

**Title of Exposure Draft: Proposed Revision of ASOP No. 41 – Actuarial Communications (Second Exposure Draft)**

**Comment Deadline: March 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
Susan Kent, MAAA, FCAS Vice President, Casualty, American Academy of Actuaries, on behalf of the Casualty Practice Council

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

Question No.	Commentator Response
1.	Is it clear when an actuary should issue an actuarial report? If not, what further clarifications would you recommend?  No. We recommend adding additional information, situations, and clarifications to the definitions of actuarial communication and actuarial report, which are included in our recommendations on specific sections of this exposure draft and in our general recommendations.
2.	Is it clear which guidance applies for all actuarial communications and which guidance is required only for actuarial reports? If not, what further clarifications would you recommend?  No. See the clarifications suggested for 4.1 Required Disclosures in an Actuarial Report below.

**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)
1.1 Purpose	<b>Remove</b> the parenthetical items (written, electronic, or oral).	There are other forms of communication which are covered by the purpose statement without the parenthetical list (for example, American Sign Language). The list can have specific meanings and limitations, depending on the circumstances. It is better to leave the statement as "in any form." without the parenthetical items.

**Title of Exposure Draft: Proposed Revision of ASOP No. 41 – Actuarial Communications (Second Exposure Draft)**

**Comment Deadline: March 15, 2025**

1.2 Scope	<p><b>Re-word</b> as:  <u>Scope</u>—This standard applies to actuaries when issuing actuarial communications in any form. <del>(written, electronic, or oral). within any practice area. This standard does not apply to actuaries when issuing a communication that does not include the rendering of actuarial services.</del></p>	<p>There are other forms of communication which are covered by the purpose statement without the parenthetical list (for example, American Sign Language). The list can have specific meanings and limitations, depending on the circumstances. It is better to leave the statement as “in any form.” without the parenthetical items.</p> <p>The wording "within any practice area" is redundant because this standard applies to all practice areas.</p> <p>The second sentence is unnecessary. The definition of Actuarial Communication in the ASOP already specifies that it pertains to actuarial services.</p>
1.2 Scope	<p><b>Re-word</b> as:  The actuary should also refer to the Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States (U.S. Qualification Standards) and the Code of Professional Conduct <u>for additional guidance</u> as they relate to actuarial communications.</p>	<p>The underlined words provide more clarity as to why the actuary should refer to these two other documents.</p>
1.2 Scope	<p><b>Replace</b> 4<sup>th</sup> paragraph with:  “If a conflict exists between this standard and applicable law, the actuary <u>should</u> <del>must</del> comply with applicable law. If the actuary departs from the guidance set forth in this standard <del>in order</del> to comply with applicable law, or for any other reason the actuary deems appropriate, the actuary should refer to section 4.”</p>	<p>The replacement wording makes the wording identical to that in other recent ASOPs, e.g., ASOP No. 58, and revisions to ASOPs, e.g., ASOP No. 39.</p>
2.1 Actuarial Communication	<p><b>Replace</b> wording in first sentence with “<u>Any</u> <del>A written, oral, electronic, or other</del> form of communication by an actuary with respect to <b>actuarial services.</b>”</p>	<p>The standard should recognize that sign language and other nonverbal means of communicating may also be subject to this standard. Other forms of communication, such as a simple nod or other nonverbal visual or audio indication, could be used to communicate. Even being silent when being questioned or when there’s an opportunity to communicate a response can convey agreement, acceptance, disapproval or disagreement.</p>
2.2 Actuarial Conclusions	<p><b>Eliminate</b> this definition and replace all instances of the term “actuarial conclusions” with the word “conclusions” in the ASOP.</p>	<p>There is no need to define everything an actuary does as being “actuarial”. Just as there would be no need to define “findings” as “actuarial findings”, or “recommendations” as “actuarial recommendations,” etc. The word “conclusions” suffices in this ASOP.</p>
2.3 Actuarial Report	<p><b>Re-word</b> as:  <u>Actuarial Report</u>—An <b>actuarial communication</b> that the actuary issues in writing or another permanent form to support <del>actuarial conclusions</del> <u>actuarial services.</u></p>	<p>The revised wording makes it clear that an actuarial report may include other aspects of actuarial services such as findings, recommendations, etc.</p>

**Title of Exposure Draft: Proposed Revision of ASOP No. 41 – Actuarial Communications (Second Exposure Draft)**

**Comment Deadline: March 15, 2025**

2.4 Actuarial Services	<p><b>Re-word</b> as:  <u>Actuarial Services</u>—Professional services provided to a principal by an individual acting in the capacity of an actuary. Such services include the rendering of advice, recommendations, findings, <u>conclusions</u>, or opinions based upon actuarial considerations.</p>	<p>Several of the comments from the first Exposure Draft discussed the differences between conclusions and findings. There are distinct definitional differences between these terms, and therefore, we believe both should be included in the definition of actuarial services.</p>
2.5 Intended User	<p><b>Revise wording</b> as follows:          “A person or entity who the actuary intends to, or expects will, rely on an <b>actuarial communication</b>. An intended audience may refer to a group of <b>intended users</b>.”</p>	<p>Use of the adjective “any” can be problematic in situations where the actuary is not explicit (by inclusion or exclusion) in identifying or referring to those who may rely on the actuarial communication.</p>
2.6 Information Date	<p><b>Edit</b> the wording to read:          The date(s) associated with data or other time-dependent information relevant to the actuary’s considerations, which the actuary relied upon in reaching conclusions.</p>	<p>The information date relates to the date(s) the data or information was produced or the relevant date(s) associated with such data and information, e.g., transactions dates. The wording seems to indicate the information date is the date when the data or information was produced or considered. In many cases the relevant dates are specific to what is needed for the actuarial services.</p>
2.9 Subsequent Events	<p><b>Re-word as follows:</b>          “Events that occur after the <b>information date</b> and become known to the actuary before the <b>actuarial report</b> is issued.</p>	<p>Consideration of materiality relates more directly to the recommended practice(s) for considering subsequent events and can be included in the 4.1.j disclosure.</p>
3.3 Risk of Misuse	<p><b>Edit</b> this section to end the last sentence at the word “distribution.”</p>	<p>Unnecessary verbiage.</p>
3.4 Uncertainty or Risk	<p><b>Re-word</b> as follows:          “When issuing an <b>actuarial communication</b>, the actuary should identify possible sources of uncertainty or risk, as appropriate to the particular circumstances and the needs of the <b>intended users</b>.”</p>	<p>The proposed wording relates to disclosure, the subject of section 4 of an ASOP, and not section 3 of an ASOP. The suggested edit fixes this inconsistency with the format of ASOPs.</p>
3.6 Actuarial Report	<p><b>Replace</b> with:  <u>Actuarial Report</u>— The actuary should consider issuing an <b>actuarial report</b> if the results of the actuarial services are expected to be relied upon by <b>intended users</b>. The actuary should consider the needs of the <b>intended user</b> in communicating the results of the actuarial services in the <b>actuarial report</b>.</p> <p>When issuing an <b>actuarial report</b>, the actuary or actuaries issuing the <b>actuarial report</b> should be responsible for all material conclusions, assumptions, and methods unless otherwise disclosed.</p>	<p>Provides clearer and more complete guidance as to when and how an actuary should issue an actuarial report.</p> <p>Referring to “the results of the actuarial services” rather than conclusions directly corresponds to the recommended edit to the definition of actuarial services.</p> <p>We recommend editing the wording about the actuary’s responsibility to the standard wording of ASOPs stating that “the actuary should ...”</p> <p>The “material” wording is appropriate and needed when referring to the “conclusions, assumptions, and methods ...”</p>

**Title of Exposure Draft: Proposed Revision of ASOP No. 41 – Actuarial Communications (Second Exposure Draft)**

**Comment Deadline: March 15, 2025**

	<p>An <b>actuarial report</b> may comprise one or several documents. The report may be in several different formats. When an <b>actuarial report</b> for a specific <b>intended user</b> comprises multiple documents, the actuary should communicate which documents comprise the report.</p> <p>In the <b>actuarial report</b>, the actuary should state the conclusions, and identify the methods, procedures, assumptions, and data used by the actuary with sufficient clarity that another actuary qualified in the same practice area could make an objective appraisal of the reasonableness of the actuary’s work as presented in the <b>actuarial report</b>.</p>	
<p>4.1 Required Disclosures in an Actuarial Report</p>	<p><b>Change the wording</b> of the title and introductory sentence to the following:  <u>4.1 Disclosures in an Actuarial Communication</u>—  When issuing an <b>actuarial communication</b> other than an <b>actuarial report</b>, the actuary should consider including the disclosures listed below when, in the actuary’s professional judgment, it is appropriate to do so. When issuing an <b>actuarial report</b>, the actuary should include the disclosures listed below.</p>	<p>Addresses disclosures for actuarial communications other than actuarial reports.</p>
<p>4.1 f.</p>	<p><b>Replace</b> with: “the results of the <b>actuarial services;</b>”</p>	<p>The results of the actuarial services should be included in the disclosures not just conclusions.</p>
<p>4.1 g.</p>	<p><b>Replace the term</b> “actuarial conclusions” with “results of the <b>actuarial services;</b>”</p>	<p>Limitations or constraints should be disclosed for the results of all actuarial services, not just conclusions.</p>
<p>4.1 h.</p>	<p><b>Replace the term</b> “actuarial conclusions” with “results of the <b>actuarial services;</b>”</p>	<p>Statements about possible uncertainty or risk should be disclosed for the results of all actuarial services, not just conclusions.</p>
<p>4.1 j.</p>	<p><b>Replace</b> the current paragraph 4.1j. with the following:  “if the actuary becomes aware of <b>subsequent events</b> that are relevant to the scope (i.e., within the scope) of the <b>actuarial services</b>, the actuary should evaluate whether reflection of such events would materially impact the subject of the <b>actuarial communication</b>. If so, and if it is impractical to revise the <b>actuarial communication</b> to fully reflect such events, the actuary should identify and disclose such events and their potential implications. The actuary may discuss the implication of <b>subsequent events</b> that are not within the scope of the <b>actuarial services</b> but is not required to do so.”</p>	<p>This modification clarifies that only material considerations relevant to the scope of the assignment need to be disclosed.</p> <p>As an aside, given that “subsequent event” has a different meaning under accounting rules, it might help to clarify somewhere that this ASOP is using a different definition than used for accounting purposes.</p>

**Title of Exposure Draft: Proposed Revision of ASOP No. 41 – Actuarial Communications (Second Exposure Draft)**

**Comment Deadline: March 15, 2025**

4.1 o.	<p><b>Revise wording</b> as follows:          if the <b>actuarial report</b> <i>provides significantly different</i>  <del>invalidates actuarial</del> results than the results from the          actuary’s prior <b>actuarial report</b> on the same          assignment, the actuary should provide a statement          that the <del>actuarial</del> results provided in the actuary’s          prior <b>actuarial report</b> <i>have changed significantly</i>  <i>and, if possible, what has changed, and why;</i> <del>and are</del>  <del>no longer valid and an explanation of why they have</del>  <del>changed; and</del></p>	<p>A disclosure statement should be included if          conclusions have changed significantly from the prior          conclusions, not just when the past conclusions have          been invalidated. Conclusions can change, and often          do, without the actuarial report deeming the prior          conclusions “invalid.”</p>
--------	--	---

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

Commentator Recommendation (Identify relevant sections when possible)	Commentator Rationale (Support for the recommendation)
<p>We have provided edits to the exposure draft to more clearly address the common types of actuarial communications. We have provided suggested wording in Section 4 to address communications and disclosures for types of actuarial communications other than actuarial reports.</p>	<p>This Exposure Draft seems to mainly focus on an actuarial report, particularly in sections 3 and 4.</p> <p>The proposed edits are intended to address actuarial communications that may not be included in an actuarial report.</p>
<p>Edit the standard to avoid repeating or paraphrasing the definitions and guidance stated in the Code of Professional Conduct.</p>	<p>Our group had differing opinions on this. Some thought a reference to the code in the purpose and in additional sections such as 3.5 would be sufficient, others did not mind repeating the language from the code because that would eliminate the need to toggle back and forth between the ASOP and the code.</p>

**V. Signature:**

Commentator Signature	Date
<p>Susan Kent, MAAA, FCAS            Vice President, Casualty, American Academy of Actuaries, on            behalf of the Casualty Practice Council</p>	<p>03/14/2025</p>