

Title of Exposure Draft: ASOP No. 41, Actuarial 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
Kathleen A. Riley, MAAA, FSA, EA, for Segal

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

Question No.	Commentator Response
1.	<p>The definition of an actuarial report as being a set of one or more recorded actuarial communications - and limiting the definition of an oral communication to one that has not, to the knowledge of the actuary, been recorded or transcribed - does not fit very well with today's means of communication. Actuaries may leave voice mail messages for their principals/intended users or send short texts, both of which may result in a permanent record. They may give a verbal presentation to a principal or other intended user, any member of which may record the presentation on their phone. We suggest removing the definition of Oral Communication and relying on the common understanding of an oral communication. We further suggest revising the definition of Actuarial Report to read "A set of one or more actuarial communications that the actuary issues as a report, in writing or another permanent form for later reference, and makes available to an intended user to support actuarial findings." We also recommend moving the guidance in section 3.2 to a new section 3.1.7 titled Delayed Compliance and expanding the guidance to cover both oral actuarial communications and written actuarial communications that are casual in nature, such as texts and informal emails.</p> <p>For actuarial documentation, we recommend modifying the list of examples to remove "presentations" and add "articles" and/or "web page links". These would serve as examples of information used by actuaries in developing their actuarial findings. These examples would be more consistent with the guidance in the proposed section 3.7.</p>
2.	<p>Yes, "significantly conflict" is the appropriate disclosure language for determining the type of disclosure required.</p>

III. Specific Recommendations:

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Section # (e.g. 3.2.a)	Commentator Recommendation (Please provide recommended wording for any suggested changes)	Commentator Rationale (Support for the recommendation)
Section 2	See suggestions to question 1	See answer to question 1
Section 3.1.5	The actuary should include, as appropriate to the particular circumstances and taking into account the intended user, cautions regarding <u>possible uncertainties or risks, if any, that may reasonably be anticipated to significantly affect the actuarial findings.</u>	Revised proposed language for consistency with ASOP No. 51, Section 3.1.5
Section 3.16/Section 3.2	See suggestions to question 1	See answer to question 1
Section 3.3.2	An actuary who is not financially, organizationally, or otherwise independent should disclose in the actuarial report any pertinent information that is not apparent <u>to the intended user and Principal</u> . This includes any situation where the actuary may not be neutral or may not appear to be neutral.	See addition to end of first sentence of section 3.3.2. Conflicts of interest should only need to be disclosed to the intended user/principal. The second sentence was revised to replace advocate with a neutral party because advocate may not cover all situations.
Section 3.3.5 (b)	Replace “finalized” with “issued” or “dated”.	The user does not know when the report was finalized in-house. The user knows when the report was issued (or dated) and can be confident that it does not reflect any subsequent event.
Section 3.4	If actuarial findings are materially different from findings included in a prior actuarial report, then the actuary should identify the difference and discuss the implications for the intended user.	The actuary may not know who received the prior actuarial report. The requirement to identify differences should be limited to the intended users. We also think this requirement should be moved to Section 3.3, Requirements for an Actuarial Report, as opposed to applying to an actuarial communication that is not a report, and have changed “actuarial communication” to “actuarial report”. Because a report is generally issued when the actuarial findings will have a material effect for the intended user, a material change in actuarial findings should be communicated in an actuarial report. We also added a requirement to discuss the implication of the material difference on the intended user. In addition, there should be a disclosure requirement in Section 4.
Section 3.6	Insert after the fourth sentence “An actuary should use professional judgment in deciding whether the use of those sources is appropriate.”	Similar to the requirement to use professional judgement in the review and use of data, there should be some application of professional judgement when deciding to rely on other sources.

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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 <i>Kathleen A. Riley</i>	Date November 1, 2022