

Casualty Actuarial Society Board of Directors  
American Academy of Actuaries Board of Directors  
Actuarial Standards Board  
Actuarial Board for Counseling and Discipline

cc: North American Actuarial Council

Summary of Opinion Writers Survey  
Conducted in December 2005 by the  
Joint Task Force for Enhancing the Reputation of Casualty Actuaries

In December 2005, the Joint Task Force for Enhancing the Reputation of Casualty Actuaries (“Joint Task Force”) conducted a survey of opinion writers. The survey solicited perspectives from opinion writers on the nature and extent of the perceived “credibility gap” of the casualty actuarial profession as well as possible actions to enhance the reputation of casualty actuaries. This survey supplemented and expanded the Members Advisory Panel survey, conducted by the CAS Task Force on Actuarial Credibility in September 2004. In response to concerns that the initial survey did not sufficiently capture the views of opinion writers, this survey was specifically directed to that group.

Process

The survey used a 21-item questionnaire developed by the Joint Task Force and was administered using Zoomerang, an online survey system. The 461 known writers of NAIC statements of actuarial opinion (all but 35 of whom were CAS members) were invited to participate in the survey; in addition, recognizing that statements of actuarial opinion are also being prepared for purposes other than the NAIC requirements, a blast email was sent to all CAS members (Fellows, Associates and Affiliates). The potential population of survey respondents totaled 3,972. The invitation to participants was initially extended on December 8, 2005; a follow up email was sent to the membership on December 29, 2005, and the survey closed on January 6, 2006.

A total of 561 responses were received, 215 of which were from actuaries who currently sign casualty statements of actuarial opinion. The Task Force was heartened by the 47% response rate from opinion writers, as well as the aggregate response rate of 14%. We note that, while the survey was designed principally for opinion writers, this topic appears to be of general interest to casualty actuaries; 131 of the respondents had no involvement, at any time, in the preparation of statements of actuarial opinion.

To facilitate completion of the survey, many of the questions had multiple choice responses. However, a few questions were intentionally left open-ended. Since responses to the open-ended questions need to be aggregated in order to evaluate general themes and/or trends, they have not been included in this report to the Boards.

## Survey Highlights

### Demographics

- Survey respondents reflected a broad cross-section of the casualty actuarial population. Most survey respondents were Fellows of the Casualty Actuarial Society (73%), with over 10 years of CAS membership. Respondents were principally employed by insurance or reinsurance companies or as consultants, although other categories of employment were also reflected.
- 215 of the respondents (approximately 38%) currently sign statements of actuarial opinion, while an additional 215 either assisted preparers of opinions or had previously been involved in the opinion process. In total, approximately 77% of the respondents were involved, in some way, in the opinion process.
- There is a wide range in the number of opinions prepared by opinion writers. With each statutory opinion counted separately, approximately 13% of the respondents prepare more than ten (10) statements of actuarial opinion each year.

### Perception

- Most respondents (59%) felt that the casualty actuarial profession in the United States has “credibility” issues with our public(s).
- Not surprisingly, rating agencies were identified as the group most critical of the actuarial profession (65%), although respondents felt that relationships with insurance regulators (57%) and company management (53%) could be improved.
- Earnings pressure was identified as the most significant contributing factor to the property/casualty industry’s perceived reserve deficiency position.

### Recommended Actions

- Most respondents (73%) felt that clarifying the term “best estimate” and differentiating the actuarial point estimate from management’s recorded best estimate would help to provide increased clarity with respect to the actuary’s conclusions.
- Similarly, many respondents (74%) supported consideration of a requirement that the appointed actuary present his/her conclusions on the reserves in person to the Audit committee and/or Board of Directors at least annually, with an executive session.
- Most respondents (67%) felt that the casualty actuarial profession should invest heavily in advocating for and developing a technically sound framework to support public disclosure of risks and uncertainties associated with the loss and loss adjustment expense reserve estimates.
- Respondents were divided on whether the profession would benefit from requiring that the appointed actuary be independent of the entity for which the opinion is rendered. Similarly, there was no consensus regarding whether consideration should be given to implementation of a periodic independent peer review.
- No other clear action paths emerged from the survey responses.

The Joint Task Force for Enhancing the Reputation of Casualty Actuaries recommends that, subsequent to review of this report by the respective Boards, the results of the survey be shared with respondents and with the casualty actuarial profession at large by posting this survey report on the appropriate website(s). It should be understood by the Boards that the Joint Task Force is continuing to consider the survey responses in identifying, prioritizing and implementing action steps for the profession to enhance the reputation of the casualty actuarial profession.

Respectfully submitted,

|                                 |             |                                              |
|---------------------------------|-------------|----------------------------------------------|
| Patricia A. Teufel, FCAS, MAAA  | Chairperson | Casualty Actuarial Society Representative    |
| Burton Jay, FSA, MAAA           |             | American Academy of Actuaries Representative |
| Mary Frances Miller, FCAS, MAAA |             | Actuarial Standards Board Representative     |
| Mary D. Miller, FCAS, MAAA      |             | American Academy of Actuaries Representative |
| Michael Toothman, FCAS, MAAA    |             | Actuarial Board for Counseling & Discipline  |
| Representative                  |             |                                              |

# **Joint Task Force for Enhancing the Reputation of Casualty Actuaries**

## **Survey of Actuarial Opinion Writers**

### **Survey Purpose**

The Joint Task Force for Enhancing the Reputation of Casualty Actuaries surveyed the CAS membership and known actuarial opinion writers for their perspectives on the nature and extent of the perceived “credibility gap” within the actuarial profession, and on possible actions that are being considered to enhance the reputation of casualty actuaries.

### **Designing the Questionnaire**

A 21-item self-administered questionnaire was developed by the Joint Task Force for Enhancing the Reputation of Casualty Actuaries.

### **Conducting the Survey**

An e-mail announcing the survey was sent to a total of 3,937 Fellows, Associates, and Affiliates of the CAS on December 8, 2005. The e-mail provided information about the survey along with a direct link to the survey. The survey was administered using Zoomerang, an online survey system.

In addition to a broadcast e-mail to the CAS membership, 461 known actuarial opinion writers were contacted directly to invite them to complete the survey. Because all but 35 of these individuals were CAS members, the total population of potential survey respondents was 3,972.

Respondents were initially asked to complete the survey by December 30, 2005. A follow-up e-mail was sent to the membership on December 29, 2005 to encourage additional responses. This e-mail stated that the deadline for completing the survey was extended to January 6, 2006.

### **Data Analysis**

A total of 561 (14%) completed surveys were submitted. Responses to survey questions were compiled and reported by the Zoomerang survey system.

## SURVEY RESULTS

### I. DEMOGRAPHIC QUESTIONS

#### 1. My current CAS designation is:

| Response           | Frequency  | Percent    |
|--------------------|------------|------------|
| FCAS               | 410        | 73         |
| ACAS               | 142        | 25         |
| Affiliate          | 1          | 0          |
| No CAS Affiliation | 6          | 1          |
| <b>Total</b>       | <b>559</b> | <b>100</b> |

#### 2. I have been a member of the CAS for:

| Response         | Frequency  | Percent    |
|------------------|------------|------------|
| Less than 1 year | 17         | 3          |
| 1-5 years        | 75         | 14         |
| 6-10 years       | 112        | 20         |
| 11-25 years      | 245        | 45         |
| Over 25 years    | 99         | 18         |
| <b>Total</b>     | <b>548</b> | <b>100</b> |

#### 3. I have held my current CAS designation for:

| Response         | Frequency  | Percent    |
|------------------|------------|------------|
| Less than 1 year | 28         | 5          |
| 1-5 years        | 110        | 20         |
| 6-10 years       | 125        | 23         |
| 11-25 years      | 220        | 40         |
| Over 25 years    | 70         | 13         |
| <b>Total</b>     | <b>553</b> | <b>100</b> |

#### 4. My type of employment is best described as:

| Response            | Frequency  | Percent    |
|---------------------|------------|------------|
| Insurance Company   | 252        | 45         |
| Reinsurance Company | 69         | 12         |
| Consultant          | 173        | 31         |
| Government          | 18         | 3          |
| Academic            | 2          | 0          |
| Broker/Agent        | 14         | 3          |
| Retired             | 10         | 2          |
| Other               | 19         | 3          |
| <b>Total</b>        | <b>557</b> | <b>100</b> |

## II. ROLE INFORMATION

5. I \_\_\_\_\_ statement(s) of actuarial opinion on loss and loss adjustment expense reserves.

| Response                                                        | Frequency  | Percent    |
|-----------------------------------------------------------------|------------|------------|
| Currently sign                                                  | 215        | 38         |
| Do not currently but have in the past signed                    | 90         | 16         |
| Currently assist a signer prepare                               | 63         | 11         |
| Do not currently but have in the past assisted a signer prepare | 62         | 11         |
| Have never signed or prepared                                   | 131        | 23         |
| <b>Total</b>                                                    | <b>561</b> | <b>100</b> |

Note: Respondents who indicated that they have never signed or prepared statements of actuarial opinion automatically skipped questions 6-8 and were directed to question 9.

6. For the year ended 2004, I prepared \_\_\_\_\_ statement(s) of actuarial opinion. (When several opinions are provided for each member of a group, count each opinion separately).

| Response     | Frequency  | Percent    |
|--------------|------------|------------|
| None         | 158        | 37         |
| One          | 42         | 10         |
| 2-5          | 116        | 27         |
| 6-10         | 55         | 13         |
| 11-15        | 28         | 7          |
| 16-25        | 19         | 4          |
| Over 25      | 9          | 2          |
| <b>Total</b> | <b>427</b> | <b>100</b> |

7. Statements of actuarial opinion that I issued for 2004 were prepared in accordance with: (Check all that apply)

| Response                                                                            | Frequency | Percent |
|-------------------------------------------------------------------------------------|-----------|---------|
| National Association of Insurance Commissioners (NAIC) requirements                 | 279       | 87      |
| Non-US regulatory requirements                                                      | 74        | 23      |
| Other US regulatory requirements (New York, captive, self-insurance opinions, etc.) | 85        | 27      |
| Other                                                                               | 11        | 3       |

8. I independently review statements of actuarial opinion prepared by other actuaries in my role(s) as: (Check all that apply)

| Response                                   | Frequency | Percent |
|--------------------------------------------|-----------|---------|
| Regulator or actuary assisting a regulator | 41        | 8       |
| Actuary assisting auditor                  | 40        | 7       |

|                                                                |     |    |
|----------------------------------------------------------------|-----|----|
| I do not independently review statements of actuarial opinion. | 397 | 73 |
| Other                                                          | 77  | 14 |

### III. PERCEPTION

#### 9. Does the casualty actuarial profession in the US have a “credibility” issue with our public(s)?

| Response     | Frequency  | Percent    |
|--------------|------------|------------|
| Yes          | 329        | 59         |
| No           | 154        | 28         |
| No Opinion   | 73         | 13         |
| <b>Total</b> | <b>556</b> | <b>100</b> |

#### 10. With which public(s) does the casualty actuarial profession need to enhance its reputation? (Check all that apply)

| Response                                       | Frequency | Percent |
|------------------------------------------------|-----------|---------|
| Company Management                             | 276       | 53      |
| Company Audit Committee and Board of Directors | 192       | 37      |
| Insurance Regulators                           | 297       | 57      |
| Rating Agencies                                | 340       | 65      |
| Accounting Regulators                          | 162       | 31      |
| Policyholders                                  | 101       | 19      |
| Shareholders                                   | 232       | 44      |

#### 11. On a scale of 1 - 5 (Low -- High), how significant is the need to enhance the reputation of the casualty actuarial profession for each of our publics?

| The top percentage indicates total respondent ratio; the bottom number represents actual number of respondents selecting the option. | <b>1<br/>Low</b> | <b>2</b>   | <b>3</b>   | <b>4</b>   | <b>5<br/>High</b> |
|--------------------------------------------------------------------------------------------------------------------------------------|------------------|------------|------------|------------|-------------------|
| Company Management                                                                                                                   | 8%<br>45         | 20%<br>108 | 22%<br>117 | 24%<br>130 | 26%<br>139        |
| Company Audit Committee and Board of Directors                                                                                       | 7%<br>37         | 22%<br>117 | 27%<br>143 | 24%<br>127 | 19%<br>102        |
| Insurance Regulators                                                                                                                 | 7%<br>35         | 15%<br>78  | 25%<br>133 | 34%<br>183 | 20%<br>104        |
| Rating Agencies                                                                                                                      | 5%<br>27         | 12%<br>61  | 20%<br>107 | 34%<br>180 | 29%<br>154        |
| Accountants and Accounting Regulators                                                                                                | 8%<br>43         | 23%<br>121 | 35%<br>180 | 22%<br>112 | 11%<br>59         |
| Policyholders                                                                                                                        | 29%<br>150       | 26%<br>132 | 27%<br>138 | 12%<br>61  | 6%<br>33          |
| Shareholders                                                                                                                         | 12%<br>66        | 21%<br>117 | 26%<br>138 | 27%<br>138 | 15%<br>76         |

|  |    |     |     |     |    |
|--|----|-----|-----|-----|----|
|  | 62 | 107 | 133 | 141 | 76 |
|--|----|-----|-----|-----|----|

**12. The following factors have been identified as potential contributing factors to the property/casualty industry's perceived reserve deficiency position. Please rank (1= most important) these factors, in order of their significance to the industry's perceived US reserve deficiency. (Note: If you consider any of these potential contributing factors to play NO role in the perceived reserve deficiency, please mark that item N/A)**

| The top percentage indicates total respondent ratio; the bottom number represents actual number of respondents selecting the option. | 1                        | 2                        | 3                        | 4                        | 5                        | N/A       |
|--------------------------------------------------------------------------------------------------------------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|-----------|
| Vague Accounting Terms and Guidance                                                                                                  | 8%<br>39                 | 11%<br>54                | 19%<br>89                | 22%<br>107               | <b>27%</b><br><b>128</b> | 13%<br>62 |
| Corporate Governance Issues (Dominance Risk)                                                                                         | 8%<br>38                 | 21%<br>100               | 19%<br>87                | <b>24%</b><br><b>115</b> | 17%<br>79                | 11%<br>51 |
| Quality and/or Clarity of Actuarial Conclusions                                                                                      | 13%<br>63                | 17%<br>85                | <b>29%</b><br><b>139</b> | 22%<br>107               | 15%<br>72                | 4%<br>21  |
| Earnings Pressure                                                                                                                    | <b>41%</b><br><b>208</b> | 25%<br>124               | 17%<br>84                | 9%<br>46                 | 7%<br>34                 | 2%<br>8   |
| Unforeseeable events                                                                                                                 | 26%<br>135               | <b>26%</b><br><b>133</b> | 17%<br>87                | 14%<br>72                | 15%<br>80                | 3%<br>13  |

**13. If you believe that there are other contributing factors to the property/casualty industry's perceived reserve deficiency position, please identify those factors below and comment on the significance of the factors as compared to the factors identified in the previous question.**

**Note: Responses to open-ended questions not included in this summary**

**14. Actuarial Standard of Practice No. 36 (ASOP 36) became effective for all statements of actuarial opinion rendered for reserves with a valuation date on or after October 15, 2000. In your opinion, has the quality of statements of actuarial opinion changed since the implementation of ASOP 36?**

| Response                  | Frequency  | Percent    |
|---------------------------|------------|------------|
| Significantly Improved    | 32         | 6          |
| Improved modestly         | 175        | 32         |
| About the Same            | 95         | 17         |
| Deteriorated modestly     | 5          | 1          |
| Significant deterioration | 2          | 0          |
| No Opinion                | 237        | 43         |
| <b>Total</b>              | <b>546</b> | <b>100</b> |

**15. The following factors have been suggested as potential contributing factors to the perceived decline in the reputation of casualty actuaries with respect to the actuary's role in determining appropriate reserve levels and in evaluating the reasonableness/adequacy of reserves recorded by management. Please rank (1= most important) these factors, in order of their significance. (Note: If you consider any of these potential contributing factors to play NO role, please mark that item N/A)**

| The top percentage indicates total respondent ratio; the bottom number represents actual number of respondents selecting the option.                                                                                      | 1                        | 2                        | 3                       | 4                       | 5                       | 6                        | 7         | N/A      |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|--------------------------|-------------------------|-------------------------|-------------------------|--------------------------|-----------|----------|
| a. Current actuarial models/techniques cannot predict at the level of precision expected or desired.                                                                                                                      | 19%<br>86                | 21%<br>95                | 13%<br>61               | 12%<br>54               | 10%<br>46               | 9%<br>39                 | 9%<br>40  | 7%<br>31 |
| b. Unforeseeable events do occur. In evaluating reserves, the actuary should not be expected to anticipate ALL possible future events, yet hindsight reserve tests inherently presume that the actuary can and should.    | <b>29%</b><br><b>135</b> | <b>22%</b><br><b>104</b> | 13%<br>63               | 11%<br>53               | 7%<br>32                | 8%<br>37                 | 5%<br>22  | 4%<br>21 |
| c. Accounting terms and guidance (i.e., “management’s best estimate”) need to be clarified, so that the actuary better understands the context within which the estimate is to be presented and evaluated by the actuary. | 8%<br>37                 | 16%<br>74                | <b>20%</b><br><b>92</b> | <b>20%</b><br><b>91</b> | 13%<br>60               | 9%<br>40                 | 6%<br>29  | 7%<br>33 |
| d. Actuarial communications with management, as well as the Audit Committee and Board of Directors, need to be enhanced so that they better understand the considerations and conclusions of the actuary.                 | 19%<br>92                | 16%<br>79                | 18%<br>84               | 18%<br>87               | 14%<br>65               | 7%<br>33                 | 5%<br>26  | 3%<br>13 |
| e. Where the quality of the actuary’s work does not meet professional standards, the consequences to the actuary need to be more severe and more visible (both to other actuaries and to our public(s)).                  | 11%<br>54                | 9%<br>41                 | 13%<br>64               | 12%<br>55               | <b>17%</b><br><b>81</b> | 17%<br>83                | 14%<br>66 | 7%<br>32 |
| f. Actuaries rendering                                                                                                                                                                                                    | 6%<br>30                 | 10%<br>49                | 11%<br>54               | 13%<br>67               | 13%<br>67               | <b>22%</b><br><b>108</b> | 16%<br>79 | 9%<br>44 |

|                                                                                                                                                          |          |          |           |           |           |           |                          |           |
|----------------------------------------------------------------------------------------------------------------------------------------------------------|----------|----------|-----------|-----------|-----------|-----------|--------------------------|-----------|
| statements of actuarial opinion may lack sufficient knowledge, experience and/or business acumen to perform the work.                                    |          |          |           |           |           |           |                          |           |
| g. Actuarial Standards of Practice need to be expanded, to enhance the understanding of what is expected of actuaries and to better protect the actuary. | 6%<br>29 | 7%<br>37 | 10%<br>51 | 11%<br>58 | 15%<br>78 | 15%<br>76 | <b>24%</b><br><b>125</b> | 13%<br>65 |

**16. In your opinion, what are the three most important actions (in rank order) that the casualty actuarial profession could take to enhance the reputation of the casualty actuarial profession with respect to US property/casualty reserves? Please describe.**

**Note: Responses to open-ended questions not included in this summary**

**17. For each of the following statements, please indicate whether you agree or disagree.**

| The top percentage indicates total respondent ratio; the bottom number represents actual number of respondents selecting the option.                                                                                                    | <b>1<br/>Strongly<br/>Agree</b> | <b>2<br/>Agree</b> | <b>3<br/>Neither<br/>agree or<br/>disagree</b> | <b>4<br/>Disagree</b> | <b>5<br/>Strongly<br/>Disagree</b> |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------|--------------------|------------------------------------------------|-----------------------|------------------------------------|
| a. Clarifying the term “best estimate” and differentiating the actuarial point estimate from management’s recorded “best estimate” will help to provide increased clarity with respect to the actuary’s conclusions on reserves.        | 27%<br>148                      | 46%<br>249         | 13%<br>70                                      | 10%<br>55             | 3%<br>18                           |
| b. For statutory purposes, an explicit reserve margin may be incorporated into management’s estimate of loss and loss adjustment expense reserves.                                                                                      | 17%<br>87                       | 38%<br>201         | 27%<br>141                                     | 13%<br>71             | 5%<br>26                           |
| c. For US GAAP purposes, an explicit reserve margin may be incorporated into management’s estimate of loss and loss adjustment expense reserves.                                                                                        | 15%<br>77                       | 36%<br>189         | 28%<br>147                                     | 15%<br>76             | 7%<br>35                           |
| d. The Actuarial Standards Board should consider a revision to ASOP 36, requiring that the carried reserve be at least equal to the actuary’s estimate of the indicated reserves in order for the reserves to be considered reasonable. | 11%<br>56                       | 20%<br>109         | 20%<br>105                                     | 32%<br>173            | 17%<br>90                          |
| e. The actuary is currently not required, under ASOP 36, to develop a “point estimate”, but may instead develop a range of reasonable reserve estimates.                                                                                | 4%<br>21                        | 23%<br>124         | 27%<br>146                                     | 33%<br>174            | 13%<br>68                          |

|                                                                                                                                                                                                                                                                                   |            |            |            |            |            |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|------------|------------|------------|------------|
| Where the actuary has evaluated reserves using a range of reasonable reserve estimates, the midpoint of the range can be used to evaluate the adequacy of the reserves for statutory purposes.                                                                                    |            |            |            |            |            |
| f. A requirement to disclose within the statement of actuarial opinion the amount by which management's "best estimate" differs from the appointed actuary's point estimate reserve will lead to increased litigation of actuaries.                                               | 12%<br>66  | 30%<br>157 | 27%<br>142 | 25%<br>133 | 6%<br>31   |
| g. In my experience, most actuaries today develop a point estimate for the reserves, whether or not that point estimate is displayed in the actuarial report.                                                                                                                     | 33%<br>173 | 49%<br>258 | 13%<br>66  | 4%<br>19   | 2%<br>11   |
| h. Public disclosure of differences between the actuary's estimate and management's recorded reserves could actually HURT the reputation of the casualty actuarial profession, should those estimates ultimately prove to be inadequate.                                          | 12%<br>62  | 35%<br>185 | 21%<br>112 | 25%<br>133 | 7%<br>38   |
| i. The Actuarial Board for Counseling and Discipline should consider automatic investigation of actuaries who have signed opinions within the preceding two years for any company failing to meet the RBC threshold(s) and any company reporting significant adverse development. | 11%<br>58  | 21%<br>111 | 21%<br>109 | 28%<br>147 | 20%<br>106 |
| j. Public disclosure of differences between the actuary's point estimate and management's recorded reserve likely will place additional pressures on the actuary to change his/her estimate.                                                                                      | 24%<br>130 | 53%<br>279 | 8%<br>42   | 12%<br>66  | 3%<br>14   |
| k. The actuarial profession should require actuaries who are rendering opinions on companies that have experienced significant adverse development to seek counsel from the Actuarial Board for Counseling and Discipline.                                                        | 5%<br>29   | 20%<br>108 | 26%<br>140 | 33%<br>174 | 15%<br>81  |
| l. The US actuarial organizations should consider eliminating private discipline.                                                                                                                                                                                                 | 3%<br>17   | 8%<br>44   | 32%<br>170 | 36%<br>188 | 20%<br>105 |
| m. Consideration should be given to implementing a procedure for periodic, independent peer review of actuarial workpapers supporting the statements of actuarial opinion, with formal reports of the peer reviewer's conclusions and/or                                          | 12%<br>62  | 31%<br>164 | 22%<br>116 | 23%<br>123 | 12%<br>65  |

|                                                                                                                                                                                                                                                                                                                |            |            |            |            |           |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|------------|------------|------------|-----------|
| observations to be made either to the regulator or to an independent actuarial review board.                                                                                                                                                                                                                   |            |            |            |            |           |
| n. The public would be better served if it was required that the appointed actuary be independent of the entity for which the opinion is being rendered.                                                                                                                                                       | 20%<br>106 | 24%<br>125 | 14%<br>74  | 26%<br>139 | 16%<br>84 |
| o. The appointed actuary should be required to present his/her conclusions on the reserves in person to the Audit Committee and/or the Board of Directors at least annually. In addition, the Audit Committee should be required to meet with the appointed actuary in executive session at least once a year. | 38%<br>200 | 36%<br>192 | 13%<br>69  | 9%<br>49   | 3%<br>18  |
| p. The casualty actuarial profession should invest heavily in advocating for and developing a technically sound framework to support public disclosure of risks and uncertainties associated with the loss and loss adjustment expense reserve estimates.                                                      | 25%<br>131 | 42%<br>222 | 22%<br>113 | 9%<br>49   | 2%<br>10  |
| q. The role of the Actuarial Board for Counseling and Discipline and the procedures used by ABCD are not well understood by most casualty actuaries.                                                                                                                                                           | 13%<br>67  | 43%<br>227 | 26%<br>137 | 17%<br>92  | 1%<br>4   |

The Task Force on Actuarial Credibility has recommended that, to enhance the transparency of the actuary's conclusions, differences, if any, that exist between management's "best estimate" of the loss and loss adjustment expense reserves as of a valuation date and the actuary's best estimate of the reserve need as of that valuation date be disclosed within the statement of actuarial opinion.

**18. If disclosure of the difference between management's recorded reserves and the actuary's best estimate of the reserve need is required, should it apply:**

| <b>Response</b>                                                                                                                                                                   | <b>Frequency</b> | <b>Percent</b> |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|----------------|
| Only when management's recorded reserve is lower than the actuary's reserve estimate                                                                                              | 54               | 10             |
| Both when management's recorded reserve is lower than the actuary's reserve estimate and equally when management's recorded reserve is higher than the actuary's reserve estimate | 173              | 33             |
| To reserves both higher and lower than the actuary's estimate but only when the difference is greater than a predetermined threshold                                              | 217              | 41             |
| Disclosure should not be mandated. Why?                                                                                                                                           | 85               | 16             |
| <b>Total</b>                                                                                                                                                                      | <b>529</b>       | <b>100</b>     |

**19. If you indicated that disclosure should be made only when the difference is greater than a predetermined threshold, what threshold would you recommend?**

**Note: Responses to open-ended questions not included in this summary**

**20. If the casualty actuarial profession decides to go forward, recommending public disclosure of the differences, if any, between management's recorded reserves and the actuary's point estimate, this disclosure requirement would best be implemented:**

| <b>Response</b>                                                        | <b>Frequency</b> | <b>Percent</b> |
|------------------------------------------------------------------------|------------------|----------------|
| Through the NAIC, as a regulatory requirement                          | 336              | 67             |
| Through Actuarial Standards of Practice (Possible revision to ASOP 36) | 113              | 22             |
| By encouraging actuaries to include such disclosures voluntarily       | 29               | 6              |
| Other. Please describe.                                                | 26               | 5              |
| <b>Total</b>                                                           | <b>504</b>       | <b>100</b>     |

**21. The Joint Task Force on Enhancing the Reputation of Casualty Actuaries greatly appreciates your taking the time to complete this survey. We would appreciate any other thoughts or recommendations that you have with respect to actions that the casualty actuarial profession in the US should consider to enhance the reputation of casualty actuaries with respect to reserve adequacy.**

**Note: Responses to open-ended questions not included in this summary**

