

ASB Approves Exposure Draft of a Revision of ASOP No. 24 for Life Insurance Illustrations

The Actuarial Standards Board (ASB) recently approved an [exposure draft](#) of a proposed revision of Actuarial Standard of Practice (ASOP) No. 24, *Compliance with the NAIC Life Insurance Illustrations Model Regulation*. In 2007, ASOP No. 24 was revised to be consistent with the current ASOP format and to update and reflect current, appropriate actuarial practices with respect to illustrations prepared in compliance with the *Life Insurance Illustrations Model Regulation* (Model). In 2015, the National Association of Insurance Commissioners released Actuarial Guideline 49 (AG 49) to clarify certain requirements of the Model related to policies with index-based interest credits. The ASOP is now being revised to reflect changes in guidance as a result of AG 49 and, in particular, to add clarification regarding requirements to prevent lapse-supported illustrations. The comment deadline for the exposure draft is Sept. 30, 2016.

ASB Approves Second Exposure Draft on Proposed Pension Risk ASOP

The ASB approved a [second exposure draft](#) of a proposed new ASOP titled *Assessment and Disclosure of Risk Associated with Measuring Pension Obligations and Determining Pension Plan Contributions*. The ASB approved a first exposure draft in December 2014 and received 14 comment letters that were considered in making changes reflected in this second exposure draft. Key changes to the second exposure draft include expanding the scope of the proposed ASOP from applying only to funding valuations of a pension plan to also applying to certain pricing valuations. Other modifications were made to the scope, the definition of risk, disclosure requirements, and other aspects of the proposed ASOP. The comment deadline for the second exposure draft is Oct. 31, 2016.

ASB Approves Third Exposure Draft on Proposed Modeling ASOP for All Practice Areas

The ASB recently approved a [third exposure draft](#) of a proposed new ASOP titled *Modeling*. Given the extensive edits made as a result of the comment letters received on second exposure draft, key changes in the third exposure draft include narrowing the scope but, within that scope, making the guidance less subject to professional judgment as to its applicability; clarifying the definitions for “model,” “data,” and “model run”; and clarifying guidance with respect to using models designed or built by others. The ASOP would apply to actuaries in all practice areas performing actuarial services when selecting, designing, building, modifying, developing, using, reviewing, or evaluating all types of models that are not simple models. The comment deadline for the third exposure draft is also Oct. 31, 2016.

ASB Releases Pension Task Force Report; Proposed Modifications Would Affect Both Public and Private-Sector Plans

The ASB has released the [report](#) of its Pension Task Force (PTF), which began work more than a year and a half ago to consider the implications of many proposals for changes to the ASOPs related to public pension plans. After extensive discussion of the PTF’s suggestions, the ASB has directed its Pension Committee to draft appropriate proposed modifications, in accordance with ASB procedures. The proposed modifications would be applicable to both public and private-sector plans, and are part of a greater, ongoing effort by the ASB in recent years to strengthen pension-related ASOPs.

ASB AGENDA PROJECTS

August 2016

Legend: **PD**—Planning/Discussion **P**—Proposal for Standard **D**—Drafting **E**—Exposure Draft **DD**—Discussion Draft **SE**—Second Exposure Draft
TE—Third Exposure Draft **R**—Revisions/Redrafting **F**—Final Pronouncement **DS**—Development Suspended **WD**—Working Draft **RC**—Request for Comments

CASUALTY COMMITTEE					
Subject Area	Qtr. 2016				Comments
	1	2	3	4	
Ratemaking	SE	R			The task force is reviewing comments on the second exposure draft, making revisions, and plans to present a third exposure draft to the ASB at its December 2016 meeting.
ENTERPRISE RISK MANAGEMENT COMMITTEE					
Subject Area	Qtr. 2016				Comments
	1	2	3	4	
Capital Adequacy Assessment	D	D			The committee is drafting an ASOP and plans to present an exposure draft to the ASB at its September 2016 meeting.
GENERAL COMMITTEE					
Subject Area	Qtr. 2016				Comments
	1	2	3	4	
ASOP No. 23, <i>Data Quality</i>	R	R			The task force is reviewing comments on the exposure draft, making revisions, and plans to present a final revised ASOP to the ASB at its December 2016 meeting.
ASOP No. 38, <i>Catastrophe Modeling (for All Practice Areas)</i>	F	F			The ASB adopted a final revision at its March 2014 meeting subject to ASB approval of changes necessitated by the final version of the proposed new modeling ASOP.
<i>Modeling</i>	R	T			The ASB approved a third exposure draft in June 2016. The comment deadline is Oct. 31, 2016.
ASOP No. 21, <i>Responding to or Assisting Auditors or Examiners in Connection with Financial Statements for All Practice Areas</i>	R	R			The task force is reviewing comments on the exposure draft, making revisions, and plans to present a final revised ASOP to the ASB at its September 2016 meeting.
<i>Assumptions</i>	D	D			A task force is drafting an ASOP and plans to present an exposure draft to the ASB at its September 2016 meeting.
ASOP No. 17, <i>Expert Testimony by Actuaries</i>	PD	PD			A task force has been formed and will be discussing revisions for the ASOP with plans of presenting an exposure draft to the ASB at its December 2016 meeting.

HEALTH COMMITTEE					
Subject Area	Qtr. 2016				Comments
	1	2	3	4	
ASOP No. 5, <i>Incurred Health and Disability Claims</i>	E	R			The task force is reviewing comments on the exposure draft, making revisions, and plans to present a final revised ASOP to the ASB at its December 2016 meeting.
ASOP No. 42, <i>Determining Health and Disability Liabilities Other Than Liabilities for Incurred Claims</i>	D	D			The committee is drafting a revision to ASOP No. 42 and plans to present an exposure draft to the ASB at its December 2016 meeting.
LIFE COMMITTEE					
Subject Area	Qtr. 2016				Comments
	1	2	3	4	
<i>Principle-Based Reserves for Life Products</i>	F	R			The ASB adopted a pending ASOP at its June 2015 meeting. However, a task force has been created to make revisions to the draft to reflect changes to the rules, regulations, and statutory guidance in the National Association of Insurance Commissioner's Valuation Manual effective January 1, 2017.
<i>Pricing Life Insurance and Annuity Products</i>	E	E			The ASB approved an exposure draft in March 2016. The comment deadline is Aug. 31, 2016.
ASOP No. 24, <i>Compliance with the NAIC Life Insurance Illustrations Model Regulation</i>	D	E			The ASB approved an exposure draft of a revision of ASOP No. 24 in June 2016. The comment deadline is Sept. 30, 2016.
PENSION COMMITTEE					
Subject Area	Qtr. 2016				Comments
	1	2	3	4	
<i>Assessment and Disclosure of Risk Associated with Measuring Pension Obligations and Determining Pension Plan Contributions</i>	R	SE			The ASB approved a second exposure draft in June 2016. The comment deadline is Oct. 31, 2016.
Pension Task Force report (follow-up to the Request for Comments on ASOPs and Public Pension Plan Funding and Accounting)	PD	F			The Pension Task Force completed its review of comments received on the application of the ASOPs to public plan actuarial valuations and from feedback received at the ASB's July 2015 hearing and issued a final report on its findings, which the ASB released in July 2016. The ASB has directed the Pension Committee to draft appropriate proposed modifications to the actuarial standards of practice, in accordance with ASB procedures, based upon the ASB's deliberations in consideration of the Pension Task Force report. The proposed modifications would be applicable to both public and private-sector pension plans.

► Looking Ahead...

The ASB tentatively plans to review the following drafts during its September 2016 meeting:

- a revision of ASOP No. 21, *Responding to or Assisting Auditors or Examiners in Connection with Financial Audits, Financial Reviews, and Financial Examinations* (proposed final ASOP from the General Committee);
- a new ASOP titled *Capital Adequacy Assessment for Insurers* (proposed exposure draft from the Enterprise Risk Management Committee); and
- a new ASOP titled *Assumptions* (proposed exposure draft from the General Committee).

► Meeting Schedule of the Actuarial Standards Board



- **September 8-9, 2016**
- **December 6-7, 2016**
- **March 8-9, 2017**
- **June 7-8, 2017**

All ASB meetings are open to the public, and interested parties may attend. The ASB office should be notified of intent to attend meetings. Unless otherwise noted, meetings take place at the American Academy of Actuaries' office in Washington, D.C.

The Actuarial Standards Board (ASB) sets standards for appropriate actuarial practice in the United States through the development and promulgation of actuarial standards of practice (ASOPs). These ASOPs describe the procedures an actuary should follow when performing actuarial services and identify what the actuary should disclose when communicating the results of those services.

The ASB Boxscore

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