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Comment #27 - March 30, 2010 - 7:00 p.m.

ASOP No. 41 Revision
Actuarial Standards Board
1850 M Street, Suite 300
Washington, DC 20036-4601

SENT VIA E-MAIL

Pinnacle Actuarial Resources, Inc. ("Pinnacle") is pleased to have the opportunity to provide the following comments in regards to the second exposure draft of Actuarial Standard of Practice No. 41 Actuarial Communications ("ASOP 41.") We address the three questions posed by the committee below:

1. Is the revised concept of an actuarial report reflected in this draft both clear and appropriate?

No. The revisions appear to require an actuary to prepare a report, subject to the disclosures of 3.3 and 4.1.3, anytime the actuary presents findings which will be relied upon by an intended user. This is an extremely onerous requirement. Many actuaries are employed in settings – such as pricing reinsurance treaties, or reserving at large multi-line insurance companies - with cyclical "busy periods" during which they are called upon to make numerous actuarial statements throughout a normal work day. Other actuaries are key players in the strategic decision making of their firms, being frequently called upon to provide actuarial opinions regarding a multitude of potential activities. In these settings, a standard requiring written reports regarding each of these actuarial communications is likely to be ignored due to its being unworkable and counterproductive. Even worse, it could provide an incentive for employers to engage non-actuaries in the performance of crucial actuarial duties.

2. Is the revised ASB position on documentation appropriate?

No. The Exposure Draft does not recognize that the current requirement for casualty actuaries to disclose material or significant changes from prior analyses will be eliminated if ASOP 9 is repealed. As ASOP 41 applies to all practice areas, it may need to be less prescriptive on this point. However, we believe that the disclosure is important and should be retained in an Actuarial Standard of Practice.

The disclosure as relates to the *Annual Statement Instructions for Property Casualty Statement of Actuarial Opinion* is recognized in ASOP 41 Section 2.1 as guidance which is additional and supersedes the ASOP. However, the disclosure of changes in methods and assumptions is an important disclosure for many types of property/casualty actuarial services. We strongly

encourage the ASB to reconsider their position and include this disclosure requirement in ASOP 41 as it codifies existing practice. A deviation would still be allowed when the disclosure is unnecessary or inappropriate.

3. Does this revised draft incorporate an appropriate emphasis on the need for the actuary to consider the needs of the intended users?

Yes.

The comments above are the collected comments of the consultants employed or affiliated with Pinnacle Actuarial Resources, Inc. If you have any questions regarding the above, please contact Shawna Ackerman at shawnaa@pinnacleactuaries.com.