

Note: This document is no longer in effect.
Interpretative Opinion No. 3 was repealed in 2002; It was replaced by ASOP No. 41,
Actuarial Communications. Interpretative Opinion No. 4 was repealed in 2001.

**INTERPRETATIVE OPINION 3:
PROFESSIONAL
COMMUNICATIONS OF ACTUARIES**

and

**INTERPRETATIVE OPINION 4:
ACTUARIAL
PRINCIPLES AND PRACTICES**

**Adopted 1970-1982 by the
American Academy of Actuaries**

**Republished 1992 by the
Actuarial Standards Board**

(Doc. No. 036)

April 1992

TO: Members of Actuarial Organizations Governed by the *Code of Professional Conduct* and the Standards of Practice of the Actuarial Standards Board

FROM: Actuarial Standards Board (ASB)

SUBJ: Republication of *Interpretative Opinions 3 and 4*

The *Guides and Interpretative Opinions as to Professional Conduct* have in large part been replaced by the *Code of Professional Conduct*, which took effect January 1, 1992, except for *Interpretative Opinions 3 and 4*. These two *Opinions* were left out of the new *Code* because they were considered to deal with matters of professional practice more than professional conduct.

Because of the important guidance the two *Opinions* offer to actuaries, and because a number of standards of practice make reference to the, the board has decided that they should stay in print unless and until replaced by other standards. Accordingly, they are republished in this booklet, and should be placed in the Appendixes section of the actuarial standards handbook.

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INTERPRETATIVE OPINION 3: PROFESSIONAL COMMUNICATIONS OF ACTUARIES

(Adopted 1970; Revised 1981)

INTRODUCTION

This Opinion applies to all written communications by actuaries on actuarial subjects and, unless clearly inapplicable, to oral communications as well.

OPINION

(a) *Communications.*

(1) *Important Kinds of Communications.* Several kinds of actuarial communications are of such importance as to warrant specific mention:

- (i) *Statement of Actuarial Opinion.* A statement of actuarial opinion is a formal statement of the actuary's professional opinion on a defined subject. It outlines the scope of the work but normally does not include descriptive details. The actuary takes responsibility for the opinion expressed, and must stand ready to answer for it.
- (ii) *Actuarial Report.* An actuarial report is a document, or other presentation, prepared as a formal means of conveying the actuary's professional conclusions and recommendations, to record and communicate the methods and procedures, and to ensure that the parties addressed are aware of the significance of the actuary's opinion or findings. An actuarial report customarily should describe or identify the data, assumptions, and methods used with sufficient clarity that another actuary practicing in the same field could make an objective appraisal of the reasonableness and validity of the report.
- (iii) *Statement of Actuarial Review.* A statement of actuarial review is a formally communicated appraisal of actuarial work done by another person. The actuary who signs a statement of actuarial review for public use or reliance must be free of any material financial or organizational relationship with any person whose work is being appraised or with that person's client, employer, or other affiliate. A statement of actuarial review which is not to be communicated to third parties by the client or

the employer, and which within its own text is identified as such, is not a “statement of actuarial review for public use or reliance,” and financial or organizational independence is not required.

- (iv) *Required Actuarial Document.* A required actuarial document is an actuarial communication of which the formal content is prescribed by law or regulation. A required actuarial document should meet the guidelines for an actuarial communication as well as those standards required by law or regulation.
 - (2) *Forms and Content.* The form and content of any actuarial communication should meet the needs of the particular circumstances, taking into account the knowledge and understanding of the users and the actuary’s relationship to the users.
 - (3) *Non-Independence.* Any actuarial communication made by an actuary who is not financially or organizationally independent concerning any matter related to the subject of the communication should disclose any pertinent relationship which is not apparent.
 - (4) *Reliance on Another.* An actuary who makes an actuarial communication assumes responsibility for it except to the extent the actuary disclaims responsibility by stating reliance on another person. Reliance on another person means making use of that person’s work without assuming responsibility therefor. A communication making use of any such reliance should define the extent of reliance.
 - (5) *Responsibility for Written Actuarial Communication.* Any written actuarial communication must be signed with the name of the actuary who is responsible for it. The name of an organization with which the actuary is affiliated may be incorporated into the signature, but the actuary’s responsibilities and those of the organization are not affected by the form of the signature.
- (b) *Users.*
- (1) *Direct Users.* A client or employer is the direct user of the actuary’s service, distinguished from an indirect user in that the direct user as the opportunity to select the actuary and is in a position to communicate directly with the actuary about qualifications, work, and recommendations.
 - (2) *Indirect Users.* Information prepared by an actuary may be used by another person in a way which may influence the actions of a third party. If such information is to be conveyed to any such indirect users by someone other than

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