



ACTUARIAL STANDARDS BOARD

□ EXPOSURE DRAFT □

**Proposed Repeal of
Actuarial Standard of Practice No. 9**

**Documentation and Disclosure
in Property and Casualty Insurance
Ratemaking, Loss Reserving,
and Valuations**

**Comment Deadline
August 15, 2007**

**Developed by the
Casualty Committee of the
Actuarial Standards Board**

**Approved for Exposure by the
Actuarial Standards Board
June 2007**

(Doc. No. 104)

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June 2007

TO: Members of Actuarial Organizations Governed by the Standards of Practice of the Actuarial Standards Board and Other Persons Interested in Property and Casualty Ratemaking, Loss Reserving, and Valuations

FROM: Actuarial Standards Board (ASB)

SUBJ: Proposed repeal of Actuarial Standard of Practice (ASOP) No. 9

This document is an exposure draft of a proposed repeal of ASOP No. 9, *Documentation and Disclosure in Property and Casualty Insurance Ratemaking, Loss Reserving, and Valuations*. Please review this exposure draft and give 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 drafting committee in preparing the final document for approval 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 by section. 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 include the phrase “ASOP No. 9 Repeal” in the subject line of your message.

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

ASOP No. 9 Repeal
Actuarial Standards Board
1100 Seventeenth Street, NW, 7th Floor
Washington, DC 20036-4601

The ASB has decided to post all signed comments received on exposure drafts adopted on or after February 21, 2007 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 timestamp or postmark. Comments will be removed either when another exposure draft is issued or when final action on a proposed standard is taken. 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 responses in the ASB office: **August 15, 2007**

[Background](#)

ASOP No. 9, *Documentation and Disclosure in Property and Casualty Insurance Ratemaking, Loss Reserving, and Valuations*, was effective in 1991 and relied heavily on Interpretative Opinion No.3 of the *Guides and Interpretative Opinions as to Professional Conduct* of the American Academy of Actuaries. The standard also included the *Statement of Principles Regarding Property and Casualty Ratemaking*, the *Statement of Principles Regarding Property and Casualty Loss and Loss Adjustment Expense Reserves*, and the *Statement of Principles Regarding Property and Casualty Valuations* as separate appendices.

In 2002, the ASB repealed Interpretative Opinion 3: Professional Communications of Actuaries when the Board adopted ASOP No. 41, *Actuarial Communications*, which supersedes the guidance of Interpretative Opinion No. 3. ASOP No. 41 was applicable to all areas of actuarial practice and provides guidance with respect to written, electronic, or oral communications.

The Casualty Committee of the ASB has reviewed ASOP No. 9 and compared the various sections to ASOP No. 41 as well as the *Code of Professional Conduct*. The conclusion was that ASOP No. 9 was redundant with ASOP No. 41 and the *Code of Professional Conduct*.

The ASB reviewed the draft at its June 2007 meeting and approved its exposure.

Casualty Committee of the ASB

Patrick B. Woods, Chairperson

Steven Armstrong	Claus S. Metzner
Raji Bhagavatula	David J. Otto
Beth Fitzgerald	Alfred O. Weller
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Appendix

Note: This appendix is prepared for informational purposes only.

The Casualty Committee prepared the following grid highlighting sections of the current ASOP as a cross reference against ASOP No. 41 and the *Code of Professional Conduct* to reflect where appropriate actuarial guidance already exists for the related item or where the item would have been considered educational material and, therefore, not included in any proposed revision other than possibly an appendix.

Current Section		Reference to ASOP No. 41 or the <i>Code of Professional Conduct</i>
Section 2	Definitions	
2.1	Actuarial Report	ASOP No. 41 (2.3)
2.2	Actuarial Work Product	ASOP No. 41 (2.2)
2.3	Required Actuarial Documentation	ASOP No. 41 (2.1)
2.4	Statement of Actuarial Opinion	ASOP No. 41 (2.1)
2.5	Statement of Actuarial Review	ASOP No. 41 (2.1)
Section 3	Background and Historical Issues	Educational – not needed in standard
Section 4	Current Practices and Alternatives	Educational – not needed in standard
Section 5	Analysis of Issues and Recommended Practices	
5.1	Introduction	ASOP No. 41 (3.1, 3.1.1-3.1.3, 3.4)
5.2	Extent of Documentation	ASOP No. 41 (3.1.8, 3.6)
5.3	Prevention of Misuse	ASOP No. 41 (3.5.13.6); <i>Code of Professional Conduct</i> (precept 8 and Annotation 8.1)
5.4	Disclosure of Conflict with Professional Judgment, and Advocacy	ASOP No. 41 (3.1.7, 3.1.8)
5.5	Availability of Documentation	ASOP No. 41 (3.1.5)
5.6	Conflicting Interests	ASOP No. 41 (3.5.2); <i>Code of Professional Conduct</i> (Precept 7)
5.7	Signature on Work Product	ASOP No. 41 (3.1.4)
5.8	Reliance on Another	ASOP No. 41 (3.1.6)
5.9	Waiver of Fee	<i>Code of Professional Conduct</i> (Precept 3)