

Actuarial Communications – Third Exposure Draft:

Comment Deadline: June 1, 2026

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.

The ASB posts all signed comments received to its website to encourage transparency and dialogue. Comments received after the deadline may not be considered. Anonymous comments will not be considered by the ASB nor posted to the website. Comments will be posted in the order that they are received. The ASB disclaims any responsibility for the content of the comments, which are solely the responsibility of those who submit them.

I. Identification:

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|---------------------------------------|
| Name of Commentator / Company |
| Tom Bakos. Tom Bakos Consulting,, LLC |

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

| Question No. | Commentator Response |
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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) |
|---------------------------|--|--|
| 2.4 Definition | <p>“User”, rather than “Intended User”</p> <p>Or, an alternative: “Designated User”.</p> <p><i>This change would affect wording in other sections where the term “Intended User was used.</i></p> <p>I suggest it might also be appropriate to insert a definition of “Use” in addition to User, identifying how the actuary intends the communication to be used in conformance with the direction given by the Principal.</p> <p>For example: “Use --- The purpose for which the actuarial communication is being made as identified by the Principal to the actuary and confirmed by the actuary.”</p> <p>Section 2.8 defines the range of purposes which might be the Uses of an actuarial opinion.</p> | <p>Using the term “Intended User” implies there can or may be other types of Users left undefined. The definition is clear that a User be identified by the actuary, and it should, therefore, be unnecessary to modify “User” with “Intended” creating an implied class of potential other users left unidentified by the actuary, and worse, <u>implied by the actuary to exist</u>, though left unidentified.</p> <p>I believe the definition should make clearer that an actuary is intending to identify the only Users he or she is allowing to rely on an actuarial communication he or she creates.</p> <p>The Section 3.4, Risk of Misuse, seems to recognize that the purpose of identifying “Intended Users” will be abused in practice. In my experience such an anticipated, unauthorized misuse may result in legal action against the author, whose opinion and work product was intended only for the use of a Principal with knowledge and understanding of the work</p> |

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| | | product. As well as requiring an actuary to identify Users for which the work product was created, |
| 3.4 Risk of Misuse | <p>Eliminate first sentence.</p> <p>A last sentence might be added as follows:</p> <p>“The actuary may include a warning in the actuarial communication that any use other than that described in the communication or any conclusion derived as applicable to the User or Users identified by the actuary may be invalid and is discouraged.”</p> | <p>The sentence: “An actuarial communication may be used by another party in a way that may influence the actions of a third party.” seems inappropriate.</p> <ol style="list-style-type: none"> 1. It seems to make ineffective any action an actuary might take to identify a User. 2. The use anticipated may not be a misuse which the second sentence seems to expect it would be. 3. It is not clear what is meant by “another party” nor is it made clear that any influence on a “third party” (whoever that might be) would be a misuse. 4. In any event, it is probably true that even an identified User or the Principal may misuse an actuarial communication. Therefore, limiting concern to another or third parties only limits the requirement that an actuary be aware of misuse in general and the need to “take reasonable steps to present the actuarial communication clearly and fairly ...” 5. Distribution of an actuarial communication to parties not involved is risky because such parties would likely not have knowledge of all communication or relationships between the actuary and the Principal necessary to identify the purpose of opinion provided. Such communication may not have had a need to be fully documented in the opinion. |
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IV. General Recommendations (If Any):

| Commentator Recommendation (Identify relevant sections when possible) | Commentator Rationale (Support for the recommendation) |
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V. Signature:

| Commentator Signature | Date |
|-----------------------|----------|
| Tom Bakos | 3/7/2026 |

Tom Bakos