ACTUARIAL STANDARDS BOARD

Actuarial Standard
of Practice
No. 29

Expense Provisions for
Prospective Property/Casualty Risk Transfer and Risk Retention

Developed by the
Task Force to Revise ASOP No. 29 of the
Casualty Committee of the
Actuarial Standards Board

Adopted by the
Actuarial Standards Board
December 2023

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APPENDIXES

December 2023

TO: Members of Actuarial Organizations Governed by the Standards of Practice of the Actuarial Standards Board and Other Persons Interested in Expense Provisions for Prospective Property/Casualty Risk Transfer and Risk Retention

FROM: Actuarial Standards Board (ASB)

SUBJ: Actuarial Standard of Practice No. 29

This document contains a revision of actuarial standard of practice (ASOP) No. 29, *Expense Provisions for Prospective Property/Casualty Risk Transfer and Risk Retention*.

History of the Standard

This standard originally was developed by the Subcommittee on Ratemaking of the ASB's Casualty Committee. At that time, the Casualty Actuarial Society's May 1988 *Statement of Principles Regarding Property and Casualty Insurance Ratemaking* identified and described principles applicable to the determination and review of property/casualty insurance rates. Those principles were limited to the portion of the ratemaking process involving the estimation of costs associated with the transfer of risk. For most lines of business, the expense provisions are a significant portion of the rate. For some lines of business, the expense provisions can actually exceed the loss provision. For this reason, it was necessary to have a standard of practice to provide guidance to actuaries when determining expense provisions.

In 2020, the ASB's Casualty Committee reviewed the standard and identified several obsolete references, which necessitated this revision.

This revision uses the phrase "risk transfer or risk retention" throughout the text, with the exception of the title. This differs from the phrase "risk transfer and risk retention," which is used in ASOP No. 53, *Estimating Future Costs for Prospective Property/Casualty Risk Retention and Risk Transfer*. These phrases have the same intention and should not be interpreted to have any different meaning. Both of these standards apply to actuaries performing work that pertains to either risk transfer or risk retention, or both, as part of the same work product. The ASB has concluded that the word "or" is more appropriate.

First Exposure Draft

The first exposure draft was released in February 2022 with a comment deadline of May 31, 2022. Seven comment letters were received and considered in making changes that are reflected in the second exposure draft.

Second Exposure Draft

The second exposure draft was released in January 2023 with a comment deadline of May 1, 2023. Six comment letters were received and considered in making changes that are reflected in this standard. For a summary of issues contained in these comment letters, please see appendix 2.

Notable Changes from the Second Exposure Draft

Notable changes made to the second exposure draft are summarized below. Notable changes do not include changes made to improve readability, clarity, or consistency.

1. In section 1.2, language was added to clarify the role of reviewing actuaries.

2. Section 3.6 was modified to include the subcategories of defense and cost containment (DCC) and adjusting and other (A&O).

Notable Changes from the Existing ASOP

Notable changes made to the existing ASOP are summarized below. Notable changes do not include changes made to improve readability, clarity, or consistency.

1. Section 1.2 was modified to include risk transfer or risk retention to align with ASOP No. 53.

2. In section 1.2, the scope was expanded to include applicability to reviewing actuaries.

3. The ASOP now distinguishes the identification of expense categories from the calculation of expense provisions (future cost estimates) for those categories.

4. Guidance regarding loss adjustment expense subcategories was added in several sections, including section 1.2 and the new section 3.6.

5. In section 2, definitions of coverage, expense provision, risk retention, and risk transfer were added.

6. Throughout the standard, the term “rates” was changed to “future cost estimates.”

7. In section 3.1, the reference to New York State insurance law was replaced with a reference to the pertinent requirements for defining the types of expenses prescribed in applicable law and, if applicable, the *Instructions for Uniform Classification of Expenses* published by the National Association of Insurance Commissioners (NAIC).

8. A new section 3.2 on intended measure was added. Intended measure is now also referenced in other sections.

9. In section 3.3, a reference was added to appropriate methods, models, and assumptions for developing the expense provisions during the period for which the future costs are being estimated. References to ASOP Nos. 53 and 56, *Modeling,* were also added.

10. In section 3.6, the reference to the CAS *Statement of Principles Regarding Property/Casualty Ratemaking* was removed.

11. In section 3.8, guidance was added on reflecting the timing of residual market expenses.

12. In section 3.9, guidance was added on reflecting the timing of statutory assessments.

13. Section 3.11 of the exposure draft, Conflict with Applicable Law, was deleted.

14. A new section 3.15 was added on the preparation and retention of documentation.

15. In section 4, the list of required disclosures was expanded.

16. In section 4, a new section regarding the disclosure of confidential information was added.

17. In section 4, the reference to repealed ASOP No. 9, *Documentation and Disclosure in Property/Casualty Insurance Ratemaking, Loss Reserving, and Valuations,* was deleted.

The ASB voted in December 2023 to adopt this standard.

The Actuarial Standards Board (ASB) sets standards for appropriate actuarial practice in the United States through the development and promulgation of Actuarial Standards of Practice (ASOPs). These ASOPs describe the procedures an actuary should follow when performing actuarial services and identify what the actuary should disclose when communicating the results of those services.

ACTUARIAL STANDARD OF PRACTICE NO. 29

EXPENSE PROVISIONS FOR PROSPECTIVE PROPERTY/CASUALTY RISK TRANSFER AND RISK RETENTION

STANDARD OF PRACTICE

Section 1. Purpose, Scope, Cross References, and Effective Date

1.1 Purpose—This actuarial standard of practice (ASOP or standard) provides guidance to actuaries when performing actuarial services with respect to developing or reviewing **expense provisions** for prospective property/casualty **risk transfer** or **risk retention**.

1.2 Scope—This standard applies to actuaries when performing actuarial services with respect to developing or reviewing **expense provisions** for prospective property/casualty **risk transfer** or **risk retention**. This includes **expense provisions** developed or reviewed for insurance, reinsurance, self-insurance, loss portfolio transfers, or other mechanisms for prospective property/casualty **risk transfer** or **risk retention**. If the actuary's actuarial services involve reviewing **expense provisions** developed by another party, the actuary should use the guidance in this ASOP to the extent practicable within the scope of the actuary's assignment.

This standard does not apply to actuaries when estimating **loss adjustment expenses** that are combined with losses in the determination of the provision for losses.

If the actuary determines that the guidance in this standard conflicts with an ASOP that applies to all practice areas, this standard governs.

If a conflict exists between this standard and applicable law (statutes, regulations, and other legally binding authority), the actuary should comply with applicable law. If the actuary departs from the guidance set forth in this standard in order to comply with applicable law, or for any other reason the actuary deems appropriate, the actuary should refer to section 4.

1.3 Cross References—When this standard refers to the provisions of other documents, the reference includes the referenced documents as they may be amended or restated in the future, and any successor to them, by whatever name called. If any amended or restated document differs materially from the originally referenced document, the actuary should follow the guidance in this standard to the extent it is applicable and appropriate.

1.4 Effective Date—This standard is effective for work performed on or after July 1, 2024.

Section 2. Definitions

The terms below are defined for use in this standard and appear in bold throughout the ASOP. The actuary should also refer to ASOP No. 1, *Introductory Actuarial Standard of Practice*, for definitions and discussions of common terms, which do not appear in bold in this standard.

2.1 Commission and Brokerage Fees—Compensation associated with the acquisition and service of business. These fees are paid to agents, brokers, or other parties, including ceding insurance companies.

2.2 Coverage—The terms and conditions of a plan or contract, or the requirements of applicable law, that create an obligation to pay benefits, expenses, or claims associated with contingent events.

2.3 Expense Provisions—Future cost estimates related to the **risk transfer** or **risk retention** other than the following: losses, **loss adjustment expenses** that are combined with losses in the determination of the provision for losses, the provisions for profit and contingencies, the cost of capital, investment expenses, and federal and foreign income taxes.

2.4 General Administrative Expenses—Operational and administrative expenses (other than investment expenses) not specifically defined elsewhere in this section.

2.5 Loss Adjustment Expenses—The costs of administering, investigating, validating, estimating, settling, or defending claims. Such costs are also known as “claim adjustment expenses.”

2.6 Other Acquisition Expenses—Costs, other than **commission and brokerage fees**, associated with the acquisition of business.

2.7 Policyholder Dividends—Nonguaranteed returns of premium or distributions of surplus.

2.8 Residual Market Expenses—Assessments for the entity’s share of residual market profits or losses.

2.9 Risk Retention—A risk-management and risk-control strategy for the assessment, management, or financing of retained risk associated with the specific **coverage**. Examples of **risk retention** include individual and group self-insurance and large deductible programs.

2.10 Risk Transfer—A risk-management and risk-control strategy, involving legally binding agreements, that shifts responsibility from one party to another or indemnifies one party by another party for the financial obligations associated with the **coverage**. Examples of **risk transfer** include insurance, reinsurance, captive insurance, and loss portfolio transfers.

2.11 Statutory Assessment Expenses—Mandated assessments that are permitted by applicable law to be included in the **expense provisions**. **Statutory assessment expenses** do not include **residual market expenses**.

2.12 Taxes, Licenses, and Fees—Taxes, license costs, and miscellaneous fees except federal and foreign income taxes.

Section 3. Analysis of Issues and Recommended Practices

3.1 Categorizing Expenses—The actuary should use expense categories when developing the **expense provisions**. When using expense categories, the actuary should be familiar with the pertinent requirements for defining the types of expenses prescribed in applicable law and, if applicable, the *Instructions for Uniform Classification of Expenses* published by the National Association of Insurance Commissioners (NAIC). The actuary also should be familiar with the entity's own methods of classifying and assigning expenses.

Common expense categories include **commission and brokerage fees**, **general administrative expenses**, **loss adjustment expenses**, **other acquisition expenses**, **policyholder dividends**, **residual market expenses**, **statutory assessment expenses**, cost of reinsurance, and **taxes**, **licenses**, **and fees**. The actuary may consolidate categories using professional judgment.

3.2 Intended Measure—The actuary should identify the intended measure of each **expense provision** based on its purpose or use. The intended measure may vary for each **expense provision** as needed and appropriate. Intended measures will be affected by the desires or needs of the principal, legal requirements, and the regulatory environments in which the future cost estimate will be used.

Examples of intended measures include the mean, the mean plus risk margin, the high or low estimate within a range of reasonably possible outcomes, and a specified percentile of the distribution of reasonably possible outcomes. Other measures may be appropriate based upon the purpose or use of the estimate.

3.3 Developing Expense Provisions—The actuary should develop **expense provisions** for each applicable expense category that

a. are appropriate for the **coverage** for which the future cost estimates are needed;

b. reflect the environment expected to exist in the period for which the future cost estimates are needed; and

c. include all future costs related to the **risk transfer** or **risk retention** other than the following: losses, **loss adjustment expenses** that are combined with losses in the determination of the provision for losses, the provisions for profit and contingencies, the cost of capital, investment expenses, and federal and foreign income taxes.

The actuary should select methods, models, intended measures, and assumptions for developing the **expense provisions** that are appropriate for the prospective property/casualty **risk transfer** or **risk retention** during the period for which the future costs are being estimated. When developing or reviewing **expense provisions**, the actuary also should refer to ASOP No. 53, *Estimating Future Costs for Prospective Property/Casualty Risk Transfer and Risk Retention*, and ASOP No. 56, *Modeling*.

The actuary should consider developing **expense provisions** for expenses that do not vary in direct proportion to premium on a basis that is not directly proportional to premium, such as per policy, per **coverage**, a percentage of claim losses, per unit of exposure, or some other manner that is consistent with how they are incurred.

3.4 Amortized Expenses—The actuary may include amortized expenses in the development of the **expense provisions** using an appropriate amortization period. Examples of expenses that may be amortized include start-up, development, or acquisition costs.

3.5 Expense Trending—The actuary may use expense trending procedures in developing **expense provisions** for expenses that are expected to vary over time. When using trending procedures, the actuary should consider reflecting a different trend for expenses than the trends in premiums, losses, or exposure bases. In addition, the actuary should refer to ASOP No. 13, *Trending Procedures in Property/Casualty Insurance Ratemaking.*

3.6 Provision for Loss Adjustment Expenses—When developing an **expense provision** for **loss adjustment expenses**, the actuary should provide for all **loss adjustment expenses** that are not combined with losses in the determination of the provision for losses. If the **loss adjustment expenses** are divided into subcategories, the actuary should consider using different methods, models, or assumptions in developing the **expense provisions** for the different subcategories of **loss adjustment expenses**. Such subcategories often include 1) allocated/unallocated or 2) defense and cost containment/adjusting and other.

3.7 Provision for Policyholder Dividends—If the actuary determines that **policyholder dividends** are reasonably anticipated, the actuary should consider including the anticipated amount of **policyholder dividends** in the **expense provisions**. When developing an **expense provision** for **policyholder dividends**, the actuary should take into account the company's dividend payment history, its current dividend policy or practice, whether dividends are related to loss experience, investment results, the capital and surplus of the company, and other considerations affecting the payment of dividends.

3.8 Provision for Residual Market Expenses—The actuary should include an **expense provision** for **residual market expenses**, if applicable. The provision for **residual market expenses** should reflect the timing of the residual market mechanism. If the residual market assessments are retrospective, the actuary should consider including a component in the

expense provision to recover any previously unassessed costs or to account for any prior excess collections.

3.9 Provision for Statutory Assessment Expenses—The actuary should include an **expense provision** for **statutory assessment expenses**, if applicable. The provision for **statutory assessment expenses** should reflect the timing of the statutory assessment mechanism. If the statutory assessments are assessed retrospectively, the actuary should consider including a component in the **expense provision** to recover any previously unassessed costs or to account for any prior excess collections.

3.10 Provision for the Cost of Reinsurance—If the actuary includes the cost of reinsurance as an **expense provision**, the actuary should take into account the amount to be paid to the reinsurer, ceding commissions or allowances, anticipated reinsurance recoveries, contract terms that provide for retrospective premium or commission adjustments, reinstatement premiums between the reinsured and the reinsurer, and other relevant information specifically related to the cost of reinsurance.

3.11 Reliance on Others for Data, Projections, Models, and Supporting Analysis—The actuary may rely on data, projections, models, and supporting analysis supplied by others. When practicable, the actuary should review the data, projections, models, and supporting analysis for reasonableness and consistency. For further guidance, the actuary should refer to ASOP Nos. 23, *Data Quality*, 41, *Actuarial Communications*, and 56.

3.12 Reliance on Intended Measures, Methods, Models, or Assumptions Selected by Another Party—When relying on intended measures, methods, models, or assumptions selected by another party, the actuary should refer to ASOP No. 41 for guidance.

3.13 Reliance on Another Actuary—The actuary may rely on another actuary who has developed a portion of the **expense provisions**. However, the relying actuary should be reasonably satisfied that the other actuary is qualified to perform such work, the supporting analysis was performed in accordance with applicable ASOPs, and the analysis is appropriate for the intended use. The actuary should also refer to ASOP No. 41 for guidance.

3.14 Reliance on Expertise of Others—An actuary may rely on the expertise of others (including actuaries not performing actuarial services) in the fields of knowledge used in developing **expense provisions**. In determining the appropriate level of such reliance, the actuary should take into account the following:

a. whether the individual or individuals upon whom the actuary is relying has expertise in the applicable field;

b. the extent to which the work product being relied upon has been reviewed or opined on by others with expertise in the applicable field, including any significant differences of opinion commonly known among those with expertise concerning aspects of **expense provisions** that could be material to the actuary's work product; and

c. whether there are legal, regulatory, professional, industry, or other standards that apply to the work product supplied by others with expertise in the applicable field, and whether the work product has been represented as having met such standards.

3.15 Documentation—The actuary should prepare and retain documentation to support compliance with the requirements of section 3 and the disclosure requirements of section 4. The actuary should prepare such documentation in a form such that another actuary qualified in the same practice area could assess the reasonableness of the actuary's work. The amount, form, and detail of such documentation should be based on the professional judgment of the actuary and may vary with the complexity and purpose of the actuarial services. In addition, the actuary should refer to ASOP No. 41 for guidance related to the retention of file material other than that which is to be disclosed under section 4.

Section 4. Communications and Disclosures

4.1 Required Disclosures in an Actuarial Report—When issuing an actuarial report to which this standard applies, the actuary should refer to ASOP Nos. 13, 23, 41, 53, and 56. In addition, the actuary should disclose the following in such actuarial reports:

a. a description of the categories used in developing the **expense provisions** (see section 3.1);

b. the **expense provision** for each applicable expense category (see section 3.3);

c. the methods, models, intended measures, and material assumptions used in developing each **expense provision** (see sections 3.2, 3.3, and 3.5–3.10);

d. any amortized expenses and the amortization periods (see section 3.4);

e. the extent of any reliance on data, projections, models, and supporting analysis supplied by others (see section 3.11);

f. the extent of any reliance on methods, models, or assumptions selected by another party (see section 3.12);

g. the extent of any reliance on another actuary (see section 3.13); and

h. the extent of any reliance on the expertise of others (see section 3.14).

4.2 Additional Disclosures in an Actuarial Report—The actuary also should include disclosures in an actuarial report in accordance with ASOP No. 41 for the following circumstances:

a. if any material assumption or method was prescribed by applicable law;

b. if the actuary states reliance on other sources and thereby disclaims responsibility for any material assumption or method selected by a party other than the actuary; and

c. if in the actuary's professional judgment, the actuary has deviated materially from the guidance of this ASOP.

4.3 Confidential Information—Nothing in this standard is intended to require the actuary to disclose confidential information.

Appendix 1

Background and Current Practices

Note: This appendix is provided for informational purposes and is not part of the standard of practice.

Background

Prior to the relatively high inflation of the 1970s, a predominant ratemaking technique involved including expenses, other than loss adjustment expenses, as a percentage of premium. In doing so, it was assumed that the expense portion of the future cost estimate was subject to the same trend (usually very low) to which the loss and loss adjustment expense portions were subjected. However, higher levels of inflation had a significant impact on the expected change in the various elements of the future cost estimate. By the 1970s, the assumption that the trend in expenses would approximate the trend in losses was being questioned. Although the actuarially determined loss trend may have been applied to the loss and loss adjustment expenses as usual, a separate analysis and trend may have been necessary to properly reflect the anticipated change in certain other expenses.

Recognition of the impact of inflation on expenses that were not varying with premium led to the following additional considerations:

Expense Flattening—Expense flattening techniques assign expenses to policies or other units of exposure rather than in proportion to premium or losses. Thus, expense flattening is a procedure sometimes used to determine the portion of the future cost estimate that does not vary in direct proportion to premium or losses.

Expense Trending—Expense trending reflects how changes over time affect expenses. Over the years, separate trending of expenses has become a more common technique. However, including expenses as a proportion of premium is still used.

Although the property/casualty actuarial literature is relatively sparse on the topic of expense provisions, techniques for separately trending losses and expenses and alternatives to premium-related expense provisions have been included in such literature. Actuarial literature also includes discussions about how it may be inappropriate to assume proportional expenses for administrative ease when some expense categories do not vary in direct proportion to premium.

Over time, various regulations have required expense limitations by either limiting or disallowing certain expenses or by requiring expense flattening of various types.

The Casualty Actuarial Society adopted the *Statement of Principles Regarding Property and Casualty Ratemaking* in May 1988, rescinded it in December 2020, and reinstated it as a reference for U.S.-regulated ratemaking in May 2021. The *Statement of Principles* has served as a foundational source of information regarding future cost estimation and ratemaking, providing both principles and considerations. The ASB has worked to develop standards that provide appropriate actuarial guidance on topics covered by the *Statement of Principles*, including expenses.

Current Practices

Practice has not changed significantly since ASOP No. 29 and the NAIC's *Instructions for Uniform Classification of Expenses* were first introduced in 1997 and 1998, respectively. The NAIC codified the reporting of expenses in the early 2000s, which changed the categorization of "allocated" and "unallocated" loss adjustment expenses to "defense and cost containment" and "adjusting and other" loss adjustment expenses. The standard allows for the use of either set of loss adjustment expense subcategories.

Appendix 2

Comments on the Second Exposure Draft and Responses

The second exposure draft of the proposed revision of ASOP No. 29, *Expense Provisions for Prospective Property/Casualty Risk Transfer and Risk Retention*, was issued in January 2023 with a comment deadline of May 1, 2023. Six comment letters were received, some of which were submitted on behalf of multiple commentators, such as by firms or committees. For purposes of this appendix, the term "commentator" may refer to more than one person associated with a particular comment letter. The ASOP No. 29 Task Force and the Casualty Committee of the Actuarial Standards Board (ASB) carefully considered all comments received, and the ASB reviewed (and modified, where appropriate) the changes proposed by the Casualty Committee.

Summarized below are the significant issues and questions contained in the comment letters and the responses. Minor wording or punctuation changes that were suggested but not significant are not reflected in the appendix, although they may have been adopted.

The term "reviewers" in appendix 2 includes the ASOP No. 29 Task Force, the Casualty Committee, and the ASB. The section numbers and titles used in appendix 2 refer to those in the exposure draft, which are then cross referenced with those in this standard.

SECTION 1. PURPOSE, SCOPE, CROSS REFERENCES, AND EFFECTIVE DATE	
Section 1.1, Purpose, and 1.2, Scope	
Comment Response	Several commentators asked for clarification about how the standard applies to reviewing actuaries. The reviewers clarified the language regarding the role of a reviewer.
SECTION 2. DEFINITIONS	
Section 2.1, Commission and Brokerage Fees	
Comment Response	One commentator suggested breaking this section into two sentences to clarify the meaning. The reviewers agree and made the change.
Section 2.3, Expense Provisions	
Comment Response	One commentator suggested that the definition in this section should be as complete as the guidance wording from section 3.3(c). The reviewers agree and made a change consistent with the suggestion.
Section 2.5, Loss Adjustment Expenses	
Comment Response	One commentator suggested that the definition of loss adjustment expenses in this standard should be the same as in the proposed revision of ASOP No. 36. The reviewers believe the definition is appropriate for this standard and made no change in response to this comment.

Comment Response	One commentator suggested including defense and cost containment expenses and adjusting and other expenses as another valid way to split loss adjustment expenses into subcategories. The reviewers agree and moved the reference to both sets of subcategories to section 3.6.
Section 2.8, Residual Market Expenses	
Comment Response	One commentator asked whether a negative expense provision was possible in situations where the residual market mechanism was profitable. The reviewers believe that the standard adequately addresses such situations and made no change.
Section 2.9, Risk Retention	
Comment Response	One commentator suggested that coinsurance be included as a form of risk retention and that single parent captives are not a form of risk retention. The reviewers agree in part and removed single parent captives.
Section 2.10, Risk Transfer	
Comment Response	One commentator suggested alternative wording to clarify the requirement to indemnify losses. The reviewers believe the guidance is clear and made no change in response to this comment.
Section 2.11, Statutory Assessment Expenses	
Comment Response	One commentator suggested adding examples of statutory assessments, as they are not commonly used. The reviewers believe examples are not needed and made no change.
Comment Response	One commentator suggested adding language to distinguish residual market assessments from statutory assessments. The reviewers agree and made the change.
SECTION 3. ANALYSIS OF ISSUES AND RECOMMENDED PRACTICES	
Section 3.3, Developing Expense Provisions	
Comment Response	One commentator asked for an example of a "per coverage" expense. The reviewers believe an example is not needed and made no change in response to this comment.
Section 3.5, Expense Trending	
Comment Response	One commentator suggested clearer language about varying trends in the second sentence. The reviewers agree and made changes consistent with the comment.
Section 3.6, Provision for Loss Adjustment Expenses	
Comment Response	One commentator suggested that the separation of loss adjustment expenses into defense and containment expenses and adjusting and other expenses subcategories should be included here. The reviewers agree and made changes consistent with the comment.
Section 3.8, Provision for Residual Market Expenses, and 3.9, Provision for Statutory Assessment Expenses	
Comment Response	One commentator asked whether a negative expense provision was possible in situations with prior excess collections. The reviewers believe that the standard adequately addresses such situations and made no change.

Comment Response	One commentator asked whether the time value of money should be considered when analyzing the impact of timing on any expense components from retroactive assessment calculations. The reviewers believe the guidance is appropriate and made no change.
Section 3.10, Provision for the Cost of Reinsurance	
Comment Response	One commentator suggested replacing the term "profit sharing agreements" with "premium or commission adjustments." The reviewers agree and made the change.
Comment Response	One commentator suggested adding references for guidance in this area. The reviewers believe the guidance is appropriate and made no change.
Section 3.11, Reliance on Others for Data, Projections, Models, and Supporting Analysis; and 3.12, Reliance on Intended Measures, Methods, Models, or Assumptions Selected by Another Party	
Comment Response	Two commentators suggested that sections 3.11 and 3.12 could overlap, and that the differences between them are not clear. The reviewers believe that these sections would often apply independently, but could coincide or overlap in some situations, and made no changes
Section 3.11, Reliance on Others for Data, Projections, Models, and Supporting Analysis	
Comment Response	One commentator also thought that section 3.11 required too much effort in reviewing the work of others. The reviewers note that ASOP No. 1 contains an explanation of "practicable" as it applies in ASOPs and made no change.
Section 3.11, Reliance on Others for Data, Projections, Models, and Supporting Analysis; and 3.13, Reliance on Another Actuary	
Comment Response	One commentator suggested that section 3.13 was more strict than section 3.11. The commentator asked if section 3.11 only applied to non-actuaries. The reviewers believe the language is appropriate and made no change.
Section 3.13, Reliance on Another Actuary	
Comment Response	One commentator said that section 3.13 should contain a reference to ASOP No. 41, similar to sections 3.11 and 3.12. The reviewers agree and added a reference to ASOP No. 41.
SECTION 4. COMMUNICATIONS AND DISCLOSURES	
Section 4.1, Required Disclosures in an Actuarial Report	
Comment Response	One commentator suggested eliminating the list of applicable standards of practice. The reviewers disagree and made no change.
Section 4.1(e) and (f)	
Comment Response	One commentator suggested clarifying whether the terms "supplied by others" and "selected by others" mean the same thing. The reviewers made no change in response to this comment.