

Comment #32 – 3/31/10 – 5:18 p.m.

ASB Comments – ASOP No. 41 2nd Exposure Draft

Allan W. Ryan FSA, MAAA

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Having read through the exposure draft and the comments to date, I support in general the direction in which the ASB is moving, and I think the efforts of the General Committee and ASB have resulted in significant improvement to the ASOP as well as an interesting dialogue of commentary.

I would tend to agree with the significant number of commentators who have expressed the common theme that the definition of actuarial report is too broad. Both the current ASOP No. 41 and the 1st Exposure Draft explicitly state in section 2.3 that the following, unless so designated by the actuary, are not actuarial reports:

- a) transcripts or summaries of an oral communication of actuarial findings
- b) internal communications, for example within a company, organization, firm, or government agency; and
- c) communications, during the course of an assignment, among those providing actuarial services.

The new definition (section 2.4 of the 2nd Exposure Draft) has eliminated these exceptions. While the old subsection a) may be considered addressed by the new section 2.2, the other subsections, most importantly b) no longer appear to be excluded from the definition of actuarial report. There is no mention in Appendix 2 of the 2nd Exposure Draft of these changes, and the transmittal letter does not seem to focus on this significant expansion of scope, so that it is not evident without a careful reading of the 2nd exposure draft and comparison to prior versions.

The issue of “internal” communications is not, I believe, one of insurance company actuaries vs. consulting actuaries, but rather whether the principal is internal or external to the actuary’s organization. Clearly some internal communications are actuarial reports (e.g. an audit support memorandum in a consulting firm and an appointed actuary’s report in an insurance company), and these should be designated as actuarial reports. But within any organization the majority of actuarial documents should not, I believe, be considered actuarial reports. Thus I would recommend that section 2.4 include language substantively similar to the old section 2.3.