

**Proposed Revision of ASOP No. 41 – Actuarial Communications, 1, [ASOP 41 Draft](#)**

**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:

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](mailto: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
Ben Tucker, FCAS / State Farm Mutual Automobile Insurance Companies

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

Question No.	Commentator Response
1	No, the definitions of and differences between actuarial report, actuarial communication, and actuarial documentation would benefit from greater clarification including examples. Further clarity on defining recorded oral communications (2.1), particularly to and with non-actuaries and non-principals, would be valuable. For example, the documentation behind an actuarial report may be much more extensive and technical than the report itself, especially if the manager or principal is not an actuary(ies). As another example, a recorded call or videocall with a nonactuary manager or principal may touch on explanations of actuarial concepts but mostly concern nonactuarial business practices and judgment; such a call seems unlikely to be appropriately described as an actuarial communication.
2	Yes, 'significantly conflict' is reasonable terminology for 3.3.3.b.5.i.; however, there are other potential issues with the wording of the positive disclosure requirement described below.

**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)
3.1.8	"Not every communication will satisfy every aspect described above."	These would be valuable clarifications given the variety of actuarial communications and reports and the context of different needs in different situations. Another approach would be to state examples of communications and reports with guidance.
3.3.7	"Not every report will satisfy every aspect described above."	
3.3	New 2nd sentence: "Actuarial reports are not necessary for every finding."	Clarification on the need for actuarial reports to avoid such standards being applied every time a finding is issued would be valuable. An example would be a rate indication for a small state which is unlikely to result in a filed rate change.
3.3.3b	Remove the second word 'all' in 3.3.3(b) in front of assumptions and add 'material'.	The positive documentation requirement should only be for material assumptions given the number of immaterial assumptions in some actuarial work

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		products (e.g., model development). A materiality standard could be provided or left to actuarial judgment. The actuarial findings may have a material effect on the intended user (3.3 Requirements for an Actuarial Report), but individual assumptions may not be material.
3.3.6, 3.1.7	Perhaps 3.3.6a should be split into two statements, one on internal organization reports and one on reports for larger projects: “a. actuarial work within a single organization.” b. actuarial work that is part of a larger project.” Shift notation for others down 1 letter. A similar comment could be made in a new 3.1.7 section above in reference to communications.	This would be similar to 3.3.6a. but for all internal organization communications and reports and not just for reports associated with larger projects within organizations. Even in smaller projects, extensive documentation within the report or communication may be unnecessary or counterproductive to the needs of the stakeholders and principals (particularly nonactuarial). More extensive documentation may still be retained (appropriately) by the actuary(ies) for future use. Similarly, large projects spanning multiple organizations may need very detailed actuarial documentation but much less detailed reports, given the needs of the stakeholders and principals.
3.3.6b.	Section 3.3.6b. limits actuarial responsibility when submitting actuarial findings such as rate indications to actuarial managers. Please add, “Findings submitted to nonactuarial managers who have specific actuarial knowledge about the topic and adequate knowledge of the context and basis of the findings.”	Nonactuarial managers may, due to certifications, business knowledge and experience, possess significant knowledge about a specific actuarial topic (e.g., Certified Financial Analysts may develop significant knowledge of estimation of an appropriate profit provision).

**IV. General Recommendations (If Any):**

Commentator Recommendation (Identify relevant sections when possible)	Commentator Rationale (Support for the recommendation)
Communication requirements and/or expectations with departments of insurance (DOI) would be valuable for clarity.	Some but not all Department of Insurance personnel reviewing filings are actuaries. This context and guidance may be valuable for both DOI personnel and those submitting rate and rule filings.
Provide more clarity on how these changes apply to model and data documentation. This might include references to ASOP 23 and 56 and/or examples.	Could these updates create inconsistency with guidance provided in ASOP 56 on Model Documentation and ASOP 23 on Data Quality? Could this lead to conflicting interpretation of standards of practice? Examples would assist in this.
How does the 3.5 Risk of Misuse apply to rate indications distributed to nonactuaries such as marketing or agency functions within insurance companies? Would clarification or further examples be valuable here?	Examples in 3.5 for clarity on the expectations for level of detail expected within actuarial reports or communications, given the risk of misuse, would be very valuable.
How does section 3.3.3 (Responsibility for Assumptions and Methods) interact with 3.5 (Risk of Misuse) in a large organization?	Would examples be appropriate? This appears to leave a great deal of judgment to the actuary.

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How does section 3.3.3 interact with section 3.3.6 (Limitation of Content of an Actuarial Report)?	Would examples be appropriate? This appears to leave a great deal of judgment to the actuary.
How does the requirement to document assumptions affirmatively fit with the reliance on others who are not necessarily actuaries' section of the ASOP? How does this apply to actuaries relying on model documentation developed by non-actuaries?	This particularly applies to the modelling communities comprising both actuaries and data scientists within a single organization which may be common in many large insurance companies.

**V. Signature:**

Commentator Signature	Date
Ben Tucker, FCAS	10/31/2022