



# A M E R I C A N   A C A D E M Y *of*   A C T U A R I E S

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**Comment #33 – 3/31/10 – 5:27 p.m.**

March 31, 2010

ASOP No. 41 Revision  
Actuarial Standards Board  
1850 M Street NW, Suite 300  
Washington, DC 20036-4601

Re: Comments on Proposed Revision of ASOP No. 41

To Whom It May Concern:

Thank you for the opportunity to comment on the proposed revision to ASOP No. 41. The American Academy of Actuaries<sup>1</sup> Health Practice Council would like to provide the following comments for your consideration.

**Section 2.4—Actuarial Report:** This section defines an actuarial report as “the set of actuarial documents that the actuary identifies as relevant to specific actuarial findings...” We believe it would be appropriate to clarify that this should not only include what an actuary deems to be relevant but also what the principal specifically requires.

**Section 3.1—Requirements for Actuarial Communications:** Similar to the inclusion of definitions for the terms “intended user” and “intended audience,” we recommend the ASOP include a definition of “principal.”

**Section 3.1.4—Identification of Responsible Actuary:** This section states that “when two or more individuals jointly issue a communication (at least some of which is actuarial in nature), the communication should identify all responsible actuaries.” We question whether it is reasonable and/or necessary to expect every communication to identify all responsible actuaries. For example, if two or more actuaries are working on a project and providing follow up to a client or other principal, would it be necessary for the actuary providing the follow up to identify the other actuaries who worked on the engagement?

**Section 3.3.2—Conflict of Interest:** We recommend defining/clarifying the term “information” as is relates to this section.

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<sup>1</sup> The American Academy of Actuaries is a 16,000-member professional association whose mission is to serve the public on behalf of the U.S. actuarial profession. The Academy assists public policymakers on all levels by providing leadership, objective expertise, and actuarial advice on risk and financial security issues. The Academy also sets qualification, practice, and professionalism standards for actuaries in the United States.

**Section 3.3.6—Subsequent Events:** We recommend defining the term “event” in this section. In the absence of a specific definition of event, we would recommend clarifying it as “relevant event.”

*Section 3.3.6 (c)* states that an actuary should disclose any event “that may have a material effect on the actuarial findings if it were reflected in the actuarial findings.” If an actuary is aware of an event that has a material effect on the findings, then it is possible that the actuary would need to submit a revised report. We are concerned that this reference may imply that simply communicating the event would be sufficient.

**Section 3.8—Documentation:** This section allows the actuary discretion related to documentation “other than that which should be disclosed under section 3.3.” Recognizing that the ASB decided that “specifying what material should be retained and for how long is not appropriate for this standard,” we are concerned that the definition may not be strong enough. As such, the profession may be subject to scrutiny in the future if the ASOP is interpreted as not requiring an actuary to retain appropriate documentation. We would recommend, at the least, that the definition be amended to specify that the actuary should take reasonable steps to ensure that another qualified actuary could take over the work if necessary.

**Section 4.1.3—Disclosures in Actuarial Reports:** This section defines the information an actuarial report should disclose “unless it is inappropriate to do so.” We believe the ASOP should provide examples or guidance that would assist an actuary in determining what would be inappropriate to disclose.

We would recommend the inclusion of another item to the list of information in section 4.1.3:

- k. in cases where the actuarial report consists of multiple documents and communications, a reference to all communications that comprise the full report.

The Health Practice Council appreciates the continued efforts of the Actuarial Standards Board in ensuring that the standards of the actuarial practice are current. If you have any questions about these comments or if you need additional information, please contact Heather Jerbi, staff liaison to the Health Practice Council ([Jerbi@actuary.org](mailto:Jerbi@actuary.org); 202.785.7869).

Sincerely,

Alfred A. Bingham, Jr., MAAA, FSA, FCA  
Vice President, Health Practice Council  
American Academy of Actuaries