

Communicating Results

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ASB disclosure

- I am a member of the ASB General Committee
- My remarks today are my personal opinions
- They are not, and should not be construed as, official positions of the ASB

Every actuarial project has five steps

- Determine the question to be answered
- Gather data
- Build a model
- Set assumptions
- Communicate results

Gather data (ASOP 23)

- Start with anything that may be useful
- Test it for accuracy, consistency
- Select the most relevant data
- Adjust for any biases in the data

Build a model

- ASOP 7 and new ASOP being drafted
- Actuaries are very good at this

Set assumptions

- (ASOPs 7, 11, 19)
- Hierachy of sources
- Best estimate
- Margins

Communicating results (ASOP 41)

- This must carry the whole project
- This is all the principal and intended users see
- This is your chance to shine
- Don't fall into the hole of doing a splendid job but failing to communicate it.

ASOP 41

- What is the scope of ASOP 41
- To whom does ASOP 41 apply
- How does ED 2 differ from the current ASOP
- What is the ASB considering as a result of comments on ED 2
- Pop quizzes
- Questions

What is the scope of ASOP 41

- This standard applies to actuaries issuing actuarial communications within any practice area.

To whom does ASOP 41 apply

- All actuaries
- Any professional communication including
 - Conversations
 - Phone calls
 - E-mail
 - Web sites
 - PowerPoint presentations

How does ED 2 differ from the current ASOP

- actuarial report may comprise several different pieces of communication
- delivery may include e-mail and web sites.
- actuary is responsible for all actuarial assumptions and methods unless the actuary discloses otherwise.
- All disclosure requirements have been moved to section 4

How does ED 2 differ from the current ASOP (cont)

- additional guidance relating to disclosures remains in section 3.4.
- The treatment of deviations from the guidance of any ASOP is also codified in section 4.
- Reference to Prescribed Statements of Actuarial Opinion (PSAOs) has been removed.
- ASOP 41 no longer specifies what material should be retained and for how long

What is the ASB considering as a result of comments on ED 2

- Clarify that in some internal and informal settings complete disclosure of all applicable supporting information is neither practical nor necessary
- Other clarifications in response to other comments

Current Financials

- Mark to market regulation increases volatility of results and can lead to a wide range of different results.
 - Actuaries can be subjected to prescriptive standards limiting the choice of assumptions and methods (as in Canada)
 - Actuaries can be subject to full disclosure and let the marketplace learn the impact of assumptions and methods (as in Australia, CFO Forum, UK)
 - US is clearly aligned with the latter group.

Pop Quiz

- Please raise your hand if you have consulted one or more ASOPs in November
- Please also raise your hand if you have consulted one or more ASOPs in 2010
- Please also raise your hand if you are awake

Pop Quiz 2

- Please raise your hand if you think compliance with ASOPs is voluntary
- Please raise your hand if you think compliance with ASOPs is mandatory

Your turn

- Questions, comments, observations.
- Please go to a microphone and state your name and affiliation first
- Anything is fair game
