

Title of Exposure Draft: Actuarial Communications

Comment Deadline: November 1, 2022

Actuarial Communications

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Instructions: Please review the exposure draft, and give the ASB the benefit of your recommendations by completing this comment template. Please fill out the tables within the section below, adding rows as necessary. Sample for completing the template provided at the following link: <http://www.actuarialstandardsboard.org/email/2020/ASB-Comment-Template-Sample.docx>

Each completed comment template received by the comment deadline will receive consideration by the drafting committee and the ASB. The ASB accepts comments by email. Please send to comments@actuary.org and include the phrase 'ASB COMMENTS' in the subject line. Please note: Any email not containing this exact phrase in the subject line will be deleted by our system's spam filter.

The ASB posts all signed comments received to its website to encourage transparency and dialogue. Comments received after the deadline may not be considered. Anonymous comments will not be considered by the ASB nor posted to the website. Comments will be posted in the order that they are received. The ASB disclaims any responsibility for the content of the comments, which are solely the responsibility of those who submit them.

I. Identification:

Name of Commentator / Company
Steve Alpert, MAAA, FSA

II. ASB Questions (If Any). Responses to any transmittal memorandum questions should be entered below.

Question No.	Commentator Response
1.	In general, the distinction amongst communication, report and documentation is helpful, however see the recommendation below regarding section 2.4
2.	<p>If the actuary is responsible for the entirety of the actuarial communication (3.1.4), there can only be two types of assumptions / methods: those that are prescribed by law (and the additional clarity around those in 3.3.3.a is helpful) and all others. 3.1.2 already requires that the communication be appropriate to the circumstances and the intended users; and 3.3.1 requires that the entire work product be presented in a way that it can be objectively appraised for reasonableness.</p> <p>See also the general approach taken in ASOP 56, <i>Modeling</i>, which broadly outlines the actuary's responsibility for the whole work product.</p> <p>The suggested changes to 3.3.3 and 3.3.3.b provide more detail on this idea.</p> <p>Note however, that if the suggested changes to 3.3.3 and 3.3.3.b are made, they may require parallel minor wording changes to sections 4.2.b of ASOP 56 and 4.2.i of ASOP 41. (The suggested change to the relevant ASOP 41 section is included here).</p>

III. Specific Recommendations:

Section # (e.g. 3.2.a)	Commentator Recommendation (Please provide recommended wording for any suggested changes)	Commentator Rationale (Support for the recommendation)
2.4	2.4 ACTUARIAL REPORTING A set of one or more recorded actuarial communications that the actuary issues as a	Clarification and simplification, avoids using the word "report" in the definition of "report."

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	<p>report and makes available to an intended user to support actuarial findings. A recorded actuarial communication is a communication issued in writing or another permanent form for later reference.</p>	
<p>3.3.3</p>	<p>3.3.3 RESPONSIBILITY FOR ASSUMPTIONS AND METHODS An actuarial report should identify the party responsible for selecting each material assumption and method that the actuary has not selected. Where the actuarial report is silent about such responsibility, the actuary who issued the actuarial report will be assumed to have taken responsibility for that assumption or method. The actuary's obligation when identifying the other party who selected the <u>each</u> assumption or method depends on the following: <i>(Leave 3.3.3.a as is)</i></p>	<p>The public expects that the actuary is responsible for the entirety of the findings and report. To reach those conclusions the actuary needs to make many choices, including the choices made for data, assumptions and methods. Disclaiming responsibility for component parts implies that the actuary has not done enough due diligence to stand by the entirety of the report.</p>
<p>3.3.3.b (flush language)</p>	<ul style="list-style-type: none"> In all other situations, the actuary is responsible for all assumptions and methods utilized in the preparation of an actuarial report. unless <u>The actuary discloses one of</u> the following within the actuarial report: <i>(Delete existing .1, .2, .3, .4, and .4 and replace with:)</i> 	<p>Assumptions and methods fall in two categories: Prescribed by law, and all others.</p>
<p>3.3.3.b</p>	<p><u>.1. the extent to process by</u> which the actuary has reviewed concluded that the assumption or method for general reasonability and would be reasonable for the purpose of the assignment; <u>or</u> <u>.2 the reasons that the actuary can not conclude that the</u> assumption or method significantly conflicts with what, in the actuary's professional judgment, would be reasonable for the purpose of the assignment <u>and resulting limitations on the use or reliance on the actuarial findings;</u></p>	<p>Clarify that the choice of assumptions or methods is not separable from the purpose of the assignment, and emphasizes that the actuary takes ownership of the entire work product.</p>

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4.2.i	<u>Information about other</u> any material assumptions or methods selected by a party other than the <u>actuary</u> (see section 3.3.3[b]);	Consistency with 3.3.3.b suggestions
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IV. General Recommendations (If Any):

Commentator Recommendation (Identify relevant sections when possible)	Commentator Rationale (Support for the recommendation)

V. Signature:

Commentator Signature	Date
<i>Steve Alpert, MAAA, FSA</i>	28 Aug 2022