

Comment #8 – 6/14/17 – 11:48 a.m.

From Warren Luckner, FSA

The task force appreciates comments on all areas of this proposed revision and would like to draw the reader's attention to the following questions in particular:

1. Does the proposed revision appropriately reflect guidance for all areas of actuarial practice?

Not qualified to respond for all practice areas, but the proposed standard does seem general enough

2. Are there changes in current practice since the existing ASOP was adopted that are not reflected in this proposed revision?

Not aware of any.

3. Is the scope clear and appropriate, including the specific addition of rate hearings?

Yes, although the fact that ASOP 17, as is the case for all ASOPs, provides guidance only for appropriate practice in the U.S. may need to be more explicitly noted in the Standard, the transmittal letter, or the Appendix because there is a difference between the actuary's role as an expert witness in Canada as compared to the U.S. with respect to acting as an advocate.

The Canadian Institute of Actuaries Standards of Practice, Item 4230.02 reads "The actuary's role as an expert should be to assist the court or other entity in the dispute resolution proceeding in its search for truth and justice, and the actuary should not be an advocate for one side of the matter in dispute."

4. Is this ASOP's proposed effective date of four months following the ASB's adoption sufficient?

Seems reasonable to me.

Below are my specific comments.

Section 2.2, Actuarial Method: Should "or assumptions" be added immediately after "data"? Section 2.3 points out that assumptions are not data. Doesn't an Actuarial Method also analyze or utilize assumptions?

Section 2.3, Data: This definition of Data is different from the definition of Data in the December 2016 revision of ASOP 23, Data Quality, and the recent Setting Assumptions Exposure Draft (which are also different from each other).

ASOP 23, DECEMBER 2016

2.3 Data—Numerical, census, or classification information, or information derived mathematically from such items, but not general or qualitative information. Assumptions are not data, but data are commonly used in the development of actuarial assumptions.

SETTING ASSUMPTIONS EXPOSURE DRAFT

2.1 DATA

Numerical, census, or classification information but not general or qualitative information. Assumptions are not data, but data are commonly used in the development of assumptions.

Although the differences may be considered minor and not material, having different definitions of the same item in different ASOPs seems unfortunate.

Section 3.1, second to last sentence: Is there a particular reason why the second purpose of Precept 1 – “to uphold the reputation of the actuarial profession” - is not mentioned? I agree that fulfilling the profession’s responsibility to the public is most important to highlight, but I think it is important to also note that there is a responsibility to uphold the reputation of the profession and any unprofessional conduct by an actuary when giving expert testimony reflects poorly on the actuarial profession and would seem to be a violation of Precept 1.

Section 3.2, first sentence: Suggest replacing “An expert” with something like “When providing expert testimony, an actuary”

Section 3.2, sentence beginning “An actuary relying on...”: This sentence is long and seems a bit confusing with respect to what it means. Does it mean the actuary does not need to comply with the advice, information, or instruction provided by an attorney or other representative of the principal? OR Does it mean that if the actuary has complied with the advice or instruction or used the information, the actuary is safe from being held responsible for acting on bad advice, information, or instruction? I suspect it’s the latter, and if so, would something like the following be sufficient?

“An actuary relying on such advice, information, or instruction is not responsible for determining that the advice, information, or instruction is consistent with the rules of evidence, procedure, or any other rules applicable in the forum.”

Section 3.6, Advocacy, 2nd to last sentence: Perhaps insert “, in the actuary’s professional judgment,” between “that” and “may”