

## 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](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.

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### I. Identification:

Name of Commentator / Company
Anthony T. Salis, FCAS, MAAA, CSPA, CPCU

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

Question No.	Commentator Response
1	The definitions could benefit from including examples, but I do like the breakdown of using different terms. Some of the confusion also comes from the definition of an oral communication as I will mention in the next section.
2	Yes, "significantly conflict" is appropriate terminology for 3.3.3.b.5. However, I have more concerns with this guidance that I will mention in the next two sections.

### 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)
2.7	"An actuarial communication made orally that is <u>unscripted</u> ."	I realize that this definition has not changed from the current ASOP. However, in light of today's world in which many virtual meetings may be recorded, this would make discussions in those meetings not qualify as oral communications. But I think those communications should qualify for the provisions given in Section 3.2. I think the exception that we are trying to highlight here is that there may be a presentation that was well-prepared ahead of time which could have been written but was delivered orally instead. Also if an "impromptu" oral communication that was recorded later be transcribed, it would need to be allowed to use the Section 3.2 provisions since the communication was given before it was transcribed.
3.3.3.b	"In all other situations, the actuary is responsible for all <u>material</u> assumptions and methods utilized in the preparation of an actuarial report unless the actuary discloses the following within the actuarial report:"	This word "material" is used in the stem of 3.3.3 and it would add clarity to repeat it here. Without restricting this to material assumptions, the scope of this requirement could easily become very

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		overwhelming. There can be many assumptions that are made that do not have a material effect on the actuarial finding.
3.3.6.a	Split into two statements: “a. actuarial work that is part of a larger project;” and “b. actuarial work that is within a single organization;”	For actuarial work within a single organization, the principal may have enough background that an actuarial report may be unnecessary. I believe that is valid even without the work being a part of a larger project. Splitting out the larger project can identify areas in which actuarial documentation may be needed but not necessarily an actuarial report.
3.3.6.b	“actuarial findings provided to <u>an individual</u> who has actuarial knowledge about the topic and has adequate knowledge of the context and basis of the findings ( <u>whether another actuary or a non-actuary</u> );”	Actuaries may provide actuarial findings to individuals who are not senior actuaries, but this does not mean that individual lacks sufficient knowledge to have subject matter expertise. This could be a junior actuary, an actuarial student, one with another professional designation (CSPA, CPCU, etc.) or one not on an actuarial path, such as a data scientist. Especially when an actuary is working with others in the same company, the amount of knowledge may be sufficient, even if the recipient is not an actuary.

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

Commentator Recommendation (Identify relevant sections when possible)	Commentator Rationale (Support for the recommendation)
The “positive” disclosure requirement in 3.3.3.b seems somewhat unnecessary and may add more confusion than needed.	<p>The way 3.3.3.b reads, the actuary is considered responsible for all assumptions not disclosed with the given parameters. If an actuary would choose not to disclose an assumption selected by another party, then the actuary would be held responsible for that assumption. By disclosing the assumption and then asserting that the assumption does not significantly conflict with what the actuary judges is reasonable, the actuary is taking responsibility by supporting the assumption. So whether or not this assumption is disclosed, the actuary is still taking responsibility for it.</p> <p>Perhaps this provides better clarity for where each assumption originates, but this may not be the most important thing in many actuarial reports.</p>

**V. Signature:**

Commentator Signature	Date
<i>Anthony T Salis</i>	11/01/2022