

Comment #9 – 2/2/10 – 12:36 p.m.

Thank you for the opportunity to comment on the second exposure draft of a proposed revision to Actuarial Standard of Practice 41, *Actuarial Communications*. These comments are my own opinion, and do not necessarily represent the views of my employer.

In response to your questions:

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

This draft is much better than the previous version. However, I think that an issue still remains in the case of an ongoing relationship in which brief exchanges may take place, none of which appear to be sufficiently momentous to require the creation of a full-fledged actuarial report.

This situation may be more common in the case of an actuary employed by an insurance organization, but comments from others suggest that the issue may also arise in a consulting situation.

I would like to see some guidance to assist the actuary in determining when a quick answer can stand on its own, and when the issue is sufficiently material that an actuarial report is required. I don't think that a distinction between a phone call and an e-mail is the correct dividing line, since the e-mail may actually say exactly the same thing as the actuary would have said over the phone.

See also my comments on section 3.1, below.

2. Is the revised ASB position on documentation appropriate?

It seems OK, subject to clarification regarding the matter of responses to quick questions within an ongoing relationship, as noted in the response to question 1.

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

This seems OK.

Comments on specific sections:

Section 1.2, second paragraph

I find the first sentence somewhat confusing. I suggest that it be replaced with:

This standard establishes minimum requirements for organizing and completing actuarial communications, including its requirements also apply to documents and disclosures ~~those~~ that may be required by the *Qualification Standards* or by other ASOPs.

Section 2, Definitions

I like the consistency in definitions. However I think it might be appropriate to make explicit reference to those definitions that are taken from the *Qualification Standards*.

Section 2.3 Actuarial Finding

I like the definition and I especially approve of the use of a general term which includes both Prescribed Statements of Actuarial Opinion (PSAO) and Statements of Actuarial Opinion (SAO) within the definition of actuarial findings. The use of the term SAO seems to have led some people to suppose that the requirements are still limited to situations calling for PSAOs.

Section 3.1, first paragraph

The reference to an “engagement or assignment” seems to suggest that these are parallel circumstances.

Consider that employees may have regular assignments that are ongoing rather than a one-time exercise. More specifically, is the transmittal of a set of actuarial entries for a financial statement an actuarial report, as envisioned in Section 3.2? Are all the disclosures of Section 3.3 necessary with each transmittal?

Or, how about a brief discussion, with a group that included non-actuaries, about the trend of mortality results which does not take place in the context of a mortality study?

Section 3.3.5

I must say that I like this concept. Ah, if only a history of changes and their time lines could be made available for material posted on the internet.

Section 4

I'm not sure I like the idea of discussing disclosures in two different locations. Unfortunately, I don't have a proposal on how to eliminate the dichotomy.

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