

**ASoP 41 on “Actuarial Communications”, second exposure draft:**

**Comment Deadline: February 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
John Gradwell / Huggins Actuarial Services

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

Question No.	Commentator Response
1	The distinction between an actuarial communication and actuarial report could be easily made more clear. According to Section 2.1 an actuarial communication takes a “written, electronic, or oral” form. The concept of an actuarial report is the topic of Section 2.3, which mentions “writing or another permanent form”. The first recommendation is to align the identified forms between the two Sections, and “another permanent form” is terribly vague (e.g. etched on a stone tablet?) and uninformative, so delete in favor of saying simply an actuarial report is “issued in writing”. The second recommendation is to revise Section 2.3 to explicitly state, which is preferable to implication, an actuarial report is a special case of an actuarial communication. The third recommendation is to change the use of the word “should” in Section 3.6, which implies discretion, with “must”, which is a command that eliminates the potential for non-written actuarial reports. Lastly, the presence of guidance specific to actuarial reports later in the ASoP can be teed up nicely by bringing the reader’s attention to it explicitly in the definition of actuarial report.
2	The distinction between what disclosure guidance applies to actuarial reports and what applies to actuarial communications is not clear. That’s because the disclosure guidance is provided in Section 4, and the only guidance of any specificity therein is contained in Section 4.1, which applies only to actuarial reports. There is no guidance in Section 4 on what disclosures are required in actuarial communications. Sections 4.2 and 4.3 do not limit their applicability to actuarial reports, hence they apply to all actuarial communications, but neither of those Sections provide guidance on what to disclose in an actuarial communication.

**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)
2.3	Recommend replacing Section 2.3 with “If a communication contains <b>actuarial conclusions</b> then that <b>actuarial communication</b> must take the form of an <b>actuarial report</b> , which is a category of <b>actuarial communication</b> to which the special disclosures in	Refer to my response to question1, above, for details on my rationale. In addition, revise the reference to Section 4.1 as appropriate if my further recommendations on splitting current Section 4.1 are taken up.

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	Section 4.1 apply. An <b>actuarial report</b> must be issued in written form.”	
3.5	Add bolding to the term “intended users”.	The term “intended user” is one of the definitions in Section 2. The introductory paragraph to Section 2 indicates definitions will “...appear in bold throughout the ASOP.”
3.3	Revise the second sentence to read in part “The actuary should recognize the risks of misquotation, misinterpretation, or other misuse of the <b>actuarial communication</b> , including by unintended users, and should therefore take reasonable steps...”	The risk of misuse may be greatest for unintended users. The section as written doesn’t explicitly mention intended or unintended users, which is possibly too clever, because it creates unnecessary ambiguity when alternative explicit language would eliminate a risk of misunderstanding.
3.6	Replace the phrase “the actuary should issue an <b>actuarial report</b> ” with “the actuary must issue an <b>actuarial report</b> ”.	Actuarial reports and the actuarial conclusions therein are important enough to require the actuary to write them down in all cases.
4.1	<p>Recommend splitting current Section 4.1 into two parts. The first part will contain current points 4.1 a through e, and carry a revised title and header of “Required Disclosures in any Actuarial Communication—When issuing any <b>actuarial communication</b>, the actuary should include the following disclosures:”</p> <p>Move the second part of current Section 4.1, points f through p (relabeling to points a through k), to a new Section 4.3 (and renumbering current Section 4.2 to Section 4.4, and renumbering current Section 4.3 to Section 4.5). New Section 4.3 will carry the title and header “Required Disclosures in an Actuarial Report—When issuing an <b>actuarial report</b>, the actuary should include the following disclosures:”</p> <p>Create a new Section 4.2, with the title and header “Additional Required Disclosure in an Actuarial Communication That is Not an Actuarial Report-When issuing any <b>actuarial communication</b> that is not an <b>actuarial report</b>, the actuary should clearly state the purpose and matters of import underlying the <b>actuarial communication</b>, to supplement the disclosure requirements of Section 4.1.”</p>	Section 4 provides no guidance on disclosure requirements for actuarial communications that are not actuarial reports. Section 4.1 applies specifically to actuarial reports. However, all actuarial communications would benefit from containing the items in current Section 4.1 points a through e. The presence of any actuarial conclusions (point 4.1 f) requires issuance of an actuarial report, which should also contain the items in current Section 4.1 g through p to support those actuarial conclusions. A new section should be added on actuarial communications that are not actuarial reports, which should require the purpose of the actuarial communication to be stated explicitly, with that purpose being the matter of import on which the actuarial communication is being issued in the first place.

**IV. General Recommendations (If Any):**

Commentator Recommendation (Identify relevant sections when possible)	Commentator Rationale (Support for the recommendation)

**V. Signature:**

Commentator Signature	Date
John Gradwell	December 3, 2024

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