

Comment #37 - 4/8/10 - 2:03 p.m.

Comments on the proposed revision of ASOP 41

By Donald F. Behan, MAAA

Thank you for your excellent presentation of the actuary's communication requirements. I have just three suggestions related to the second exposure draft.

I have concern about two communication issues that have been used by plaintiffs' attorneys to accuse actuaries of failing to meet their professional standards. The first issue is the degree to which each actuarial communication must include information that has previously been communicated to the users, and the second issue is the degree to which an actuary's communication to a designated user representative may be considered a communication to all intended users.

The existing standard (Section 3.1) applies to "the cumulative communications with respect to each specific engagement ..." For example, if a question were raised after the submission of a report, the actuary could answer that question without repeating every point in the entire report. After the first sentence of section 3.1 in the revised version, I would propose adding: "Such communications may be considered a portion of the communications between the actuary and the intended audience."

When the intended audience includes a large number of users (such as a government board) it is quite common for the intended audience to designate an individual as their official representative for communication with the actuary. In that case, the actuary's communication to the official representative should be considered an adequate form of communication to the intended audience, and a failure of the official representative to follow through on the communications should be the responsibility of the client, not of the actuary.* I suggest adding:

3.1.5 Designated Representative of Intended Audience -- If the intended audience designates a representative to carry out its communications with the actuary, all communications with the designated representative should be considered to be communications with the intended audience.

The following suggestion is unrelated to the above issues.

Please add the word "and" at the end of 3.3.6 a, to avoid any doubt that all three items must be true to require a report of subsequent events.

* In one particular case the actuaries were claimed to be responsible for communication errors created by a representative who pleaded no contest to an accusation that he committed a felony by his incorrect communication. The intended audience who designated this representative took no responsibility for his felonious lies.