

## **Title of Exposure Draft: ASOP 41 – Actuarial Communications Second Exposure Draft**

**Comment Deadline: March 15, 2025**

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.

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:**

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| Name of Commentator / Company                      |
| <a href="#">Pinnacle Actuarial Resources, Inc.</a> |

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

| Question No. | Commentator Response  |
|--------------|---|
| 1            | <a href="#">Yes, it is clear when to issue an actuarial report.</a>                                       |
| 2            | <a href="#">It is clear that the required disclosures in Section 4.1 only apply to actuarial reports.</a> |
|              |   |

### **III. Specific Recommendations:**

| Section #<br>(e.g., 3.2.a) | Commentator Recommendation<br>(Please provide recommended wording for any suggested changes) | Commentator Rationale<br>(Support for the recommendation) |
|----------------------------|--|---|
| <a href="#">None</a>       |  |   |
|                            |  |   |
|                            |  |   |

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

| Commentator Recommendation<br>(Identify relevant sections when possible)  | Commentator Rationale<br>(Support for the recommendation)  |
|---|--|
| <a href="#">We have concerns with the removal of Section 3.7 – Actuarial Documentation from the First Exposure Draft.</a> | <a href="#">In the Appendix to the Second Exposure Draft, there are five comment letters pertaining to Section 3.7 (Actuarial Documentation). All five responses indicate “The reviewers removed this section.” No explanation is give as to why this decision was made or the rationale for removing the section altogether.</a><br><br><a href="#">Our comments here relate to a long-standing concern about the lack – and deliberate erasure – of any guidance to practicing actuaries about file documentation and records retention.</a> |

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|  | <p>Consider:</p> <p>Most professional firms and companies alike have records retention policies relating to both hard copies and electronic files. In today’s climate, concerns about potential liability for errors and omissions are such that it is important to keep file documentation for a reasonable period of time.</p> <p>In the past, actuaries were afforded specific guidance on file documentation beginning with the original AAA Code of Conduct, then with the first version of ASOP 41.</p> <p>The original AAA Code of Conduct Section (c) (4) of the (old) Interpretive Opinion #3 “Professional Communications of Actuaries” stated</p> <p><b><i>Documentation.</i></b> <i>Records and other appropriate documentation of the actuary’s work should be maintained by the actuary and retained for a reasonable period of time. Documentation should be sufficiently complete so that another actuary practicing the same field could follow the work.</i></p> <p>Interpretive Opinion #3 was repealed in 2002 and replaced by ASOP 41. Section 3.6 of the original ASOP 41 stated:</p> <p><b><i>3.6 Documentation</i></b> - <i>The actuary should create records and other appropriate documentation supporting an actuarial communication and, to the extent practicable, should take reasonable steps to ensure that this documentation will be retained for a reasonable period of time (and no less than the length of time necessary to comply with any statutory, regulatory, or other requirements).</i></p> <p>When the original ASOP 41 was revised in December 2010, Section 3.6 was removed. As stated In the Summary of Key Changes #6 to the Revised ASOP 41:</p> <p><i>“The ASB has decided that specifying what material should be retained and for how long is not appropriate for this standard (except as may be provided in section 3.8).”</i></p> <p>Section 3.8 is, for the most part, not on point with the primary issue of retaining documentation:</p> <p><b><i>3.8 Retention of Other Materials</i></b> - <i>An actuary may choose to keep file material other than that which is to be disclosed under this ASOP. Nothing in this ASOP requires the</i></p> |
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|  | <p><i>actuary to disclose such additional materials to any party. If, as may be appropriate in accordance with section 3.3., a report does not include all of the supporting information identified in this ASOP, the actuary should consider retaining the supporting information that was not included in the report. The actuary is not required to create additional documentation for this purpose. An actuary should consider retaining sufficient information for any recurring project so that another actuary could assume the assignment.</i></p> <p>It appears that the ASB's intent was to have actuarial reports contain all the documentation necessary such that retaining additional documentation (presumably in the work paper files) would not be necessary. This is very confusing as there is no possible way to reproduce all the data, work papers and other information commonly part of file documentation in the actuarial report itself. Furthermore, with the extensive databases provided to us, retention of such electronic records is vital to file documentation.</p> <p>In the First Exposure Draft of the Proposed Revision of ASOP 41 (as approved by the ASB in June 2022), Section 3.7 provided some guidance on the preparation and retention of actuarial documentation. While the guidance is not as detailed as in prior years, it nonetheless describes the importance of such.</p> <p>Now, the 2<sup>nd</sup> Exposure Draft of the Proposed Revision of ASOP 41 eliminates that guidance in total and we are left with no guidance whatsoever – in any of the ASOPs – as regards retention of documentation.</p> <p>Practitioners are being left in the dark without even a mention as to why it is being removed.</p> <p>We recommend Section 3.7 of the First Exposure Draft of ASOP 41 be reinstated.</p> |
|  |   |

**V. Signature:**

| Commentator Signature  | Date             |
|--|------------------|
| <p>The comments above are the collected comments of the consultants employed or affiliated with Pinnacle. If you have any questions regarding our comments, please contact Laura Maxwell, Pinnacle's Professional Standards Officer, at <a href="mailto:lmxwell@pinnacleactuaries.com">lmxwell@pinnacleactuaries.com</a>.<br/>Laura A. Maxwell, FCAS, MAAA, CSPA</p> | <p>3/14/2025</p> |