

## APPENDIX

### Comments on the Exposure Draft and Responses

The exposure draft of revisions to the *Introduction to the Actuarial Standards of Practice* was issued in July 2008 with a comment deadline of August 22, 2008. Fourteen comment letters were received, some of which were submitted on behalf of multiple commentators, such as by firms or committees. For purposes of this appendix, the term “commentator” may refer to more than one person associated with a particular comment letter. The ASB carefully considered all comments received, and reviewed (and modified, where appropriate) the proposed changes. Summarized below are the significant issues and questions contained in the comment letters and the responses to each. Unless otherwise noted, the section numbers and titles used below refer to those in the exposure draft.

<b>GENERAL COMMENTS</b>	
Comment	One comment sent on behalf of 29 actuaries noted that the proposed changes are relatively minor but requested that the comment deadline be extended by 120 days in order to give members of the profession more time to address how standards are set.
Response	The transmittal memorandum accompanying the exposure draft indicated that the proposal had a limited purpose -- to clarify language in four specified sections. The proposal was not intended to be reflective of any changes in the way standards are set. The reviewers believed there was sufficient time to review and comment on the limited changes. The ASB invites members of the profession or other interested parties who have suggestions on how to improve the standard setting process to share their specific ideas with the ASB.

<b>COMMENTS ON REQUESTED SECTIONS FOR REVIEW</b>	
<b>Section 3.1.2 (Now 3.1.3)</b>	
Comment	One commentator suggested that the last sentence in 3.1.2 (now 3.1.3) be changed to the following: “Additionally, the ASB may provide supporting context to delineate how the level of practice may appropriately be achieved in specific situations. Such contextual language is recognized as being potential (sic) time sensitive. The actuary should not blindly follow such contextual language when it is no longer appropriate.”
Response	The reviewers agree that the addition of “may” in the first sentence is appropriate and made the change. They did not feel that the additional language was needed and made no additional change.

Comment	Two commentators suggested changing the wording in the first sentence of 3.1.2 (now 3.1.3) to expand the scope not only to developing a new ASOP but also to include revisions of ASOPs.
Response	The reviewers agree and made the change.
Comment	One commentator suggested adding “pertinent to the ASOP at hand” to the end of the second sentence of 3.1.2 (now 3.1.3).
Response	The reviewers did not feel that this addition was needed and made no change.
Comment	One commentator suggested adding a modifier to make clear what level of practice is expected in the last sentence of the section.
Response	The reviewers agreed that the addition of the modifier would be beneficial to clarify intent, and inserted the word “appropriate.”
<b>Section 3.1.3 (Now 3.1.4)</b>	
Comment	One commentator suggested adding wording to address the criteria that determine when ASOPs are updated.
Response	The reviewers agree and have added a new subsection, 3.1.2, to address this (and renumbered the subsequent subsections accordingly).
Comment	One commentator suggested adding a sentence following the third sentence of the existing 3.1.3 (now 3.1.4) that states the following: “Again, the ASB seeks to define an appropriate level of practice for actuaries working in the new area, often by looking at current practice in other areas and deciding on the appropriateness of current practices.”
Response	The reviewers do not believe that this addition is needed and made no change.
<b>Section 3.2.3</b>	
Comment	One commentator suggested that “Code” be changed to “Code of Professional Conduct” in all instances for clarity.
Response	The reviewers agree and made the change.
<b>Section 4.6</b>	
Comment	Several commentators expressed concern that the current section 4.6, as exposed, did not adequately convey the purpose for deviation language and the process, including disclosure, for a deviation. One of these commentators indicated that the proposed section 4.6 language would be adequate assuming the amendments to ASOP 41 which include standardized deviation language were adopted no later than the amendments to the Introduction.
Response	The reviewers agree and have expanded and clarified this section.

<b>COMMENTS ON OTHER SECTIONS OF THE ASOP</b>	
<b>Overview</b>	
Comment	One commentator suggested making the last line of the overview more direct by changing it to the following: “This introductory material is part of the standards and carries the same weight and authority as the ASOPs themselves.”
Response	The reviewers agree and made the change.
<b>Section 3.1.4 (Now 3.1.5)</b>	
Comment	One commentator questioned the usage of “litigation” and “malpractice,” and suggested that since “malpractice” can be charged in a legal context or other context, perhaps it should be in a standalone statement.
Response	The reviewers disagree, and made no change.
<b>Section 3.1.5 (Now 3.1.6)</b>	
Comment	One commentator suggested that the last sentence in the section should be modified to excise the phrase “must be able to.”
Response	The reviewers agree and reworded the sentence for clarity.
<b>Section 3.1.6 (Now 3.1.7)</b>	
Comment	One commentator took issue with the following sentence: “The ASOPs intentionally leave significant room for the actuary to use professional judgment when selecting methods and assumptions.” He believes this is not universally true, and that the draft should reflect that.
Response	The reviewers agree and revised the sentence to clarify its meaning.
Comment	One commentator suggested that the phrase “generally accepted practice” be changed to “a particular ASOP.”
Response	The reviewers agree and made the change.
Comment	One commentator noted the language “two actuaries advising a principal could provide appropriate yet substantially different results to that principal” and questioned whether the actuary would be obliged to advise the principal of this possibility. The commentator suggested that if this is the case, then the text in 3.1.6 should be modified to reflect this.
Response	The reviewers decided that any change of this nature is outside of the scope of this update to the <i>Introduction</i> .

<b>Section 3.1.7 (Now 3.1.8)</b>	
Comment	One commentator suggested that the <i>Introduction</i> is not clear on the applicability of ASOPs when they are inconsistent with law or regulation, and suggested that this be addressed in section 3.1.7.
Response	The reviewers note that the newly added section 4.6.2 addresses this point.
Comment	One commentator suggested that the <i>Introduction</i> should remind actuaries working for legislative or regulatory bodies that they are subject to the ASOPs, or, if that is not the case, it should expressly exempt them from following ASOPs when they make recommendations on law or regulations.
Response	The reviews agree that all U.S. actuaries, including those who work for legislative or regulatory bodies are subject to the ASOPs to the extent that their advice involves the performance of actuarial services. The reviewers do not see a need to remind one subset of the actuarial profession that they are subject to ASOPs.
<b>Section 3.1.8 (Now 3.1.9)</b>	
Comment	One commentator pointed out that the <i>Introduction</i> has no discussion on the procedures the ASB uses when reviewing and revising ASOPs.
Response	The reviewers agree that this needs to be addressed and added section 3.1.2 to address the issue.
Comment	One commentator suggested that it might be appropriate for section 3.1.8 to include a statement that the ASB does not approve nor disapprove of materials other than ASOPs used by the actuary in providing professional services.
Response	The reviewers do not feel such a statement is needed.
<b>Section 3.2.2.b</b>	
Comment	One commentator suggested adding a comma for clarity in the following sentence: “An ASOP is not binding, i.e., actuaries are not required to ensure that professional services performed by them or under their direction satisfy the ASOP, until the effective date of the ASOP, because in adopting the ASOP the ASB may have defined a new practice or elevated practice, as described in section 3.1.3 above.”
Response	The reviewers agree and made the change.