

Comment #5 – 12/28/24

Hello,

The second exposure draft of ASOP 41 contains some welcome clarifications and updates. However, as an actuary who often provides communications internal to my organization, I still often find myself adrift in how and to what extent to consider the formal guidance in the ASOP in issuing my communications. Furthermore, in my experience, continuing education materials such as professionalism presentations are not clearly consistent with respect to what is considered an actuarial communication and how to apply ASOPs to that communication.

Three examples may help illustrate how an updated ASOP 41 could improve clarity:

1) Many times in working with actuarial colleagues we have interim conversations in which, for example, a particular assumption might be proposed. These communications are not typically subjected to the rigors of ASOP 41 even though it seems arguably they could be. However, if we were to make these communications more formal I fear it would slow down our work greatly. Arguably, the time at which to apply ASOP 41 is when a summary conclusion for a project is being reported.

2) On occasion I or my colleagues support projects that are otherwise performed by non-actuaries within our organization, but could reasonably be viewed as actuarial services if performed by an actuary. Examples include budgetary projections and setting payment rates for medical services. While I want our team to help support the quality and depth of work in our organization, if our participation comes saddled with an obligation to provide lengthy disclosures or identify ourselves as somehow responsible for the outcome in which we are interlopers or supporting advisors, we risk both removing ourselves from areas where we could be helpful, or spending our energies on questions of form and documentation rather than the problem-solving skills for which we are sought.

3) Recently I produced a model whose output was part of an external disclosure. While I was confident in the model structure, many of the assumptions within the model were highly uncertain, and the support I received from colleagues in setting these assumptions often felt insufficient. In the end I was unable to certify the model's conclusion, but instead essentially stated that the model's outcome was reliable if the assumptions happen to be proved accurate. All of this happened under considerable time constraints as well. The current ASOP 41 did not provide me a clear path to supporting my colleagues with a model to address their needs while stopping short of being seen to endorse a conclusion with which I was not sufficiently comfortable. I took considerable effort to explain this situation and offer opinions on potential consequences and alternatives, but found that effort informed more by professional experience than by current professional guidance.

I am left to conclude, albeit tentatively, that the form and rigor of ASOP 41 could be overapplied if extended to interim communications (especially between actuaries or other subject matter experts), tasks where a non-actuary could perform similar work, and situations in which the actuary who has participated does not think it appropriate to personally endorse the conclusion.

I see potential improvements in the exposure draft which I found encouraging. The assumption disclaimer in 4.1.n.5.iv. offers new words to disclaim assumptions and their impact on conclusions. The final paragraph of section 4.1 provides greater support for less formal interim communications. As always, deviation language provides some flexibility.

Despite these improvements I am still left uncertain as to whether I am falling short of my professional obligations when I do not bludgeon non-actuarial colleagues with formalities that seem potentially unnecessary and rarely appreciated.

You have my appreciation for tackling these ambiguities on behalf of our profession, reflecting our continued commitment to integrity, rigor, and transparency, while ensuring that we are nimble enough to provide our expertise without tying ourselves up in counterproductive formalities.

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