

VIA E-MAIL - Comment #7

January 13, 2012

ASOP 38 Revisions
Actuarial Standards Board
1850 M Street, Suite 300
Washington, DC 20036

To the Casualty Committee:

RE: Proposed revisions to Actuarial Standard of Practice 38

We respectfully submit these comments on the proposed changes to ASOP 38. The opinions expressed herein are our own and do not reflect the opinion of our employer.

On Page iv. of the Exposure Draft, the Committee and the ASB requested comments on the appropriateness of the revised ASOP No. 41, *Actuarial Communications*. We note that currently ASOP No. 41 - applies to all practitioners and Sections 3.4.3 and 3.4.4 of ASOP 41 address reliance on other sources for data and other information and responsibility for assumptions and methods. The use of professional judgment and disclosures included in ASOP 41 may be sufficient for casualty practitioners' use of models as well as other actuarial specialties.

Additionally, we have one more comment with respects to the revised ASOP No. 41. In Section 3.7 of the proposed ASOP 38, it is stated that the actuary should create documentation regarding how the guidance of sections 3.1-3.6 are met. In addition, if there are proprietary aspects or information, the actuary should document the steps taken to comply with the standard in light of the proprietary aspects or information. In our opinion, section 3.2 of ASOP 41 discusses what comprises an Actuarial Report, and the first sentence in Section 3.7 could be eliminated, as it is redundant given ASOP 38's Section 4.1 statement reference to ASOP 41. In addition, section 3.3 of ASOP 41 states that the content of an actuarial report may be constrained by circumstances, which covers the proprietary issue. For those reasons, the entire Section 3.7 may be superfluous.

We are responding only in our role as members of the American Academy of Actuaries.

Respectfully,

George Levine, FCAS, MAAA
Patricia Smolen, FCAS, MAAA