

Title of Exposure Draft: Proposed Revision of Actuarial Standard of Practice No. 41
Comment Deadline: November 1, 2022

Instructions: Please review the exposure draft and give the ASB the benefit or 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 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:

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| Name of Commentator / Company |
| Virginia Wentz and Allison Wielobob, on behalf of the American Society of Enrolled Actuaries |

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

| Question No. | Commentator Response |
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| 1 | Generally, the realigning of definitions accomplishes the intended goal. The definition for “actuarial findings” appears to be somewhat circular when used in the ASOP. We would also like additional clarity of the difference between an Actuarial Communication and an Actuarial Report. Are Actuarial Communications not also necessarily provided to an intended user? Are Actuarial Reports subject to more definition and disclosure requirements than an Actuarial Communication? It seems in practice that Actuarial Communications cover daily correspondence about actuarial services and these often don't include disclosures; rather, they may indicate that they are part of a body of communication that eventually will comprise an Actuarial Report with disclosures. More specifically, is a projection issued by an actuary an Actuarial Communication or an Actuarial Report? Is the delivering of nondiscrimination testing results that are prepared by an actuary an Actuarial Communication or an Actuarial Report? We are not able to determine the intent of these distinctions with the currently proposed language. Would a 3 rd category of “Formal Actuarial Report” be helpful? This classification would have less doubt as to what it would be. Actuarial Report (may want to change Report to something looser, perhaps “Analysis”) could be a projection study, testing, assumption study, etc., that is more organized than email, text or phone call discussing an actuarial topic (which are clearly Actuarial Communications), but definitely not as formal as the “Formal Actuarial Report.” |
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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) |
|----------------------------|---|---|
| 1.4 Effective Date | 4 months after adoption is not enough time; 6 months should be the minimum amount of time considered | Small firms may need additional time; there are certainly 4-month blocks during each year that are busy and finding time to review current practice and update to ensure compliance, even for what some may consider minor changes, would be difficult. The issuance of a revised ASOP provides us an opportunity to review our practices, procedures, disclosures etc. even without significant changes, and we want to be sure sufficient time is allowed. Often, 12 months is granted to comply with a revised ASOP. |
| 2.5 | Actuarial Services—Professional services that are provided to a principal by an individual acting in the capacity of an actuary. Such services do not include any other services provided to a principal. | This section references “actuarial considerations” which is not defined. Further, it includes a list of services that includes “actuarial findings,” but that definition already includes the other items on the list. Finally, “Actuarial findings” is defined as resulting from Actuarial Services, so it doesn’t make sense to define Actuarial Services in terms of actuarial findings. |
| 3.3.4 | Information Date—The actuary should disclose the date(s) through which data or other information has been considered in developing the actuarial findings included in the actuarial report. Where the actuarial report is silent about the information date, the information date will be assumed to be the measurement date of the actuarial report. | Suggest using the defined term “actuarial findings” and/or “measurement date” from ASOP 4 “Date of the actuarial report” could be interpreted as the issue date, delivery date, or signature date. We think that it is intended to refer to the valuation date. Additional clarity is requested. |
| 4.1(c) | Move to 4.2 | Reliance on other sources is not identified as a requirement for actuarial communications in 3.1. It seems cumbersome to list in every actuarial communication, for example, the responsible persons. This disclosure item belongs in an actuarial report. |
| 3.2 | When issuing an oral communication, the actuary may comply with the requirements of section 3.1 either at the time of the oral communication or subsequent to issuing the oral communication. | The current language of “may comply with the requirements of section 3.1 subsequent to issuing the oral communication” seems to indicate that compliance for oral communications is optional. Please clarify. |
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| 3.3.6.(b) | actuarial findings provided to another actuary | The description of “more senior actuary” seems irrelevant. The ASOP should be written to apply equally to all actuaries, regardless of seniority given the rest of the actuary’s description in this section. |
| 2.1 and 2.4 | 2.1 should include what a recorded actuarial communication is, rather than putting in 2.4 | To provide further clarity and distinction. |
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IV. General Recommendations (If Any):

| Commentator Recommendation (Identify relevant sections when possible) | Commentator Rationale (Support for the recommendation) |
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| Should there be any reference to defined Statements of Actuarial Opinion from the USQS and how/where they fit into Actuarial Communications? | Consistent with aligning with more recently exposed ASOPs (and USQS) |
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V. Signature:

| Commentator Signature | Date |
|---|------------------|
| /s/  EA, FSEA, CPC | November 1, 2021 |
| /s/ Allison Wielobob, Executive Director, ASEA | November 1, 2021 |