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**Comment #30 – 3/31/10 – 3:42 p.m.**

**To:** Actuarial Standards Board

**From:** Richard Marcks, Chair  
Casualty Actuarial and Statistical (C) Task Force  
National Association of Insurance Commissioners

**Re:** Actuarial Standard of Practice No. 41

**Date:** March 31, 2010

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Thank you for the opportunity to comment on the exposure draft of the proposed Actuarial Standard of Practice No. 41, *Actuarial Communications*. The following are comments provided on behalf of the Casualty Actuarial and Statistical Task Force (CASTF) of the NAIC.

The CASTF has reviewed and discussed the exposure draft and we have major concerns with the proposed ASOP No. 41, if, as planned, ASOP No. 9 is subsequently repealed. We believe that ASOP No. 41 has lower standards than ASOP No. 9 and would negatively impact the ability of regulators to rely on actuarial work products.

The following are the areas of ASOP 9 that we would like to see included in ASOP No. 41 if ASOP 9 is to be eliminated:

- Retain the definition of Actuarial Report that is currently in Section 2.1 of ASOP No. 9. This definition is directly quoted in the NAIC’s *Annual Regulatory Guidance for Statements of Actuarial Opinion*.
- The last phrase of ASOP No. 9, Section 2.1 of “ensuring that the parties addressed are aware of the significance of the actuary’s opinion or findings” is perceived as valuable by regulators. The language of ASOP No. 41 lowers the bar by placing the burden on the reader to figure on his or her own what the actuary considers significant in reaching an opinion.
- The last two sentences of ASOP No. 9, Section 5.2, should be included in ASOP No. 41: “Any material changes in sources of data, assumptions, or methods from the last analysis should be documented. The actuary should explain the reason(s) for and describe the impact of the changes.” ASOP No. 41 lowers the bar in this area by eliminating an obligation to document changes, explain those changes and describe the impact of those changes. The burden is shifted to the reader.
- ASOP No. 9 calls for “an appropriate and explicit statement with respect to the nature, rationale, and effect of such use” while ASOP No. 41 merely requires that the actuary “be prepared to justify the use of any procedures that depart materially from those set forth in this standard.” ASOP No. 9 clearly requires the actuary to be aware of consistency with the Standard. On the other hand, ASOP No. 41 lowers the bar by eliminating the need for awareness of consistency at the time actuarial work is done, and within the communication issued. Once again, the burden is shifted to the reader.

If the above recommendations are not included in a revised ASOP No. 41, CASTF respectfully requests that ASOP No. 9 not be repealed.

We appreciate the opportunity to comment on the proposed Actuarial Standard of Practice. Should you have any questions, please contact me at (860) 297-3815, or Kris DeFrain (NAIC) at (816) 783-8229.

Sincerely,

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<b>EXECUTIVE OFFICE</b>	444 N. Capitol Street, NW, Suite 701	Washington, DC 20001-1509	p   202 471 3990	f   816 460 7493
<b>CENTRAL OFFICE</b>	2301 McGee Street, Suite 800	Kansas City, MO 64108-2662	p   816 842 3600	f   816 783 8175
<b>SECURITIES VALUATION OFFICE</b>	48 Wall Street, 6th Floor	New York, NY 10005-2906	p   212 398 9000	f   212 382 4207

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Richard Marcks, FCAS, MAAA  
Chair, NAIC Casualty Actuarial and Statistical (C) Task Force

Cc: Kris DeFrain, FCAS, MAAA  
Director, Actuarial and Statistical Division  
NAIC Central Office

## **About the NAIC**

Formed in 1871, the National Association of Insurance Commissioners (NAIC) is a voluntary organization of the chief insurance regulatory officials of the 50 states, the District of Columbia and five U.S. territories. The NAIC has three offices: Executive Office, Washington, D.C.; Central Office, Kansas City, Mo.; and Securities Valuation Office, New York City. The NAIC serves the needs of consumers and the industry, with an overriding objective of supporting state insurance regulators as they protect consumers and maintain the financial stability of the insurance marketplace. For more information, visit [www.naic.org](http://www.naic.org).

## **Members of the NAIC's Casualty Actuarial and Statistical (C) Task Force**

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NAIC Staff: Kris DeFrain