

**Title of Exposure Draft:** [Proposed Revision of ASOP No. 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:**

Name of Commentator / Company
Esther Becker, on behalf of the Professionalism Education Working Group of the Casualty Actuarial Society <b>Please note that other participants in this review include Bob Miccolis, Ginda Fisher, Chris Monsour, Arlie Proctor and Robert Smith</b>

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

Question No.	Commentator Response
<u>1.</u>	<u>Question 1:</u> Is it clear when an actuary should issue an actuarial report? If not, what further clarifications would you recommend?
<u>Response to Question 1:</u>	It is not clear for the following reasons: <ol style="list-style-type: none"><li>1. We feel the guidance is too broad regarding when an <b>actuarial report</b> should be issued versus when another form of <b>actuarial communication</b> could be just as effective considering the actuary's responsibilities and the actuary's judgment regarding the needs of the principal and <b>intended user</b>.</li><li>2. The guidance on when the actuary should issue an <b>actuarial report</b> should not be based on the scope of the <b>actuarial services</b> nor on the results of the <b>actuarial services</b> being communicated. We suggest that the guidance and clarifications on the intended purpose of an <b>actuarial report</b>, how it is issued, what form it takes, should be addressed in sections 3 and 4.</li><li>3. The scope of an actuary's assignment may or may not include an <b>actuarial report</b>, based primarily on the needs of the principal. There could be other means of communication that would be appropriate within the scope of the actuary's assignment.</li><li>4. It is not clear why an <b>actuarial report</b> should be the primary method to communicate an actuary's conclusions. The <b>actuarial services</b> may include conclusions, analyses, findings, opinions, suggestions, observations, etc. which the actuary should communicate in a way that, in the professional judgment of the actuary, is appropriate for the intended use of their <b>actuarial services</b>.</li><li>5. The actuary should use their professional judgment when deciding the form or format of their <b>actuarial communication</b>. The actuary should also consider the needs of the principal, the intended use of their communication, and the practical aspects of the actuary's role and assignment.</li></ol>

**Title of Exposure Draft:** [Proposed Revision of ASOP No. 41 – Actuarial Communications \(Second Exposure Draft\)](#)

**Comment Deadline:** [March 15, 2025]

	<p>6. We recommend removing the definition of <b>actuarial conclusions</b>, by simply referring to <b>actuarial services</b>. An <b>actuarial report</b> could refer “to support actuarial services”, rather than to support <b>actuarial conclusions</b>. The definition of <b>actuarial conclusions</b> is unnecessary and could be confusing in many situations. In particular, the reference to “actuarial analysis” could be interpreted too broadly. An <b>actuarial report</b> may not be warranted simply because conclusions were based on an actuarial analysis. Also, the use of professional judgment should be included in the guidance regarding when issuing an <b>actuarial report</b> is appropriate.</p> <p>The Exposure Draft allows the actuary to <b>otherwise disclose</b> that they are not “taking responsibility for all actuarial conclusions, material assumptions, and methods.” However, the ASB’s response to comments from the first exposure draft mentions, “One commentator asked for clarification whether the standard applies when the actuary determines if the communication is an <b>actuarial communication</b>.” The ASB response was: “An <b>actuarial communication</b> is defined in the Code. Making an <b>actuarial communication</b> is not limited ... by the actuary making a statement about whether a communication related to <b>actuarial services</b> is or is not an <b>actuarial communication</b>.” We suggested that this wording be modified to clarify that the actuary should provide an explanation of their responsibilities when they are “not taking responsibility” for some aspects of the <b>actuarial services</b> contained in the <b>actuarial communication</b>.</p> <p>We are submitting further clarifications recommended on specific sections of this exposure draft.</p>
<b>Question 2:</b>	<p><b>Is it clear which guidance applies for all actuarial communications and which guidance is required only for actuarial reports? If not, what further clarifications would you recommend?</b></p>
<b>Response to Question 2</b>	<p>We do not believe the guidance is clear and we feel that the guidance should address all types of actuarial communications.</p> <p>Section 4 clearly applies to “Disclosures in an Actuarial Report.” However, Section 4 as well as Section 3 should also cover non-report communications.</p> <p>Most of the “should” statements in Section 3 are specific to the actuary’s role and responsibilities appropriate for the actuary’s assignment. We suggest clarification of these requirements in the standard for the following reasons:</p> <ol style="list-style-type: none"> <li>Give a reference to the <b>Code</b> in the standard when the requirements are the same as or essentially the same as those in the <b>Code</b>.</li> <li>Actuarial communications can be part of an ongoing relationship between the actuary and the <b>principal</b> as the actuary engages in various <b>actuarial communications</b> with the principal or other intended users on a regular basis, e.g., an actuary working in an insurance company with a defined role (ratemaking, reserving, account pricing, etc.)</li> <li>Many of these requirements and disclosures in section 4 may only be needed if an <b>actuarial report</b> is required, or if the actuary judges that it is a significant matter, such as an actuarial opinion or assessment. For example, they may be needed for financial reporting, or for other material issues which the <b>principal</b> or <b>intended users</b> would rely upon.</li> <li>The actuary may feel that issuing an <b>actuarial report</b> is not reasonable for practical reasons, such as the scope of the actuary’s assignment, role and responsibilities, the actuary’s time and resources, and when the <b>actuarial services</b> are routine and well understood by the principal and intended users.</li> </ol> <p>We are submitting further clarifications recommended on specific sections of this exposure draft.</p>

Title of Exposure Draft: [Proposed Revision of ASOP No. 41 – Actuarial Communications \(Second Exposure Draft\)](#)

Comment Deadline: [March 15, 2025]

### 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)
1.1 Purpose	<b>Remove</b> the parenthetical items "(written, electronic, or oral)"	There are other forms of communication which are covered by the purpose statement without the parenthetical list. The list can have specific meanings and limitations, depending on the circumstances. It is better to leave the statement as <i>"in any form."</i> without the parenthetical items.  If the definition is left as-is, the standard should refer to the <b>Code of Professional Conduct</b> and repeat the applicable wording from the <b>Code</b> .
1.2 Scope 1 <sup>st</sup> para	<b>Eliminate</b> the wording <i>"within any practice area."</i>  <b>Remove</b> the 2 <sup>nd</sup> sentence in this section: <i>"This standard does not apply to actuaries when issuing a communication that does not include the rendering of actuarial services."</i>  <b>Revise to</b> <i>"This standard applies to actuaries when issuing a communication involving the rendering of <b>actuarial services</b>."</i>	<b>Actuarial communication</b> is a defined term in the standard and in the <b>Code of Professional Conduct</b> and the wording <i>"within any practice area"</i> is redundant because this standard applies to all practice areas. Other general ASOPs do not have this wording.  The definition of <b>Actuarial Communication</b> is in the <b>Code</b> which explicitly references <i>"communication with respect to actuarial services."</i>  We believe that this standard should broadly address <b>actuarial communication</b> and should apply to any <b>actuarial services</b> . The <i>"rendering"</i> of <b>actuarial services</b> is identical wording used in the <b>Code</b> .  It is not clear how this standard applies to <b>actuarial communications</b> that may not be considered <b>actuarial reports</b> .  We feel that this standard should clearly address both an <b>actuarial report</b> and other <b>actuarial communications</b> associated with <b>actuarial services</b> , which are not considered to be <b>actuarial reports</b> .
1.2 Scope 3 <sup>rd</sup> & 4 <sup>th</sup> para	Use the common wording as in recent ASOPs regarding reference to applicable law.  <b>Remove</b> - <i>"any other reason the actuary deems appropriate"</i>  <b>Move the last 2 paragraphs – to section 4 (as in other ASOPs)</b> <i>"Applicable law (statutes, regulations, and other legally binding authority) may prescribe the form and content of a particular <b>actuarial communication</b>. In such situations,</i>	It would be best to use the same wording as in recent ASOPs to be consistent across ASOPs.  The wording <i>"any other reason the actuary deems appropriate"</i> is not used in other standards. Section 4 addresses the required disclosures as described in the <b>Code</b> .

Commented [GU1]: [Chris] We aren't adhering to this, and the impact of out comments will be diluted if we don't

**Title of Exposure Draft:** [Proposed Revision of ASOP No. 41 – Actuarial Communications \(Second Exposure Draft\)](#)

**Comment Deadline:** [March 15, 2025]

	<p><i>the actuary should comply with this standard to the extent not prohibited by applicable law.</i></p> <p><i>If a conflict exists between this standard and applicable law, the actuary must 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.</i></p>	
1.4 Effective Date	<b>Reword</b> to allow for optional early application of the final standard.	There should be an option for an actuary to apply an approved standard before the effective date of the standard.
Section 2 Definitions	<p><b>Reference the Code of Professional Conduct</b> in the definitions used throughout in the ED which are duplicative of the definitions in the <b>Code of Professional Conduct</b> (Code) by use of a footnote, including:</p> <p><b>Actuarial Communication:</b> A written, electronic, or oral communication issued by an Actuary with respect to <b>Actuarial Services</b>.</p> <p><b>Actuarial Services:</b> Professional services provided to a <b>principal</b> by an individual acting in the capacity of an actuary. Such services include the rendering of advice, recommendations, findings, or opinions based upon actuarial considerations.</p> <p><b>Principal:</b> A client or employer of the Actuary.</p>	<p>The standard could simply refer to the <b>Code of Professional Conduct</b> by specific reference to the <b>Code</b> in Section 2 for each defined term. Otherwise, a reader or user of the standard would need to compare the definitions and reconcile whatever differences there might be in the wording and context of these two authoritative documents.</p> <p>If there's an intent to expand or restrict the definition in the <b>Code</b> for the purpose of this standard, then such differences should be clear and explicit; for example, if the standard is intended to be limited in scope to an <b>actuarial report</b> containing <b>actuarial conclusions</b> associated with <b>actuarial services</b>.</p>
2.1 <b>Actuarial Communication</b>	<p><b>Edit</b> the definition to recognize other means of communication. Replace wording with <i>We suggest expanding the definition from the Code.</i></p>	The standard should recognize that sign language and other non-verbal means of communicating may also be subject to this standard. Other means of communication, such as a simple nod or other non-verbal visual or audio indication, could be used to communicate. Even being silent when being questioned or when there is an opportunity to communicate a response can convey agreement, acceptance, disapproval, or disagreement.

**Title of Exposure Draft:** [Proposed Revision of ASOP No. 41 – Actuarial Communications \(Second Exposure Draft\)](#)

**Comment Deadline:** [March 15, 2025]

2.2 Actuarial Conclusions	<b>Eliminate</b> this definition or rewrite to make it clear that actuarial conclusions are the result of actuarial services such as “Conclusions that have been formed in the course of actuarial analysis of data or other information, including <i>the professional judgment of the actuary.</i> ”	<p>This definition of <b>actuarial conclusions</b> limits the scope of the standard to only <b>actuarial services</b> which are based on “actuarial conclusions” rather than a standard that applies to all communications by an actuary which are relevant to <b>actuarial services</b>. We feel that there should not be a difference in the scope of the standard with respect to <b>Actuarial Communications</b> between “<i>actuarial conclusions</i>” and <b>actuarial services</b> as defined in the <b>Code</b>.</p> <p>The definition of <b>actuarial services</b> is useful because it describes the professional services provided by an individual acting in the capacity of an actuary. We believe the standard should apply broadly with respect to <b>actuarial communication</b> in the scope or applicability of the standard. However, the actuary should use professional judgment in deciding the form of the <b>actuarial communication</b>.</p> <p>This standard should apply to communicating an actuarial model, communicating opinions based on actuarial judgment or insights, or communicating the advice of an actuary acting in an actuarial capacity without reference to <b>actuarial conclusions</b>.</p>
2.2 Actuarial Conclusions	<b>Remove</b> the examples of actuarial analysis.	<p>The examples listed are not types of actuarial analysis but rather a list of types of <b>actuarial services</b>. While it can be common to speak about something like cost estimates provided by an actuary, the items in the list do not indicate the type of analysis performed, or models used, by the actuary, but rather they refer to the purpose of such analyses.</p> <p>The examples can be confusing when used to characterize the work of an actuary.</p>
2.3 Actuarial Report	<b>Reword</b> as follows:  “An <b>actuarial communication</b> that documents and supports the results of the <b>actuarial services</b> .”	<p>An <b>Actuarial Report</b> is just one form of <b>Actuarial Communication</b>. However, the content of such a report can vary significantly. This standard does not specify the contents of an <b>Actuarial Report</b>. Standards promulgated by the ASB are principles-based, rather than rules-based.</p> <p>This definition should align with the general definition and use of any report as documenting something of importance or for later reference, as the need may arise. The reference to a “permanent form” is not applicable to current technology where electronic communications may be regarded as temporary because they can easily be erased, or as permanent because they can be easily duplicated and stored “in the cloud.”</p> <p>An <b>Actuarial Report</b> could be oral rather than in writing, e.g., an oral report to management or a board. An oral report may include comments on nuances, uncertainties, suspected trends and other things for the intended audience to be aware of - not always something appropriate to be documented. In other situations, an</p>

**Title of Exposure Draft:** [Proposed Revision of ASOP No. 41 – Actuarial Communications \(Second Exposure Draft\)](#)

**Comment Deadline:** [March 15, 2025]

		<p><b>actuarial report</b> may only be a summary of the key items which are included in the <b>actuarial services</b>. Such items may or may not be “conclusions.” For example, model assumptions, data compilations, model results or observations are not necessarily “conclusions.”</p> <p>The importance of this definition of a “report” is the suggested reference to documentation, regardless of its form,</p>
2.4 Actuarial Services	<p><b>Replace</b> the definition with a simple reference to the <b>Code</b>. If repeating the definition is considered necessary, then clearly reference the definition is the same as in the <b>Code</b>. - and change if the Code changes</p>	<p>The standard should refer to the Code. The wording provided in the <b>Code</b> could be repeated, if necessary for the convenience of the users of the standard.</p>
2.5 Intended User	<p><b>Revise wording</b> as follows: “A person or entity whom the actuary specifies can rely on an <b>actuarial communication</b>.”</p>	<p>This standard should refer to the <b>Code</b> and align the definition of <b>intended users</b>. The wording provided in the <b>Code</b> could be repeated, if necessary for the convenience of the users of the standard.</p> <p>Use of the adjective “any” can be problematic in situations where the actuary is not explicit (by inclusion or exclusion) in identifying or referring to those who may rely on the <b>actuarial communication</b>.</p>
2.5 Intended User	<p><b>Remove</b> the 2<sup>nd</sup> sentence. Edit and incorporate in Section 3, and in Section 4.</p>	<p>The reference to internal or external intended users is unnecessary and may be confusing or concerning to a <b>principal</b> with regards to the sharing of confidential information to parties external to the <b>principal</b>.</p> <p>Certainly, the Principal can approve or restrict the sharing of information and the identification of intended users or an intended audience within the limits of applicable law.</p> <p>Removing this sentence in the definition and editing the wording to fit with the Recommended Practice to address the actuary’s responsibilities to intended users can be covered in Section 3 and/or Section 4.</p>
2.6 Information Date	<p><b>Edit</b> the wording to read: “The date through which data or other time-dependent information has been included in the actuarial considerations underlying the communication.”</p>	<p>The <b>information date</b> relates to the date(s) the data or information was produced or the relevant date(s) associated with such data and information, e.g., transactions dates. The wording seems to indicate the <b>information date</b> is the date when the data or information was produced or considered. In many cases the relevant dates are specific to what is needed for the <b>actuarial services</b>.</p>

**Title of Exposure Draft:** [Proposed Revision of ASOP No. 41 – Actuarial Communications \(Second Exposure Draft\)](#)

**Comment Deadline:** [March 15, 2025]

2.7 Prescribed Assumption or Method Set by Law	<b>Delete.</b>	<p>This section is not really a definition. It is already addressed in the section on compliance with the law.</p> <p>The content of this section seems to be very specific to the retirement benefits practice area and is likely to be confusing in other practice areas.</p> <p>The reference to “<i>deemed to be acceptable</i>” can be confusing as to whether the law sets forth what is deemed acceptable or whether the actuary should rely on some other authoritative source as to what is and what is not “deemed” to be acceptable. This compound sentence is not a sensible format for a definition.</p> <p>There is no need to include the parenthetical list “(<i>statutes, regulations, and other legally binding authority</i>)” when referring to applicable law. This is covered in other sections and in the <b>Code</b>.</p> <p>The last sentence of this section reads as an interpretation of this definition. The wording tries to carve out a very specific situation (for government retirement benefits). This is confusing in a general standard and should be dealt in the recommended practice section rather than in a definition. Also, the use of the phrase “<i>deemed to be acceptable</i>” is inconsistent with defining terms for a general standard. This appears to be a very specific interpretation of “set by law” in a very specific application of this standard. This is a very awkward place to include in a definition.</p> <p>A separate standard or a Practice Note would be a much better way to provide guidance to actuaries who apparently need guidance in dealing with the situation being addressed in this section.</p>
2.8 Principal	<b>Replace</b> the definition with a simple reference to the <b>Code</b> . If repeating the definition is considered necessary, then clearly reference the definition is the same as in the <b>Code</b> .	A simple reference to the <b>Code of Professional Conduct</b> (Code) is sufficient, or at least make clear that the definition is as per the Code.
2.9 Subsequent Events	<p><b>Remove</b> wording. This definition relates more directly to the recommended practice(s) for considering subsequent events. The considerations for recommended practice(s) should be addressed in Section 3 of the standard (see Section 3.4.6 of current ASOP 41)</p> <p><b>Replacement wording (if not removed),</b>  <i>“Events that occur or become known subsequent to the <b>information date</b>.”</i></p>	<p>This definition is awkward because it contains criteria related to events which occur after the <b>information date</b>, but the <b>information date</b> is specific to the data about such events, such as accident date (when the accident occurred), report date (when the claim was reported to the insurer), payment date (when a claim payment was made), etc.</p> <p>Having 3 criteria for a definition is also confusing. In particular, the 3rd criteria, “<i>may have a material effect</i>” would require an assessment of some sort. Such an assessment by the actuary would not be self-evident and consequently should be included in the recommended practice section rather than in a definition.</p>

**Title of Exposure Draft:** [Proposed Revision of ASOP No. 41 – Actuarial Communications \(Second Exposure Draft\)](#)

**Comment Deadline:** [March 15, 2025]

3.1 Clarity, Form, and Content	<p><b>Replace the wording with,</b></p> <p><i>"The actuary should take appropriate steps to ensure that the actuarial communication is clear and appropriate to the circumstances and to the actuary's intended purpose for the <b>actuarial services</b>.</i></p> <p><i>The actuary should consider creating and retaining a record of an <b>actuarial communication</b> for purposes of documenting the <b>actuarial services</b> provided to the <b>intended users</b>. "</i></p> <p><i>"When <b>actuarial communications</b> and the related <b>actuarial services</b> are ongoing or cumulative in nature, the actuary should take into account other relevant <b>actuarial communications</b> and the needs of the <b>principal</b> and <b>intended users</b>."</i></p>	<p>It can be quite difficult in some cases to ascertain what is "clear and appropriate" for the <b>intended users</b> of <b>actuarial communications</b>.</p> <p>It would be better to address the issues around ongoing or interim actuarial work with different wording.</p>
3.1 Clarity, Form, and Content	<p><b>Replace the reference</b> to ensuring that the communication "satisfies applicable ASOPs" with -</p> <p><i>"The actuary should take into account the communications and disclosures recommended in applicable standards."</i></p>	<p>This reference to applicable ASOPs is too open ended. An <b>actuarial communication</b> itself is not the subject of other ASOPs. Rather the content of the communications, i.e., the <b>actuarial services</b>, should be clear and appropriate.</p>
3.1 Clarity, Form, and Content	<p><b>Replace the wording</b> concerning an unrecorded <b>actuarial communication</b> with the following:</p> <p><i>"Whether or not an <b>actuarial communication</b> is recorded, or documented in some way, can be dependent on the <b>intended purpose</b> of the <b>actuarial communication</b>, the nature of its content and the intended audience.</i></p> <p><i>The actuary should consider whether the intended purpose of the <b>actuarial communication</b> would require or benefit from documenting or recording the actuarial communication. The actuary should also take into account the needs of the <b>Principal</b> and the intended users of the <b>actuarial communication</b>. "</i></p>	<p>Whether or not an <b>actuarial communication</b> is recorded, or documented in some way, can be dependent on the <b>intended purpose</b> of the <b>actuarial communication</b>, the nature of its content and the intended audience.</p> <p>The "should consider following up" wording is not useful without some consideration of the purpose of recording or documenting an <b>actuarial communication</b>. Recording or documenting a communication can be quite different than providing recorded or written communication. This difference is lost in the wording of this section.</p>



**Title of Exposure Draft:** [Proposed Revision of ASOP No. 41 – Actuarial Communications \(Second Exposure Draft\)](#)

**Comment Deadline:** [March 15, 2025]

3.2 Timing	<p><b>Edit the wording</b> concerning timing in terms of the timing of communications rather than the timing of the delivery of <b>actuarial services</b> or the content of the <b>actuarial communications</b>.</p> <p>“The actuary should communicate their requirements and the expected delivery of the <b>actuarial services</b> in a timely manner. The actuary should consider the timing needs and expectations of their <b>Principal</b>. The actuary may consider, based on their professional judgment, communicating the potential for significant issues or material obstacles likely to have a significant impact on the timing of their <b>actuarial services</b>,”</p>	<p><b>Actuarial Communications</b> can occur before, during and after <b>actuarial services</b> are performed and delivered. The reasonableness of the timing of relevant <b>actuarial communications</b> is relative to the process of performing the <b>actuarial services</b> and can be subject to many unforeseen technical issues, such as data problems, inconsistent results of models, unexplained variances, etc. The range of technical difficulties facing actuaries can impact the timing of communications.</p> <p>This section, if it is needed, should only address the main considerations which affect communications with the <b>principal</b> with respect to the timing of the expected delivery of the <b>actuarial services</b>.</p>
3.3 Risk of Misuse	<p><b>Replace</b> this section with a simple reference to the <b>Code</b>. If repeating the precept is considered necessary for the standard, then clearly reference the precept is the same as in the <b>Code</b>.</p>	<p>Except for the last sentence, this wording is taken practically verbatim from Precept 8, Annotation 8-1 of the <b>Code</b>. Reference to the <b>Code</b> should be sufficient.</p>
3.3 Risk of Misuse	<p><b>Edit</b> this section to either end the last sentence with “distribution” or replace “other users” with “unintended users”.</p> <p><b>Eliminate</b> the parenthetical wording in the last sentence.</p>	<p>Limiting the distribution of an <b>actuarial communication</b> is not a very effective way of preventing misuse. “Other users” should be eliminated or replaced in the last sentence with “unintended users.”</p> <p>The parenthetical wording provides suggested language that should not be included in a standard.</p>
3.4 Uncertainty or Risk	<p><b>Replace the wording</b> with the following: “When issuing an <b>actuarial communication</b>, the actuary should use their professional judgment in communicating information regarding the potential for material uncertainty or risk, pertinent to the needs of the <b>principal</b>, taking into account the particular circumstances and the <b>intended users</b> of the actuarial communication. The <b>actuarial communication</b> may contain descriptions of the potential magnitude of the risk and the conditions surrounding the uncertainties or risks that may have a material impact on the <b>actuarial conclusions</b>.”</p>	<p>Risk and uncertainty should be addressed more explicitly. “Possible uncertainty or risk” is much too vague and lacks guidance about what type of “information” would be relevant to <b>intended users</b>. The impact of this section may cause actuaries to resort to broad disclaimers in <b>actuarial communications</b> regarding uncertainty and risk. The standard should provide more meaningful and practical guidance.</p>

**Title of Exposure Draft:** [Proposed Revision of ASOP No. 41 – Actuarial Communications \(Second Exposure Draft\)](#)

**Comment Deadline:** [March 15, 2025]

<p>3.5 Responsibility of the Actuary</p>	<p><b>Replace</b> portion of this section with a simple reference to the <b>Code</b>. If repeating the precept is considered necessary for the standard, then clearly reference the precept is the same as in the <b>Code</b>.</p> <p>The first sentence is taken directly from Precept 4, Annotation 4-1, of the <b>Code</b>. The first part of the last sentence is taken directly from Precept 4, Annotation 4-2, of the <b>Code</b>. A simple reference to the <b>Code</b> for these 2 portions of section 3.5 should be sufficient.</p> <p><b>Delete</b> the exception wording, <i>“unless, in the actuary’s professional judgment, the intended users will otherwise be adequately informed about such availability”</i> from the last sentence in this section.</p> <p><b>Add</b> new paragraphs to this section that address the communication responsibilities of an actuary who is a member of a professional team of actuaries or a combination of actuaries and non-actuaries.</p> <p><b>Replace</b> the sentence <i>“The name of an organization with which each actuary is affiliated may be included in the communication, but the actuary’s responsibilities are not affected by such identification.”</i> with  <i>“The actuary’s responsibilities are not reduced or mitigated if the actuary is affiliated with other actuaries or other professionals who support or contribute to the <b>actuarial services</b> provided. The actuary’s role in providing <b>actuarial services</b> and <b>actuarial communications</b> will determine the actuary’s responsibilities based on the reliance accepted by the actuary.”</i></p>	<p>When the <b>actuarial services</b> involve a team of actuaries, each member of such a team may have a different role and different responsibilities corresponding to their respective role. Collaboration between different actuaries and possibly non-actuaries, may be relevant to the <b>actuarial communication</b>. This section should address the responsibilities of the actuary based on their respective roles and responsibilities with respect to the <b>actuarial communication</b>. The wording of this section lacks clear guidance when distinguishing the responsibilities among actuarial team members for the <b>actuarial conclusions</b>, the <b>actuarial services</b> and the <b>actuarial communication</b>.</p> <p>The wording of the section seems to be an awkward way of pointing out that the actuary who issues an <b>actuarial communication</b> cannot defer responsibility for that communication, or for the underlying <b>actuarial services</b>, to their employer or other entity who they might be affiliated with.</p> <p>The <b>Code</b> does not provide the wording “unless ... adequately informed” exception to the actuary’s responsibilities. There does not seem to be a need to restate what is already in the <b>Code</b> and it seems onerous to require the actuary to ascertain whether the <b>intended users</b> are adequately informed.</p>
<p>3.6 Actuarial Report</p>	<p><b>Rewrite</b> the section to recommend when the actuary should consider issuing an <b>actuarial report</b>.</p>	<p>The scope of this standard is not limited to the issuing of an <b>actuarial report</b>. An <b>actuarial report</b> is a type of <b>actuarial communication</b>. The suggested revision to the definition of an <b>actuarial report</b> is,</p>

**Title of Exposure Draft:** [Proposed Revision of ASOP No. 41 – Actuarial Communications \(Second Exposure Draft\)](#)

**Comment Deadline:** [March 15, 2025]

	<p>The following are some suggestions for consideration in rewriting this section:</p> <p><i>“The actuary should consider several factors when concluding whether or not to produce an <b>actuarial report</b> and to determine the scope of a report needed to document new or updated actuarial calculations or the results of <b>actuarial services</b>. These factors may include, but are not limited to,</i></p> <ul style="list-style-type: none"> <li>• Previous <b>actuarial reports</b> from prior periods which are requested to be updated in the normal course of business;</li> <li>• An undertaking involving new or expanded <b>actuarial services</b> for which a report would serve as documentation to support the <b>actuarial services</b>;</li> <li>• Revised calculations with updated data;</li> <li>• New trends, shifts or unusual events which may impact an <b>actuarial service</b>;</li> <li>• New models or new applications of models used to assist in providing <b>actuarial services</b>;</li> <li>• Summary of the data, models, methods, analyses and other relevant inputs used to update previous <b>actuarial services</b>; and</li> <li>• Investigative or exploratory studies of data on phenomena of interest to <b>actuarial services</b>.</li> </ul>	<p><i>“An <b>actuarial communication</b> that presents or documents the <b>actuarial conclusions</b> of the actuary or that documents or supports the basis for the <b>actuarial conclusions</b>.”</i></p> <p>This standard should not require an <b>actuarial report</b> solely when the actuary issues an <b>actuarial communication</b> that includes <b>actuarial conclusions</b>. There are significant concerns that an actuary or a <b>Principal</b> may choose to avoid <b>actuarial conclusions</b> related to their <b>actuarial services</b> in order to bypass the disclosure requirements for an <b>actuarial report</b>.</p>
4.1 Required Disclosures in an Actuarial Report	<p><b>Change</b> the wording to address not only an <b>actuarial report</b> but also other <b>actuarial communications</b>.</p> <p>We suggest moving disclosures required for actuarial reports to section 4.2 and inserting this section 4.1:</p> <p>“Required Disclosures in an Actuarial Communication – when making any type of Actuarial Communication (additional requirements for Actuarial Reports are covered in section 4.2), the actuary should consider including the following disclosures, as appropriate to the situation in the actuary’s judgment,</p>	<p>This standard is intended to address <b>actuarial communications</b>, but the context is heavily focused on an <b>actuarial report</b>. This standard is needed to not only address <b>actuarial reports</b>, but also other forms of communicating <b>actuarial services</b> and <b>actuarial conclusions</b>.</p>

**Title of Exposure Draft:** [Proposed Revision of ASOP No. 41 – Actuarial Communications \(Second Exposure Draft\)](#)

**Comment Deadline:** [March 15, 2025]

	<p>taking into account previous or ongoing communications:</p> <ul style="list-style-type: none"> <li>a. That the actuary is making this communication in their role as an actuary;</li> <li>b. the <b>actuarial conclusions</b>;</li> <li>c. limitations or constraints on the use or applicability of the <b>actuarial conclusions</b>;</li> <li>d. uncertainty or risk associated with the <b>actuarial conclusions</b>;</li> <li>e. material assumptions and methods set or made by another party.”</li> </ul>	
<u>4.1</u>	<p>Per above suggestion, then change section 4.2 on reports to read as follows:</p> <p><u>“Required Disclosures in an Actuarial Report</u>—When issuing an <b>actuarial report</b>, the actuary should include the items in 4.1 and the following additional disclosures:”</p> <p>And remove previous items f, g and h from the list as they’d now be covered in section 4.1 covering all communications.</p>	
4.1 (i) Required Disclosures in an Actuarial Report	<p><b>Edit the standard to more clearly address</b> the problems described in the adjacent column labeled “Commentator Rationale”.</p>	<p>This disclosure requires <i>“a description of the methods, procedures, assumptions, models, and data used by the actuary with sufficient clarity that another actuary qualified in the same practice area could make an objective appraisal of the reasonableness of the actuary’s work;”</i></p> <p>This can be a major issue when complex models and unique applications of such models are used. It can be difficult to expect that another actuary in the same practice area would be sufficiently knowledgeable to make an objective appraisal.</p> <p>Another issue can arise when the actuary has relied heavily on professional judgment. The professional judgment of another</p>

Title of Exposure Draft: [Proposed Revision of ASOP No. 41 – Actuarial Communications \(Second Exposure Draft\)](#)

Comment Deadline: [March 15, 2025]

		<p>actuary could be quite different, even with the same information and similar analyses and considerations.</p> <p>As actuarial models get more and more complex, the ability to provide disclosures that meet the descriptions of the methods, procedures, etc. becomes impractical.</p> <p>Consequently, the requirement of this standard can be onerous in some cases. Also, to the extent that some methods are dependent on the use of confidential models, information and knowledge, this could be a major obstacle for another actuary in the same practice area to make a meaningful and objective assessment. Section 4.3 explicitly excludes any requirement that would require the disclosure of confidential information, which would include information kept confidential for competitive reasons. This situation presents a dilemma to meet the disclosure requirements of this section while still protecting the confidential information.</p>
4.1 (m)	Use the common wording as in recent ASOPs regarding reference to applicable law.	The language in the last paragraph of the current ASOP 41 is proper and should be retained. It could be very disruptive not to do so in the case of statements where the form is tightly prescribed by law.
4.1 (o) Required Disclosures in an Actuarial Report	<b>Remove</b> or <b>edit</b> to add a materiality threshold similar to what is in section 3.5 of the current ASOP 41.	<p>There is nothing in the standard that clarifies what might “invalidate” an actuarial conclusion. For example, with reserving work, the estimate of ultimate loss and LAE is changing with every analysis as additional data is gained on claims, operating environment, legal environment, etc. If the estimate of ultimate loss and LAE from one actuarial report to the next changes, does that invalidate the prior actuarial conclusion?</p> <p>This is particularly concerning from a “lookback” perspective, because it is possible that an appointed actuary could sign a reasonable statement of actuarial opinion, and years later it could be proven that the reserves held at the time were inadequate or redundant based on information that has become known but was not known at the time. That appointed actuary should not be held to a standard that requires them to say that a prior SAO was “invalidated.” Similarly, if a ratemaking actuary produces a rate that they believe is adequate for a given product, and it is later found that the loss ratio on that product is in excess of 100%, does that actuary then need to disclose that their prior work was invalidated?</p>

IV. General Recommendations (If Any):

Commentator Recommendation (Identify relevant sections when possible)	Commentator Rationale (Support for the recommendation)
<b>Edit the standard to more clearly address</b> the common types of <b>actuarial communications</b> . This Exposure Draft seems to	

**Comment Deadline: [March 15, 2025]**

<p>mainly focus on an <b>actuarial report</b>, particularly in sections 3 and 4. Section 4 only addresses communications and disclosures for an <b>actuarial report</b> but contains no requirements concerning other types of <b>actuarial communications</b>.</p> <p><b>Edit the standard to avoid repeating or paraphrasing</b> the definitions and guidance stated in the <i>Code of Professional Conduct (Code)</i>. Cross references are adequately addressed in section 1.3. If this standard is intended to be limited to an <b>actuarial report</b>, then Section 1, Scope, should be modified to make that clear.</p> <p>Leave items (like subsequent events) that are critical only for specific types of actuarial work to the specific standards for that type of work.</p>	<p>A simple reference to the <b>Code of Professional Conduct (Code)</b> should be sufficient. Otherwise, there might be inconsistencies in interpretations.</p> <p><b>Actuarial services</b> are broadly defined in the <b>Code</b>. The Exposure Draft uses wording that can be confusing to the actuary and the actuary's principal.</p> <p>Excluding <b>actuarial communications</b> from the standard, per this Exposure Draft, when the actuary does not "render" <b>actuarial services</b> is problematic because the definition of <b>actuarial services</b> is broadly defined in the <b>Code</b> and matches the Exposure Draft definition (Section 2.4), i.e., "<i>by an individual acting in the capacity of an actuary.</i>"</p> <p>The definition of "<i>actuarial conclusions</i>" in Section 2.2 makes no distinction between "<i>advice, recommendations, findings, or opinions based upon actuarial considerations</i>" and provides no definitions or guidance of the terms used in this section, but merely references those items as included.</p> <p>It can be quite common for actuaries to rely on their professional judgment as an actuary, principally from their professional experience and education, and not solely from any particular type of data or analysis. In fact, there can be many situations where the professional judgment of the actuary is the primary basis for the actuary's conclusions.</p> <p>Actuarial Conclusions is not a sufficient definition because it does not distinguish between the professional conclusions of the actuary who is responsible for the <b>actuarial communication</b> and the <b>actuarial conclusions</b> which are based on some type of actuarial analysis of data or other information. The inclusion of actuarial judgment is missing, but is very important and necessary.</p>
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Commentator Signature (on behalf of the Document Review  
Subcommittee of the Casualty Actuarial Society Professionalism  
Education Working Group)

Date

March 14, 2025

## ACTUARIAL STANDARD OF PRACTICE NO. 41

### ACTUARIAL COMMUNICATIONS

#### 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 issuing **actuarial communications** in any form ~~(written, electronic, or oral)~~.

1.2 Scope—This standard applies to actuaries when issuing **actuarial communications** in any form ~~(written, electronic, or oral) within any practice area. This standard does not apply to actuaries when issuing a communication that does not include the rendering of actuarial services. This standard applies to actuaries when issuing a communication involving the rendering of actuarial services.~~

1.3

The actuary should also refer to the *Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States* (U.S. Qualification Standards) and the *Code of Professional Conduct* as they relate to **actuarial communications**.

~~Applicable law (statutes, regulations, and other legally binding authority) may prescribe the form and content of a particular **actuarial communication**. In such situations, the actuary should comply with this standard to the extent not prohibited by applicable law.~~

~~If a conflict exists between this standard and applicable law, the actuary must 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.~~

1.4 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.

1.5 Effective Date—This standard is effective for **actuarial communications** issued on or after four months after adoption by the Actuarial Standards Board.

## 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.

- 1.1 **Actuarial Communication**<sup>1</sup>—A written, electronic, or oral communication issued by an actuary with respect to **actuarial services**. ~~An electronic communication is a written or oral communication issued by means of a computer or other electronic device. By way of expansion of the definition in the Code of Professional Conduct, this may also include non-verbal and non-written forms of communication.~~
- 1.2 **Actuarial Conclusions**—Conclusions that have been formed based on actuarial analysis of data, ~~or other information~~ and/or actuarial judgment. ~~Examples of such actuarial analysis include ratemaking, pricing, experience studies, reserving, valuation, cost estimates, financial audits/exams, asset/liability management, assumption setting, risk assessments, appraisals, and the review of such analysis.~~
- 1.3 **Actuarial Report**—~~An actuarial communication that documents and supports the results of the actuarial services in permanent form to state, document and/or support An actuarial communication that the actuary issues in writing or another permanent form to support actuarial conclusions.~~  
1.3
- 1.4 **Actuarial Services** ~~1~~—Professional services provided to a **Principal** by an individual acting in the capacity of an actuary. Such services include the rendering of advice, recommendations, findings, or opinions based upon actuarial considerations.
- 1.5 **Intended User**—~~Any person or entity who the actuary identifies as able to rely on an actuarial communication. Intended users may be internal or external to the actuary's principal. A person or entity whom the actuary specifies can rely on an actuarial communication.~~
- 1.6 **Information Date**—~~The date(s) through which data or other information has been considered in developing actuarial conclusions. The date(s) through which data or other time-dependent information has been included in the actuarial considerations underlying the communication.~~
- 1.7 **Prescribed Assumption or Method Set by Law**—A specific assumption or method that is mandated or that is selected from a specified range or group of assumptions or methods that is deemed to be acceptable by applicable law (statutes, regulations, and other legally binding authority). For this purpose, an assumption or method selected by a governmental entity for a financial security program that such governmental entity or a political subdivision of that entity directly or indirectly sponsors as an employer is not a **prescribed assumption or method set by law**.

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<sup>1</sup> As defined in the Code of Professional Conduct



1.8 Principal 1—A client or employer of the actuary.

1.9 Subsequent Events—~~Events that (1) occur after the **information date**; (2) become known to the actuary before the **actuarial report** is issued; and (3) may have a material effect on **actuarial conclusions**.~~ *Events that occur or become known subsequent to the **information date**.*

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### Section 3. Analysis of Issues and Recommended Practices

3.1 Clarity, Form, and Content—When issuing an **actuarial communication**, the actuary should take appropriate steps to ensure that it is clear and appropriate to the circumstances and its **intended users** and satisfies applicable ASOPs. When an **actuarial communication** is not recorded, the actuary should consider following up with a recorded communication. The actuary should take appropriate steps to ensure that the actuarial communication is clear and appropriate to the circumstances and to the actuary's intended purpose for the **actuarial services**. The actuary should take into account the communications and disclosures recommended in applicable standards.

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The actuary should consider creating and retaining a record of an **actuarial communication** for purposes of documenting the **actuarial services** provided to the **intended users**.

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When **actuarial communications** and the related **actuarial services**, are ongoing or cumulative in nature, the actuary should take into account other relevant **actuarial communications** and the needs of the **principal** and **intended users**.

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Whether or not an **actuarial communication** is recorded, or documented in some way, can be dependent on the **intended purpose** of the **actuarial communication**, the nature of its content and the intended audience.

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The actuary should consider whether the intended purpose of the **actuarial communication** would require or benefit from documenting or recording the actuarial communication. The actuary should also take into account the needs of the **Principal** and the intended users of the **actuarial communication**.

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3.1.3.2 Timing—The actuary should issue the **actuarial communication** within a reasonable time period, taking into account the needs of the **principal**, the needs of the **intended users**, and the complexity of the assignment. The actuary should communicate their requirements and the expected delivery of the **actuarial services** in a timely manner. The actuary should consider the timing needs and expectations of their **Principal**. The actuary may consider, based on their professional judgment, communicating the potential for significant issues or material obstacles likely to have a significant impact on the timing of their **actuarial services**.

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3.2.3.3 Risk of Misuse—An **actuarial communication** may be used by another party in a way that may influence the actions of a third party. The actuary should recognize the risks of misquotation, misinterpretation, or other misuse of the **actuarial communication** and should therefore take reasonable steps to present the **actuarial communication** clearly and

~~fairly and to include, as appropriate, limitations on the distribution and utilization of the actuarial communication.~~ Per the Code of Professional Conduct, “An Actuarial Communication prepared by an Actuary may be used by another party in a way that may influence the actions of a third party. The Actuary should recognize the risks of misquotation, misinterpretation, or other misuse of the Actuarial Communication and should therefore take reasonable steps to present the Actuarial Communication clearly and fairly and to include, as appropriate, limitations on the distribution and utilization of the Actuarial Communication.” The actuary may include language in the **actuarial communication** that limits its distribution, ~~to other users (for example, by stating that it may only be provided to such parties in its entirety or only with the actuary’s consent).~~

3.33.4 Uncertainty or Risk—When issuing an **actuarial communication**, the actuary should include information regarding possible uncertainty or risk, as appropriate to the particular circumstances and the needs of the **intended users**. When issuing an **actuarial communication**, the actuary should use their professional judgment in communicating information regarding the potential for material uncertainty or risk, pertinent to the needs of the **principal**, taking into account the particular circumstances and the **intended users** of the actuarial communication. The **actuarial communication** may contain descriptions of the potential magnitude of the risk and the conditions surrounding the uncertainties or risks that may have a material impact on the **actuarial conclusions**.

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3.43.5 Responsibility of the Actuary—When issuing an **actuarial communication**, the actuary should clearly identify the actuary as being responsible for it. When two or more individuals jointly issue an **actuarial communication**, the communication should identify all actuaries responsible for it. ~~The name of an organization with which each actuary is affiliated may be included in the communication, but the actuary’s responsibilities are not affected by such identification. The actuary’s responsibilities are not reduced or mitigated if the actuary is affiliated with other actuaries or other professionals who support or contribute to the actuarial services provided. The actuary’s role in providing actuarial services and actuarial communications will determine the actuary’s responsibilities based on the reliance accepted by the actuary. The actuary should also indicate the extent to which the actuary or other sources are available to provide supplementary information and explanation, unless, in the actuary’s professional judgment, the intended users will otherwise be adequately informed about such availability.~~

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3.6 Actuarial Report—When issuing an **actuarial communication** that includes **actuarial conclusions**, the actuary should issue an **actuarial report** or confirm that an **actuarial report** has been or will be issued. Unless otherwise disclosed, the actuary or actuaries issuing the **actuarial report** will be assumed to have taken responsibility for all **actuarial conclusions**, material assumptions, and methods.

The actuary should consider several factors when concluding whether or not to produce an actuarial report and to determine the scope of a report needed to document new or updated actuarial calculations or actuarial conclusions. These factors may include, but are not limited to,

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Previous actuarial reports from prior periods which are requested to be updated in the normal course of business;

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An undertaking involving new or expanded actuarial services for which a report would

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serve as documentation to supports the **actuarial services**:

Revised calculations with updated data;

New trends, shifts or unusual events which may impact an **actuarial service**;

New models or new applications of models used to assist in developing **actuarial conclusions**;

Summary of the data, models, methods, analyses and other relevant inputs used to update previous **actuarial services**; and

Investigative or exploratory studies of data on phenomena of interest to **actuarial services**.

3.7 Applicable Law - Applicable law (statutes, regulations, and other legally binding authority) may prescribe the form and content of a particular **actuarial communication**. In such situations, the actuary should comply with this standard to the extent not prohibited by applicable law.

If a conflict exists between this standard and applicable law, the actuary must comply with applicable law. If the actuary departs from the guidance set forth in this standard in order to comply with applicable law, the actuary should refer to section 4.

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## Section 4. Communications and Disclosures

4.1 Required Disclosures in an Actuarial Communication – when making any type of Actuarial Communication (additional requirements for Actuarial Reports are covered in section 4.2), the actuary should consider including the following disclosures, as appropriate to the situation in the actuary’s judgment, taking into account previous or ongoing communications:

- a. That the actuary is making this communication in their role as an actuary;
- b. the actuarial conclusions;
- c. limitations or constraints on the use or applicability of the actuarial conclusions;
- d. uncertainty or risk associated with the actuarial conclusions;
- e. material assumptions and methods set or made by another party.

4.14.2 Required Disclosures in an Actuarial Report—When issuing an **actuarial report**, the actuary should include the items in 4.1 and the following additional disclosures:

- a. identification of the responsible actuary or actuaries;
- b. the acknowledgement of the responsible actuary’s or actuaries’ qualifications as specified in the U.S. Qualification Standards;
- c. the scope and intended purpose of the assignment;
- d. the **intended users** and, as appropriate, the **principal(s)**;
- e. the **information date**;
- f. the actuarial conclusions;
- g. any limitations or constraints on the use or applicability of the actuarial conclusions;
- h. a statement about possible uncertainty or risk associated with the actuarial conclusions;
- i.f. a description of the methods, procedures, assumptions, models, and data used by the actuary with sufficient clarity that another actuary qualified in the same practice area could make an objective appraisal of the reasonableness of the actuary’s work;
- j.g. identification of **subsequent events** and their potential implications, if it is impractical or inappropriate to revise the **actuarial conclusions** before issuing the

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**actuarial report;**

**k.h.** the disclosures required in ASOP No. 23, *Data Quality*, when relying on another party and thereby disclaiming responsibility for data or other information related to data;

**k.i.** the disclosures required in ASOP No. 56, *Modeling*, when relying on another party and thereby disclaiming responsibility for models;

**m.j.** when using a **prescribed assumption or method set by law or regulation**,

1. a reference to the applicable law under which the report was prepared;
2. the assumption or method that is prescribed by the applicable law; and
3. a statement that the report was prepared in accordance with the applicable law.

These disclosures should be made regardless of whether the actuary believes the assumption or method is reasonable for the purpose of the **actuarial report**. If the actuarial report is in a prescribed form that does not accommodate these disclosures, the actuary should make these disclosures in a separate communication (such as a cover letter to the principal), requesting that both communications be disseminated together where practicable.

**m.k.** when relying on another party and thereby disclaiming responsibility for material assumptions and methods set by another party,

1. the assumption or method that was set by another party;
2. the party who set the assumption or method;
3. the reason that this party, rather than the actuary, set the assumption or method;
4. the extent to which the actuary has reviewed the assumption or method for reasonableness and consistency with the scope of the actuary's assignment; and
5. one of the following:
  - i. a statement that the actuary has reviewed the assumption or method and finds that it is reasonable and consistent with the scope of the actuary's assignment;
  - ii. a statement that the assumption or method does not significantly conflict with what, in the actuary's professional judgment, would be

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reasonable for the purpose of the assignment;

- iii. a statement that the assumption or method significantly conflicts with what, in the actuary's professional judgment, would be reasonable for the purpose of the assignment, how it conflicts, why it is still used, and a statement regarding the ability of the **intended users** to rely on the results in the report due to the conflicting assumption or method; or

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- iv. a statement that the actuary was unable to judge the reasonableness of the assumption or method, why the actuary was unable to judge the reasonableness, and a statement regarding the ability of the **intended users** to rely on the results in the report due to the actuary's inability to judge the reasonableness of the assumption or method.

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e.l. if the **actuarial report** invalidates **actuarial conclusions** from the actuary's prior **actuarial report** on the same assignment, a statement that the **actuarial conclusions** provided in the actuary's prior **actuarial report** are no longer valid and an explanation of why they have changed; and

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p.m. the disclosures required in other ASOPs that apply to the actuary's assignment.

The actuary may include these disclosures by reference to other documents or recorded communications that are available to the **intended users**.

The actuary may choose to omit some of the disclosures in (a)-(p) above when, in the actuary's professional judgment, the **intended users** will be adequately informed about the basis for the **actuarial conclusions**. Examples of such circumstances may include when the **actuarial conclusions** are part of a larger project within a single organization or are provided to **intended users** who have access to the supporting information. However, omitting disclosures may not be appropriate if the **actuarial conclusions** will receive broad distribution. The actuary should be prepared to justify any omission.

4.24.3 **Deviation from the Guidance of an ASOP**—If the actuary deviates materially from the guidance set forth in an applicable ASOP for any reason, the actuary can still comply with that ASOP by providing an appropriate statement in the **actuarial communication** with respect to the nature, rationale, and effect of such deviation.

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4.34.4 **Confidential Information**—Nothing in this ASOP is intended to require the actuary to disclose confidential information.

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