

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 and include the phrase 'ASB COMMENTS' in the subject line. Please note: Any email not containing this exact phrase in the subject line will be deleted by our system's spam filter.

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I. Identification:

Name of Commentator / Company
Bob Miccolis, FCAS, MAAA, FCA

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

Question No.	Commentator Response
1.	<p>Question 1: Is it clear when an actuary should issue an actuarial report? If not, what further clarifications would you recommend?</p> <p>Response to Question 1:</p> <ol style="list-style-type: none">No. It is not clear. The standard should not require an actuarial report per se because there are many different situations faced by actuaries with respect to the appropriate means of communication. The 2nd ED wording is problematic - "<i>the actuary should issue an actuarial report or confirm that an actuarial report has been or will be issued</i>" This may present the actuary with unnecessary conflicts in many situations. <p>The standard could be more helpful by clarifying that the actuary should use professional judgment and consider whether an actuarial report is within the scope of the actuary's assignment, is necessary to meet the intended purpose of the actuarial services or can support the communication and use of the actuarial services.</p> <ol style="list-style-type: none">The definition of an actuarial communication in the standard should be simple and straightforward and ref to the Code of Professional Conduct where it is well defined. The guidance and clarification on the purpose of an actuarial communication including an actuarial report should be addressed in section 3 (analysis of issues and recommended practices) of the standard, rather than in section 2 (definitions).An actuarial report is one form of actuarial communication. The existence of actuarial conclusions, as defined in the ED, is not necessary. An actuarial report should be requested by the principal or determined in the professional judgment of the actuary to be useful for the actuary to act according to the Code of Professional Conduct. The standard should address actuarial communications in general but not specify when the actuary should issue an actuarial report. The actuary should be able to communicate opinions, recommendations, conclusions, findings, etc. in a format that is appropriate for the needs of the principal, and the intended use of the actuarial services.

	<p>4. The proposed definition of actuarial conclusions is unnecessary and can be confusing to the actuary in determining the need and content of an actuarial report. Rather the standard should provide guidance regarding the content of an actuarial report when the actuary is issuing such a report. There are many situations where an actuarial report should not be required by the standard simply because the actuary has performed an actuarial analysis and reached some conclusions, opinions, recommendations, etc.</p> <p>Additionally, there are situations where actuarial services should be documented and an actuarial report would be expected, such as when the actuarial services depend on actuarial judgment, even though there was no substantive actuarial analysis due to data limitations. The use of the professional judgment of the actuary is missing from Ed. Rather than defining actuarial conclusions, the standard should provide guidance, i.e., considerations and use of professional judgment, addressing the considerations for the actuary to decide when to issue an actuarial report.</p> <p>5. There can be ongoing work or the updating of the results of actuarial services which may not require an actuarial report each time there is a conclusion by the actuary. There are also situations where the documentation of an actuarial analysis included in the actuarial services is documented in ways other than in an actuarial report.</p> <p>6. The standard should provide guidance, i.e., considerations and the use of professional judgment to address the actuary's decisions to issue an actuarial report, or other form of actuarial communication,</p> <p>Further clarifications recommended are submitted below on specific sections of this exposure draft.</p>
2.	<p>Question 2: 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?</p> <p>Response to Question 2: The guidance is not clear. The scope of the standard should address actuarial communications which provide the results of the actuarial services for use by the intended users. Section 4 clearly applies to "Disclosures in an Actuarial Report." However, Section 3 is vague on guidance as to what the actuary should do with respect to actuarial communications other than an actuarial report.</p> <p>Section 3 includes mentions a variety of "should" requirements which are verbatim or essentially the same as can be found in the Code of Professional Conduct:</p> <ul style="list-style-type: none">• should take reasonable steps ... (that the communications) is clear and appropriate ...• should consider following up with a recorded communication ...• should recognize the risks of misuse ...• should ... take reasonable steps to present ... clearly and fairly ...• should include ... limitations on the distribution and utilization ...• should include information regarding possible uncertainty or risk ...• should clearly identify the actuary as being responsible ...• should also indicate the extent to which ... are available to provide supplementary ... <p>These "should" statements are normally embedded in the actuary's role and responsibilities appropriate for the actuary's assignment. The standard should refer to the Code of Professional Conduct, perhaps quoting from the Code for the convenience of the the actuary. The standard seems to largely redundant with the Code. The standard should clearly refer to and possible quote the wording from the Code, with any additional guidance not in the Code.</p> <p>It would be much better if the standard:</p>

	<ul style="list-style-type: none">a. Referred to the Code and its Precepts and Annotations, by quotation or footnote, rather than restating or the same requirements.b. Some of these requirements in the Code can be considered holistically as part of an ongoing relationship between the actuary and the principal. The restatement in the format of an ASOP should be clearly stated.c. It should be clear that the standard and the Code both apply as the actuary engages in various actuarial communications 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.)d. The standard should allow the actuary to use professional judgment, with respect to recording communications, or stating caveats, limitations, disclaimers, warnings about risks, availability of supplemental information, etc.e. The standard should not impose a requirement to issue an actuarial report when other types of actuarial communications are used to meet the Code of Professional Conduct.f. For actuarial communications other than for an actuarial report, the disclosures listed in section 4 should be “considered” by the actuary to be disclosed by other means. <p>When an actuarial report is not required or when an actuarial communication is not recorded or documented in some manner, the Code provides sufficient guidance. This standard should clearly state that it supplements, but does not replace, the guidance in the Code.</p> <p>Further clarifications recommended are submitted below on specific sections of this exposure draft.</p>
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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	Remove the parenthetical items (written, electronic, or oral)	“written, electronic, or oral” is unnecessary to state because “any form” is sufficient.

<p>1.2 Scope Paragraph 1</p>	<p>Remove the 2nd 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></p> <p>Replace with: <i>“This standard applies to actuaries when issuing a communication involving the rendering of actuarial services.”</i></p> <p>Replace the last 2 paragraphs with: <i>If the actuary determines that the guidance in this standard conflicts with an ASOP that applies to all practice areas, this standard governs.</i> <i>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.</i></p>	<p>The “rendering” of actuarial services is identical wording used in the Code. Eliminate the double negative wording and just stating in the affirmative.</p> <p>It is not clear how this standard applies to actuarial communications that are not actuarial reports. This standard should address all actuarial communications, including an actuarial report. The scope should address all actuarial services.</p> <p>This standard should use the same wording as used in the most recent ASOPs issued.</p>
<p>Section 2 Definitions</p>	<p>Refer to the definitions from the Code of Professional Conduct (Code) when defined in the standard, including:</p> <p>Actuarial Communication: <i>“Per the Code of Professional Conduct, a written, electronic, or oral communication issued by an Actuary with respect to Actuarial Services.”</i></p> <p>Actuarial Services: <i>“Per the Code of Professional Conduct, 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.”</i></p> <p>Principal: <i>“Per the Code of Professional Conduct, a client or employer of the Actuary.”</i></p>	<p>The standard should refer to the Code of Professional Conduct by specific reference to the Code. A reader or user of the standard can then better understand context of the standard and the Code.</p>
<p>2.2 Actuarial Conclusions</p>	<p>Eliminate this definition.</p>	<p>There should not be a difference in the scope of the standard with respect to Actuarial Communications between “actuarial conclusions” and actuarial services as defined in the Code.</p> <p>The definition of actuarial services is especially useful for any professional services provided by an individual acting in the capacity of an actuary. There should not be a difference with respect to actuarial communication in the scope or applicability of the</p>

		<p>standard between "<i>actuarial conclusions</i>" and actuarial services as defined in the Code.</p> <p>The reference to actuarial analysis of data or other information does not consider the professional judgment of the actuary that in many cases is the main basis for the actuary's conclusions, opinions, recommendations, etc.</p> <p>For example, 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.</p> <p>The examples of actuarial analysis listed are not types of actuarial analysis but rather a list of types of actuarial services. 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>
2.2 Actuarial Report	<p>Reword as follows:</p> <p><i>"An actuarial communication that presents, documents or supports the results of the actuarial services."</i></p>	<p>An Actuarial Report is just one form of Actuarial Communication. However, the content of such a report can vary significantly. The ED does not specify the contents of an Actuarial Report.</p> <p>This definition should align with the general definition and use of any report as presenting or documenting something of importance or for later reference, as the need may arise.</p> <p>An Actuarial Report 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 actuarial report may only be a summary of the key items which are included in the actuarial services. Such items may or may not be "conclusions." For example, model assumptions, data compilations, model results or observations are not necessarily "conclusions."</p>

		The importance of the definition of an actuarial report is really the documentation.
2.4 Actuarial Services	<p>Reword as follows:</p> <p>Actuarial Services: <i>“Per the Code of Professional Conduct, 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.”</i></p>	<p>The standard should refer to the Code of Professional Conduct by specific reference to the Code. A reader or user of the standard can then better understand context of the standard and the Code.</p>
2.5 Intended User	<p>Revise wording as follows:</p> <p><i>“A person or entity who the actuary intends to be able to rely on an actuarial communication. There may be intended users other than the actuary’s principal.</i></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 actuarial communication.</p> <p>The reference to internal or external intended users is unnecessary and may be confusing or concerning to a principal with regards to the sharing of confidential information to parties external to the principal.</p> <p>The principal can certainly approve or restrict the sharing of information and actuarial communications and the identification of intended users.</p>
2.7 Prescribed Assumption or Method Set by Law	Delete this section.	<p>This section is not a definition. It is already addressed in the section addressing compliance with the law. 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 another section.</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 retirement</p>

		benefits). This is confusing in a general standard and should not be dealt in this standard. 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.
2.8 Principal	<p>Reword as follows:</p> <p>Principal: Per the Code of Professional Conduct, a client or employer of the Actuary.</p>	The standard should refer to the Code of Professional Conduct by specific reference to the Code . A reader or user of the standard can then better understand context of the standard and the Code.
3.1 Clarity, Content, and Record	<p>Replace the section title with: Clarity, Content, and Record</p> <p>-----</p> <p>Replace the wording with:</p> <p><i>"Per the Code of Professional Conduct, the actuary should take appropriate steps to ensure that the actuarial communication is clear and appropriate to the circumstances and to its intended audience. The actuary should also consider the intended purpose of the actuarial services."</i></p> <p><i>"When actuarial communications, and the related actuarial services, are ongoing or cumulative in nature, the actuary should take into account previous of other relevant actuarial communications and the knowledge of the principal and intended users."</i></p> <p>-----</p> <p><i>The actuary should consider creating and retaining a record of an actuarial communication for purposes of documenting the actuarial services provided."</i></p> <p>-----</p> <p>Replace the reference to ensuring that the communication “satisfies applicable ASOPs” with:</p> <p><i>"The actuary should take into account the communications and disclosures recommended for the actuarial services in applicable standards."</i></p> <p>-----</p> <p>Replace the wording concerning an unrecorded actuarial communication with the following:</p>	<p>The creation and retention of a <u>record</u> should be included in the title of this section.</p> <p>-----</p> <p>It can be quite difficult in some cases to ascertain what is "clear and appropriate" for the intended users of actuarial communications. It is better to address the issues around ongoing or interim actuarial work with different wording.</p> <p>-----</p> <p>This 3rd sentence is suggested to replace the wording in the ED - "When an actuarial communication is not recorded, the actuary should consider following up with a recorded communication." "Following up" is rather informal and it may not be clear what a "recorded communication" means. "A record" of the communication is suggested for clarity.</p> <p>-----</p> <p>The reference to applicable ASOPs is rather open ended. An actuarial communication itself is not the subject of other ASOPs. Rather the content of the communications, i.e., the actuarial services, should be clear and appropriate.</p> <p>-----</p> <p>Whether or not an actuarial communication is recorded, or documented in some way, can be</p>

	<p><i>“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.</i></p> <p><i>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. ”</i></p>	<p>dependent on the intended purpose of the actuarial communication, 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 actuarial communication. 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>
3.2 Timing	<p>Edit the wording concerning timing in terms of the results of the actuarial services or other relevant aspects of the actuarial services.</p> <p>Reword as follows:</p> <p><i>“The actuary should communicate the results or other relevant aspects of the actuarial services in a timely manner. The actuary should consider the needs and expectations of their principal with respect to the actuary’s assignment. The actuary should consider, based on their professional judgment, communicating significant issues or material obstacles which may have a significant impact on timely communication of their actuarial services. ”</i></p>	<p>Actuarial communications can occur before during and after actuarial services are performed and delivered. The reasonableness of the timing of relevant actuarial communications is tied to performing the actuarial services. Unforeseen technical issues, such as data problems, inconsistent results, unexplained variances, etc. can impact the timing of actuarial services.</p> <p>This section should only address the main considerations which affect communications with the principal with respect to the timely communication of the actuarial services.</p>
3.3 Risk of Misuse	<p>Reword as follows:</p> <p><i>“Risk of Misuse— As per the Code, 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. The actuary may include language in the actuarial communication that limits its distribution.”</i></p>	<p>The standard should refer to the Code of Professional Conduct by specific reference to the Code. A reader or user of the standard can then better understand context of the standard and the Code.</p> <p>Except for the last sentence, this wording is taken verbatim from Precept 8, Annotation 8-1 of the Code. Reference to the Code should be stated. The last sentence is recommended to be struck because it simply repeats the guidance in the previous sentence.</p>
3.4 Uncertainty or Risk	<p>Replace the wording with the following:</p>	<p>Risk and uncertainty should be addressed explicitly. “Possible uncertainty or risk” is much too vague and</p>

	<p><i>"When issuing an actuarial communication, the actuary should consider the potential for material uncertainty or risk that could impact the actuarial services pertinent to needs of the principal and the intended users. If appropriate, the actuary should use their professional judgment in communicating information regarding uncertainty or risk to the principal or intended users. The actuarial communication may contain descriptions of potential conditions surrounding the uncertainties or risks that may have a material impact on the actuarial services."</i></p>	<p>lacks guidance about what type of "information" would be relevant to intended users. This section should highlight the need for the actuary to consider how uncertainty and risk may impact their communications, but that they should use their professional judgment in their actuarial communications regarding such uncertainty and risk.</p>
<p>3.5 Responsibility of the Actuary</p>	<p>Replace the wording with the following:</p> <p><i>"Per the Code of Professional Conduct, when issuing an actuarial communication, the actuary should clearly identify the actuary who is responsible for it. When two or more individuals jointly issue an actuarial communication, the communication should identify all actuaries responsible for it.</i></p> <p><i>The actuary's responsibilities are not affected if the actuary is affiliated with other actuaries or other professionals who support or contribute to the actuarial services provided. The actuary should consider their responsibilities based on the actuary's role in providing actuarial services and actuarial communications and on the reliance the actuary accepts from the support or contributions provided by others.</i></p> <p><i>Per the Code of Professional Conduct, when issuing an actuarial communication, the actuary should indicate the extent to which the actuary or other sources are available to provide supplementary information and explanation.</i></p> <p><i>The actuary should indicate the extent to which the actuary or other sources are available to provide supplementary information and explanation."</i></p> <p>Replace 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></p> <p>with</p> <p><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</i></p>	<p>The standard should refer to the Code of Professional Conduct by specific reference to the Code. A reader or user of the standard can then better understand context of the standard and the Code.</p> <p>When the actuarial services 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 actuarial communication. This section should better address the responsibilities of the actuary based on their respective role and responsibilities with respect to the actuarial services and actuarial communication. The suggested re-wording of this section is intended to provide clear guidance when distinguishing the responsibilities among actuarial team members for the actuarial services and the actuarial communication.</p> <p>The purpose of this wording is to establish that the actuary who issues an actuarial communication cannot defer responsibility for that communication, or for the underlying actuarial services, to their employer or other entity with whom they are affiliated.</p> <p>The Code 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 Code and the actuary should not assume that the intended users are adequately informed without some confirmation process.</p> <p>Deleted the exception wording, <i>"unless, in the actuary's professional judgment, the intended users will</i></p>

	<p>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."</p>	<p>otherwise be adequately informed about such availability" from the last sentence in this section.</p> <p>Added 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>
3.5 Actuarial Report	<p>Rewording provided for this section to address recommended practice for when the actuary should consider issuing an actuarial report.</p> <p><i>"An actuarial report should be requested by the principal or determined in the professional judgment of the actuary to be useful for the actuary to act according to the Code of Professional Conduct. The actuary should determine the scope of the actuarial services needed to document new or updated results of actuarial services in an actuarial report.</i></p> <p>Actuarial services for ongoing work or for the updating of the results of actuarial services may not require an actuarial report each time there is an update. Also, the documentation of the actuarial services may be documented in ways other than in an actuarial report.</p> <p><i>The actuary should use professional judgment to consider whether an actuarial report is necessary to meet the intended purpose of the actuarial services or to support the actuarial communication and use of the actuarial services."</i></p>	<p>The scope of this standard should not be limited to the issuing of an actuarial report. An actuarial report is a type of actuarial communication. The suggested revision to the definition of an actuarial report is,</p> <p><i>"An actuarial communication that presents, documents or supports the results of the actuarial services."</i></p> <p>The standard should address actuarial communications in general but not specify when the actuary should issue an actuarial report. The actuary should be able to communicate opinions, recommendations, conclusions, findings, etc. in a format that is appropriate for the needs of the principal, and the intended use of the actuarial services.</p> <p>The standard should provide guidance regarding the content of an actuarial report when the actuary is issuing such a report. There are many situations where an actuarial report should not be required by the standard in every case when the actuary has performed an actuarial analysis and reached some conclusions, opinions, recommendations, etc.</p> <p>Additionally, there are situations where actuarial services should be documented and an actuarial report would be expected, such as when the actuarial services depend on actuarial judgment, even though there was no substantive actuarial analysis due to data limitations. The use of the professional judgment of the actuary is missing from ED. Rather than defining actuarial conclusions, the standard should provide guidance, i.e., considerations and use of professional judgment, addressing the considerations for the actuary to decide when to issue an actuarial report.</p> <p>There can be ongoing work or the updating of the results of actuarial services which may not require an actuarial report each time there is a conclusion by the actuary. There are also situations where the</p>

		<p>documentation of an actuarial analysis included in the actuarial services is documented in ways other than in an actuarial report.</p> <p>The standard should provide guidance, i.e., considerations and the use of professional judgment to address the actuary's decisions to issue an actuarial report, or other form of actuarial communication.</p>
4.1 Required Disclosures in an Actuarial Report	Change the wording to address not only an actuarial report but also other actuarial communications .	This standard is intended to address actuarial communications , but the context is heavily focused on an actuarial report . This standard is needed to not only address actuarial reports , but also other forms of communicating the results of actuarial services .
4.1 (i) Required Disclosures in an Actuarial Report	Edit the standard to more clearly address the problems described under "Commentator Rationale".	<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, also very problematic to making an objective assessment, is when the actuary has relied heavily on professional judgment.</p> <p>Actuarial models which are complex challenge the ability to provide disclosures that meet the descriptions of the methods, procedures, etc.</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>

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4.1 (m)	Use the same language here that is used in other ASOPs regarding disclosures with respect to following applicable laws	This standard should use the same wording here as used in other recent standards.
4.1 (o) Required Disclosures in an Actuarial Report	Remove or edit 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)
<p>Edit the standard to more clearly address the common types of actuarial communications. This Exposure Draft mainly focuses on an actuarial report, particularly in sections 3 and 4. Section 4 only addresses communications and disclosures for an actuarial report but contains no requirements concerning other types of actuarial communications.</p> <p>Edit the standard to avoid repeating or paraphrasing the definitions and guidance stated in the <i>Code of Professional Conduct (Code)</i>. Cross references are adequately addressed in section 1.3.</p>	<p>Actuarial services are broadly defined in the Code. The ED uses wording that can be confusing to the actuary and the actuary’s principal.</p> <p>Excluding actuarial communications from the standard, per this ED when the actuary does not “render” actuarial services is problematic because the definition of actuarial services is broadly defined in the Code and matches the ED 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>

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	<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 actuarial communication and the actuarial conclusions 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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V. Signature:

Commentator Signature	Date
Robert (Bob) S. Miccolis 	March 15, 2025