

Title of Exposure Draft: ASOP 41 - Communications

Comment Deadline: November 1, 2022

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
Laura Maxwell on behalf of Pinnacle Actuarial Resources, Inc.

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

Question No.	Commentator Response
1	Actuarial Documentation section should be expanded to include items such as data/databases, program input/output in the example. Please see Specific Recommendations for recommended changes.
2	The terminology "does/does not materially conflict" is more appropriate than "does/does not significantly conflict". <ul style="list-style-type: none">Significance is subjective, whereas materiality is objective criteria.Changing the terminology to "reasonable/unreasonable" would be inconsistent with items 3.3.3.b.5.iii-iv. The process is two parts – first a decision as to whether the actuary can judge what is reasonable and next a conclusion as to whether the assumption or method does or does not materially conflict with what would be reasonable.

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)
1.2	Replace "should comply with applicable law" to "must comply with applicable law".	Based on the distinction between "must" and "should" in ASOP 1, since there would not be a reasonable alternative but to comply with applicable law, "must" would be more appropriate here.
2.1 and 2.7	Move the definition of "oral communication" to be within the definition of "actuarial communication."	Ensure consistency with handling of definition of "electronic communication." "Oral communication" is also not bolded consistently throughout the ASOP.
2.1 and 2.4	Move "recorded actuarial communication" from actuarial report to actuarial communication.	Ensure consistency with handling of definition of "recorded actuarial communication."
2.3	Replace "findings" with "conclusions" in the definition.	It is redundant to use the word "findings" in the definition of "actuarial finding".

Title of Exposure Draft: ASOP 41 - Communications

Comment Deadline: November 1, 2022

2.7	Is the intention that an oral communication that is recorded is no longer considered an oral communication, but instead an electronic communication?	The way 2.7 currently reads, an oral communication is only when an actuarial communication is not recorded. It is implied that once an oral communication is recorded, it become electronic.
3.1.4	When two or more individuals jointly issue a communication (at least some of which is actuarial in nature), the communication should identify all responsible actuaries, unless the actuaries determine it inappropriate to do so.	The language regarding an exception to identifying the responsible actuary/actuaries when “the actuary determines it (is) inappropriate” seems too ambiguous and open-ended. Can an actuary, at their sole discretion decide that identifying themselves is “inappropriate”?
3.2	When issuing an oral communication, the actuary may <u>should</u> comply with the requirements of section 3.1 subsequent to issuing the oral communication.	Section 3.1 should also apply to oral communications.
3.3.1	In the actuarial report , the actuary should state the actuarial findings , and identify the methods, <u>models</u> , procedures, assumptions, and data used by the actuary with sufficient clarity that another actuary qualified in the same practice area could make an objective appraisal of the reasonableness of the actuary’s work as presented in the actuarial report .	Should include models to ensure sufficient clarity.
3.3.3	Replace the bullet with a b (web version of the ASOP).	The web version should be consistent with the pdf.
3.3.5	The actuary should disclose those events and their potential implications <u>to the extent practical</u> .	Disclosure is potentially problematic. If there is unexpected claim development in the subsequent quarter, but before the report is finalized, this would require the actuary to disclose it. For a client with quarterly reserve analyses, this could become onerous.
3.3.6	The content of an actuarial report, or the need for an actuarial report , may be limited under certain circumstances. <u>The actuarial report should be appropriate for the scale and complexity of the assignment.</u> Examples of such circumstances include the following: When such circumstances exist, the actuary may choose to omit some of the otherwise required content in the actuarial report or choose not to issue an actuarial report but should follow the guidance of this standard to the extent practicable.	Is the intention of 3.3.6b to say that company actuaries do not have to produce actuarial reports or that they may be simplified/limited? There have been numerous situations where the lack of an internal actuarial report documenting data, methods and assumptions proved to have significant implications for the insurance company and/or the actuary involved.
3.7	When issuing an actuarial communication , the actuary should consider preparing and retaining actuarial documentation .	Maintaining documentation should not be optional.
4.4	Add guidance on what is reasonable or permissible if following part of ASOP 41 would disclose confidential information.	

Title of Exposure Draft: ASOP 41 - Communications

Comment Deadline: November 1, 2022

IV. General Recommendations (If Any):

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

V. Signature:

Commentator Signature	Date
The comments above are the collected comments of the consultants employed or affiliated with Pinnacle. If you have any questions regarding our comments, please contact Laura Maxwell, Pinnacle's Professional Standards Officer, at lmaxwell@pinnacleactuaries.com . Laura A. Maxwell, FCAS, MAAA, CSPA	10/24/2022