



ACTUARIAL STANDARDS BOARD

REQUEST FOR COMMENTS

TO: Members of Actuarial Organizations Governed by the Standards of Practice of the Actuarial Standards Board and Other Interested Parties

FROM: Actuarial Standards Board (ASB)

RE: Request for Comments on Actuarial Standard of Practice (ASOP) Content and ASB Procedure

DATE: October 13, 2008

This document contains a Request for Comments concerning the substance of Actuarial Standards of Practice (ASOPs) and the ASB's procedures. Please review this letter and provide the ASB the benefit of your comments and suggestions. Each written response and each response sent by e-mail to the address below will be acknowledged, and all responses will receive appropriate consideration by the ASB.

The ASB accepts comments by either electronic or conventional mail. The preferred form is e-mail, as it eases the task of grouping comments. However, please feel free to use either form. If you wish to use e-mail, please send a message to comments@actuary.org. You may include your comments either in the body of the message or as an attachment prepared in any commonly used word processing format. **Please do not password protect any attachments.** Include the phrase "ASB COMMENTS" in the subject line of your message. Please note: Any message not containing this exact phrase in the subject line will be deleted by our system's spam filter.

If you wish to use conventional mail, please send comments to the following address:

ASB Request for Comments
Actuarial Standards Board
1100 Seventeenth Street, NW, 7th Floor
Washington, DC 20036-4601

The ASB will post all signed comments received to its website to encourage transparency and dialogue. Unsigned or anonymous comments will not be considered by the ASB nor posted to the website. The comments will not be edited, amended, or truncated in any way. Comments will be posted in the order that they are received, based on the electronic

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timestamp or postmark. The ASB web site is a public web site and all comments will be available to the general public. The ASB disclaims any responsibility for the content of the comments, which are solely the responsibility of those who submit them.

Deadline for receipt of comments in the ASB office: December 31, 2008.

Background

In September 2008 the ASB approved a limited revision of the *Introduction to the Actuarial Standards of Practice (ASOPs)* document. This revision clarifies language relating to the way the ASB approaches the process of writing and revising ASOPs. Among other changes, it removed language that suggested the ASB merely codified existing practice, which is not the case.

During its revision of the *Introduction*, the Board recognized that some actuaries object to provisions of the document that describe the ASB's current procedures because they believe that the procedures should be changed. Before entertaining any possible changes to the *Introduction* in that regard, the Board intends to perform a review of the ASB procedures as a whole and, if any such changes are needed, then propose further changes to the *Introduction*. This Request for Comments is the beginning of that process.

Request for Comments

As it begins this review, the ASB would like to solicit the views of actuaries and others to get a better picture of how the profession views the ASB and the ASOPs it produces. The ASB welcomes comments on any issues relevant to ASB procedures and the content of ASOPs in general, and would like to draw readers' attention to the following questions in particular:

1. **Appropriate level of guidance.** The ASB strives to write ASOPs to accommodate a relatively broad range of appropriate practices. Some believe that ASOPs should require the actuary to work at a level of "best practice"; others that ASOPs should describe "best practice" but not mandate its use; still others that ASOPs are not needed at all. Do ASOPs provide an appropriate level of guidance? If not, what is the level you consider appropriate?
2. **Degree of specificity in guidance.** As currently written, ASOPs generally do not direct actuaries to perform specific actions. ASOPs strive to leave room for the actuary to exercise professional judgment when performing professional services. Is this approach appropriate or should the ASOPs be more prescriptive?
3. **Clarity of ASOPs.** Are ASOPs generally clear and unambiguous? If not, how could the ASB improve their clarity?
4. **Exposure draft comment period.** The ASB normally provides a period of 60 to 90 days to comment on exposure drafts (with a minimum exposure time of 30

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days). Exposure drafts are available on the ASB website and publicized in mailings to Academy members. Is this adequate?

5. **Obtaining adequate number of representative comments.** Exposure drafts often receive relatively few comments (10-50 letters), and those comments tend to oppose certain wording in the exposure draft. How can the ASB encourage more actuaries and other interested parties to comment and how can the ASB ensure that those comments are representative?
6. **ASB responses to comments.** Do you believe the ASB and its drafting committees respond to comments appropriately, in making changes and explaining why certain suggested changes were or were not made?
7. **Reliance under ASOPs.** ASOPs sometimes refer to reliance on other actuaries, reliance on experts, reliance on data, or reliance on information supplied by others. Do ASOPs provide appropriate guidance regarding reliance? If not, how should the ASOPs be changed?
8. **Concepts of other disciplines.** To what extent should ASOPs address concepts in other disciplines, for instance, accounting or financial economics, particularly before a consensus has been reached among actuaries as to how to reflect those concepts? Are there ASOPs that do not accommodate those concepts that should be changed?
9. **Litigation risk.** Do you believe that abiding by ASOPs is generally beneficial to you in a litigious environment, especially when compared to a scenario in which there were no ASOPs?
10. **Other suggestions.** The ASB welcomes any other comments or suggestions you may have for improving its operations or procedures for developing ASOPs.

The ASB approved the issuance of this Request for Comments in September 2008.

Actuarial Standards Board

Stephen G. Kellison, Chairperson

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Robert G. Meilander

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Godfrey Perrott

David R. Kass

Lawrence J. Sher

The ASB establishes and improves standards of actuarial practice. These ASOPs identify what the actuary should consider, document, and disclose when performing an actuarial assignment. The ASB's goal is to set standards for appropriate practice for the U.S.

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