this communication.” The task of ensuring the audience understands who chose the assumptions is achieved by eliminating this notion and requiring each actuarial communication to include an explanation of who chose each assumption.

In Section 3.3.5, “date” should be “dates,” since a report may contain more than one item of information, with different items having different expiry dates.

I see no merit in requiring an actuary to provide a written document to reconcile two materially different oral communications. I suspect the most common situation in which two oral communications have material differences is when someone orally points out an error in the earlier communication in an oral presentation. Consider an actuary giving a lecture at an EA meeting and telling the audience “IRC 436 covers the new minimum funding rules.” Five minutes later, someone corrects the lecturer who then admits that IRC 430 covers the new minimum funding rules. I do not believe the lecturer should be required to provide a written document explaining the correction of this error.

Section 4.1.3 should be expanded to include disclosures required by 3.3.4.

Section 4.2 should be expanded to clarify if assumptions and methods prescribed by or under the authority of FASB, should be treated as “prescribed by law.”

Section 4.3 (d) should be expanded to include a line (3) worded along the lines “that the actuary agreed with the assumption or method.

Best Wishes

Jan Harrington, EA, FIA, FSA, MAAA

Principal, Reviewing Actuary

Buck Consultants