

Title of Exposure Draft: Proposed Revision of Actuarial Standard of Practice (ASOP) No. 41

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
Lauren Cavanaugh, MAAA, FCAS Vice President, Casualty, American Academy of Actuaries, on behalf of the Casualty Practice Council

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

Question No.	Commentator Response
1. Are the distinctions among actuarial communications, actuarial reports, and actuarial documentation clear? If not, what further clarifications would you recommend for the definitions?	<p>Comment 1: Under the proposed set of definitions, oral communications, because they are, by definition, communications that have not been recorded, do not form part of an actuarial report. We want to make sure this is intentional. And if it is intentional, it would be more straightforward to explicitly state that oral communications that are not transcribed or recorded do not form part of the actuarial report.</p> <p>Comment 2: Electronic communications are defined to include oral communications transmitted by means of a computer or other electronic device. Since oral communications are defined as communications that have not been recorded, it is unclear what transmission of an oral communication is intended here – does that include reports delivered orally over Webex and Zoom?</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)
2.1	<p>Recommend changing the definition of "Actuarial Communication" from:</p> <p>"A written, electronic, or oral communication issued by an actuary with respect to actuarial services. An electronic communication is a written or oral</p>	<p>We understand the proposed definition of actuarial communication matches that in the Code of Conduct. Yet the term "electronic communication" is not used elsewhere in the proposed ASOP, and as such, it seems unnecessary.</p>

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	<p>communication transmitted by means of a computer or other electronic device”</p> <p>To the following:</p> <p>“A written or oral communication issued by an actuary with respect to actuarial services. An actuarial communication may be delivered in person, on paper, or transmitted by electronic or other means.”</p>	
2.3	<p>Recommend changing Section 2.3 so that it either defines “Actuarial Findings” (plural) with plural examples; or defines “Actuarial Finding” (singular) with singular examples.</p>	<p>All of the examples used in the definition are plural.</p>
2.4	<p>Recommend moving the definition of “recorded actuarial communication” from Item 2.4 to its own definition:</p> <p>“Recorded Actuarial Communication—A recorded actuarial communication is a communication issued in writing or another permanent form for later reference.”</p>	<p>“Recorded actuarial communication” is referred to in Sections 2.4 and 4.2.e, so it would be useful to separately define the term.</p>
2.5	<p>Recommend removing the last sentence in the definition of actuarial services:</p> <p>“Actuarial Services—Professional services provided to a principal by an individual acting in the capacity of an actuary. Such services include the rendering of advice, recommendations, findings, or opinions based upon actuarial considerations. Such services do not include any other services provided to a principal.”</p>	<p>We believe the last sentence is unnecessary as the first sentence of the definition limits actuarial services to “professional services” by an individual “acting in the capacity of an actuary.”</p>
2.6	<p>Recommending expanding the definition of intended user as follows:</p> <p>“Intended User—Any person or entity who the actuary identifies as able to rely on the actuarial findings.”</p>	<p>Actuarial communications are often relied upon by a company or organization, not an individual person.</p>
3.1.3	<p>Recommend expanding Section 3.1.3 to provide context for what elements to consider in determining what is a “reasonable” time period:</p> <p>“Timing—The actuary should issue each actuarial communication within a reasonable time period, with due consideration to the complexity of the assignment and the needs of the intended user.”</p>	<p>The time period that is reasonable may vary considerably by type and scope of assignment.</p>
3.3.3b	<p>Recommend rewording Sections 5i and 5ii as follows:</p> <p>i. that the assumption or method does not significantly conflict with what, in the actuary’s professional judgment, would be reasonable for the purpose of the assignment;</p>	<p>“Significantly” is an unnecessary and subjective qualifier. It is unclear what it would mean for an assumption or method to conflict with what the actuary would find reasonable, and to not conflict not significantly.</p>

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	ii. that the assumption or method significantly conflicts with what, in the actuary's professional judgment, would be reasonable for the purpose of the assignment;	
3.3.3b	Recommend rewording Section 5iii as follows: iii. that the actuary was unable to judge the reasonableness of the assumption or method without performing a substantial amount of additional work beyond the scope of the assignment, and did not do so; or	An actuary should not be required to judge the reasonableness of an assumption if it is beyond the scope of an assignment, regardless of the amount of additional work required.

IV. General Recommendations (If Any):

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

V. Signature:

Commentator Signature	Date
Lauren Cavanaugh, MAAA, FCAS	November 1, 2022