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# Limitations on Liabilities for Actuarial Services

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The National Association of State Retirement Administrators (NASRA) recently held its annual conference in Monterey, Calif. The paper “Limitations on Liabilities for Actuarial Services” was presented at that conference. The paper was written jointly by NASRA members representing state pension plans and NASRA associate members representing actuarial firms. It explores the issues faced by pension plans when they accept a limitation of liability, and for actuarial firms when there is no limitation of liability.

The paper states “Because of the critical role actuaries plan in pension administration, it is important that trustees and the firm’s representatives have confidence in one another. Actuarial firms also should not be held liable for errors that are the fault of the retirement system...or that are made under time

constraints that do not permit adequate attention to accuracy. Actuaries should qualify their results in writing if they believe they have been given inadequate time to conduct their review. At the same time, actuaries should be held accountable for errors that result from their own negligence, fraud, or incompetence.”

The paper goes on to provide suggestions for fiduciaries and actuarial firms to mitigate errors and disputes, including establishing strong lines of communication and clearly defining roles, responsibilities, scope of work and fee structure.

The full paper is available at the NASRA Web site: <http://www.nasra.org/resources/limitationsonliabilities.doc>. A copy of all papers and presentations from the conference are at <http://www.nasra.org/presentations/presentations2003.htm>. Other papers of interest are at <http://www.nasra.org/resources.htm> ◆

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