



AMERICAN ACADEMY *of* ACTUARIES

March 31, 2010

Via email: comments@actuary.org

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

Re: Committee on Qualifications' Comments on the Second Exposure Draft of ASOP No. 41

Dear Actuarial Standards Board Members:

The Committee on Qualifications of the American Academy of Actuaries¹ appreciates the opportunity to provide comments on the Second Exposure Draft of ASOP No. 41, *Actuarial Communications*.

In our review of the revised exposure draft, we identified the following issues and/or questions:

1. In Section 1.2 of the exposure draft, the Committee believes it is important to make clear that actuaries should not only consider the U.S. qualification standards in the context of actuarial communications disclosures, such as those required under Section 5 of the U.S. qualification standards, but also the actuary should consider whether he or she is qualified to provide the actuarial communications. We suggest adding the following sentence after the first sentence of Section 1.2:

“The actuary should review the *Qualification Standards* to determine whether he or she is qualified within the practice area to issue actuarial communications.”

2. In Section 1.2 of the exposure draft, Second Paragraph, for purposes of clarification, the Committee believes it would be clearer to replace the first and second sentences with the following:

“This standard establishes minimum requirements for organizing and completing actuarial communications. Actuarial communications that may be required by the *Qualification Standards* or by other ASOPs containing communications requirements that are additional to or inconsistent with this standard supersede the requirements of this ASOP.”

3. The Committee is concerned that the use of various definitions in Section 2, particularly the definitions of “actuarial communication,” “actuarial document,” and “actuarial finding” appear to suggest that it is broader than the definition of “Statement of Actuarial Opinion” (“SAO”) in the U.S.

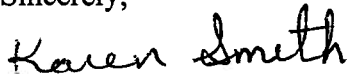
¹ The American Academy of Actuaries (“Academy”) is a 16,000-member professional association whose mission is to serve the public on behalf of the U.S. actuarial profession. The Academy assists public policymakers on all levels by providing leadership, objective expertise, and actuarial advice on risk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

qualification standards. This leads the Committee to wonder in what situation would an “actuarial finding” not be an SAO as defined in the U.S. qualification standards? We note that the language in Paragraph number 8 of the transmittal memorandum accompanying this exposure draft suggests that the ASB sought to make clear that this standard only applied to communications which are actuarial findings. An SAO is defined as “an opinion expressed by an actuary in the course of performing Actuarial Services and intended by that actuary to be relied upon by the person or organization to which the opinion is addressed.” The term “Actuarial Services” is defined in the U.S. qualification standards and in the Code of Professional Conduct as “[p]rofessional services provided to a Principal (client or employer) by an individual acting in the capacity of an actuary. Such services include the rendering of advice, recommendations, findings, or opinions based upon actuarial considerations.”

We believe it is helpful to have consistent definitions among the U.S. qualification standards, the Code, and ASOP No. 41 to the extent feasible. Is it the ASB’s view that this standard applies to items outside the definition of an SAO (which therefore would mean the actuary is not subject to the U.S. qualification standards in respect to non-SAO communications)? Section 2.1 of the exposure draft defines “actuarial communication” as a communication issued by an actuary with respect to actuarial services. We believe it would be more accurate, consistent, and useful if the term “actuarial services” were defined in Section 2 of the exposure draft consistent with such term’s definition in the U.S. qualification standards and the Code. It also appears that the term “actuarial finding” in Section 2.3 of the exposure draft is very similar to the definition of “actuarial services” in the U.S. qualification standards and the Code, and we would recommend that the two definitions be reconciled.

Again, we thank you for the opportunity to review the Second Exposure Draft of ASOP No. 41. Please do not hesitate to contact the undersigned through Sheila Kalkunte at kalkunte@actuary.org should you have any questions.

Sincerely,



Karen Smith,
Chairperson, Committee on Qualifications
American Academy of Actuaries