


ASOP Review



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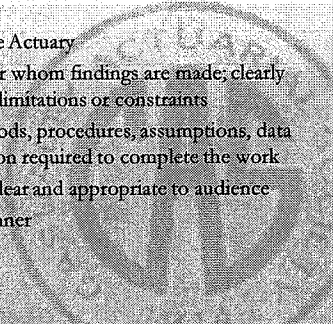
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**ASOP 41 - Requirements for Actuarial Communications**

- Identify Responsible Actuary
- Identify Principal for whom findings are made; clearly state scope and any limitations or constraints
- Communicate methods, procedures, assumptions, data and other information required to complete the work
- Form and content clear and appropriate to audience
- Issued in timely manner



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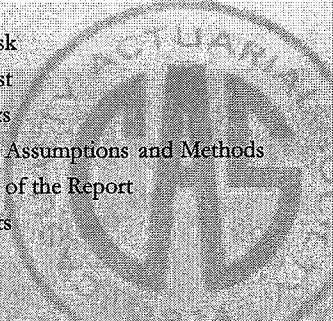
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**ASOP 41 – Required Disclosures**

- Uncertainty or Risk
- Conflict of Interest
- Reliance on Others
- Responsibility for Assumptions and Methods
- Information Date of the Report
- Subsequent Events



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### ASOP 41 – Other Key Provisions

- An Actuarial Report must state with sufficient clarity findings and identify methods, procedures, assumptions and data used
- Explanation of Material Differences
  - Necessary if a later communication includes materially different results or expresses a different opinion than a former communication on the same issue
  - Should make clear that earlier results or no longer valid, and it should explain the reasons for the change

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### ASOP 12 – Considerations in the Selection of Risk Characteristics

- Relationship of Risk Characteristics and Expected Outcomes
- Causality
- Objectivity
- Practicality
- Applicable Law
- Industry Practices
- Business Practices

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### ASOP 12 – Actuarial Considerations

- Adverse Selection
- Credibility
  - The actuary should balance considerations of predictability with considerations of homogeneity.
- Practicality
  - use professional judgment in balancing the potentially conflicting objectives of accuracy and efficiency

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 **ASOP 12 – Communications and Disclosures**

- significant limitations due to *compliance with applicable law*;
- significant departures from *industry practices*;
- significant limitations created by *business practices* related to the financial or personal security system;
- a determination by the actuary that experience indicates a *significant need for change*, such as changes in the risk classes or the assigned values; and
- expected material effects of *adverse selection*;
- the disclosure if any material assumption or method was prescribed by *applicable law* (statutes, regulations, and other legally binding authority);
- the disclosure if the actuary states *reliance on other sources* and thereby disclaims responsibility for any material assumption or method selected by a party other than the actuary;
- Disclosure if, in the actuary's professional judgment, the actuary has otherwise *deviated materially from the guidance of this ASOP*.

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 **Questions to Consider During Review**

- Does the filing adhere to ASOP 12 – Risk Classification?
  - Does it uphold the *actuarial considerations* of a risk classification plan?
- Does it adhere to ASOP 41 – Actuarial Communications?
  - Does it meet all the requirements of an actuarial communication?
- Does it appropriately consider Standards of Practice for Risk Classification?
  - How do the statistical and operational considerations hold up?
- Does the analysis seem actuarially sound?

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