

Appendix 2

Comments on the Second Exposure Draft and Responses

The second exposure draft of the proposed revision of ASOP No. 36, *Statements of Actuarial Opinion Regarding Property/Casualty Loss, Loss Adjustment Expense, or Other Reserves*, was issued in July 2023 with a comment deadline of November 1, 2023. Four 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. 36 Task Force carefully considered all comments received, and the Casualty Committee of the Actuarial Standards Board (ASB) and the ASB reviewed (and modified, where appropriate) the changes proposed by the ASOP No. 36 Task Force.

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. 36 Task Force, the ASB Casualty Committee, and the ASB. The section numbers and titles used in appendix 2 refer to those in the second exposure draft, which are then cross referenced with those in the final standard.

TRANSMITTAL MEMORANDUM	
Comment	One commentator suggested changing “determine” to “identify” in the notable changes regarding the discount rate.
Response	The reviewers agree and made the change.
GENERAL	
Comment	One commentator said the guidance for reviewing actuaries is unclear.
Response	The reviewers note that the language allows for professional judgment and made no change.
SECTION 1. PURPOSE, SCOPE, CROSS REFERENCES, AND EFFECTIVE DATE	
Section 1.1, Purpose	
Comment	One commentator asked whether the standard applies to supporting actuaries.
Response	The reviewers believe the language makes it clear that the standard applies to supporting actuaries and made no change.
Section 1.2, Scope	
Comment	One commentator questioned the conflict statement referring only to cross-practice ASOPs.
Response	The reviewers believe the language is appropriate, made no change, and refer the actuary to ASOP No. 1, <i>Introductory Actuarial Standard of Practice</i> , for guidance on conflicting provisions in ASOPs.

SECTION 2. DEFINITIONS	
Comment	One commentator suggested defining “unpaid claim estimate” consistent with ASOP No. 43, <i>Property/Casualty Unpaid Claim Estimates</i> .
Response	The reviewers disagree and made no change.
Section 2.2, Counterparty	
Comment	One commentator suggested alternative language for the definition of counterparty.
Response	The reviewers agree and made changes consistent with the comment.
Section 2.8, Reserve	
Comment	One commentator suggested alternative language for the definition of reserve.
Response	The reviewers disagree and made no change.
SECTION 3. ANALYSIS OF ISSUES AND RECOMMENDED PRACTICES	
Section 3.1, Purpose and Users of the Statement of Actuarial Opinion	
Comment	One commentator suggested removing the examples.
Response	The reviewers disagree and made no change.
Section 3.4, Reserve Evaluation	
Comment	One commentator suggested adding a reference to the <i>Code of Professional Conduct (Code)</i> .
Response	The reviewers disagree, made no change, and note that the Code applies to all work performed under this standard.
Section 3.4.2, Evaluation Based on the Actuary’s Estimates	
Comment	One commentator suggested adding a reference to the Code.
Response	The reviewers disagree, made no change, and note that the Code applies to all work performed under this standard.
Comment	One commentator suggested that Precept 3 is not sufficiently clear with regard to work under the direction of the actuary.
Response	The reviewers disagree and made no change.
Section 3.4.3, Using a Model Developed by Another Party	
Comment	One commentator suggested adding “if relevant” before the reference to ASOP No. 38, <i>Catastrophe Modeling (for All Practice Areas)</i> .
Response	The reviewers agree and made changes consistent with the comment.
Section 3.5, Discounting	
Comment	One commentator suggested adding “or other reserves.”
Response	The reviewers disagree, made no change, and note that ASOP No. 20, <i>Discounting of Property/Casualty Claim Estimates</i> , applies only to claim estimates.

Section 3.8.4, Qualified Opinion	
Comment	One commentator asked for “materiality” to be clarified.
Response	The reviewers believe the language is clear and made no change.
Section 3.8.5, No Opinion	
Comment	One commentator suggested adding “or have limited staff, time, or resources,” to the list of reasons for issuing no opinion.
Response	The reviewers disagree and made no change.
Section 3.9.2, Opinion on Total Reserves	
Comment	One commentator suggested clarifying the language.
Response	The reviewers agree and made the change.
Section 3.10, Determination of Materiality Standard	
Comment	One commentator suggested removing the examples.
Response	The reviewers disagree and made no change.
Section 3.11, Material Adverse Deviation	
Comment	One commentator suggested rewording the third paragraph.
Response	The reviewers agree and clarified the language.
SECTION 4. COMMUNICATIONS AND DISCLOSURES	
Section 4.2(c) Required Disclosures in the Statement of Actuarial Opinion	
Comment	One commentator suggested adding the rationale for the assumption if the actuary is unable to obtain the stated basis for all or a portion of the reserves.
Response	The reviewers disagree that the rationale for the assumption needs to be in the statement of actuarial opinion and made no change.
Section 4.3, Additional Disclosures in the Statement of Actuarial Opinion	
Comment	One commentator suggested adding a disclosure when the actuary is unable to or did not review the analysis work product of another party.
Response	The reviewers note that this disclosure would be inconsistent with the guidance in section 3.4.4.
Section 4.4, Additional Disclosures in an Actuarial Report	
Comment	One commentator suggested deleting the section.
Response	The reviewers disagree and made no change.