

## **ASB Adopts Revision of ASOP No. 34**

The Actuarial Standards Board (ASB) recently adopted a revision of actuarial standard of practice (ASOP) No. 34, *Actuarial Practice Concerning Retirement Plan Benefits in Domestic Relations Actions*. The revised ASOP applies to actuaries when performing actuarial services in connection with the measurement, allocation, or division of retirement plan benefits in domestic relations actions. The ASOP is not applicable to actuarial services performed in connection with other post-employment benefits, such as medical benefits, that may also be considered as part of the domestic relations action. Key changes from the 1999 version of ASOP No. 34 include modifications to the guidance to state that each assumption selected by the actuary should be individually reasonable and consistent with the other assumptions selected by the actuary, in accordance with ASOP No. 27, *Selection of Economic Assumptions for Measuring Pension Obligations*, and ASOP No. 35, *Selection of Demographic and Other Noneconomic Assumptions for Measuring Pension Obligations*, and to require disclosure of a brief description of the rationale for selection of assumptions and allocation methods. The revised final ASOP, which will be effective for relevant assignments for which the actuary is first engaged on or after December 1, 2015, can be viewed [here](#).

## **ASB Adopts Pending Draft ASOP on Principle-Based Reserves for Life Products**

The ASB adopted a pending draft of an ASOP on *Principle-Based Reserves for Life Products*. The ASOP provides guidance to actuaries when performing actuarial services in connection with developing or opining on principle-based reserves for life insurance that are reported by companies in compliance with the National Association of Insurance Commissioners (NAIC) Standard Valuation Law and the NAIC Valuation Manual as adopted in December 2012. Because the standard involves compliance with a regulation that has not yet taken effect and may undergo substantial changes before it takes effect, the standard will remain in draft form until the Valuation Manual is adopted. When the Standard Valuation Law and thus the Valuation Manual describing the principle-based reserves for life products take effect, the standard will be released or, possibly, modified and re-exposed, as further changes may be necessary. The current draft of the standard can be viewed [here](#).

## **ASB Holds Hearing on Public Pension Input**

The ASB recently held a public hearing at the Reagan Building and International Trade Center in Washington, D.C., to hear commentary on public pension plan issues as they relate to Actuarial Standards of Practice. Several actuarial and pension experts shared their concerns on the funding of public plans and how ASOPs should address public plan funding. The panel, which consisted of ASB members and a Board-appointed Pension Task Force, welcomed the feedback received from the presenters and will use it to continue deliberations in this area.

# ASB AGENDA PROJECTS

August 2015

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

| CASUALTY COMMITTEE  |           |    |   |   |  |
|---|-----------|----|---|---|--|
| Subject Area  | Qtr. 2015 |    |   |   | Comments   |
|   | 1         | 2  | 3 | 4 |  |
| Ratemaking  | R         | R  |   |   | The committee is reviewing comments and making revisions to the draft, and plans to present a final draft to the ASB at its September 2015 meeting.                |
| ASOP No. 36, <i>Statements of Actuarial Opinion Regarding Property/Casualty Loss and Loss Adjustment Expense Reserves</i>           | PD        | DS |   |   | The committee discussed possible revisions to ASOP Nos. 36 and 43 and decided both ASOPs should not be revised at this time.                                       |
| ASOP No. 43, <i>Property/Casualty Unpaid Claim Estimates</i>  | PD        | DS |   |   |  |
| ENTERPRISE RISK MANAGEMENT COMMITTEE  |           |    |   |   |  |
| Subject Area  | Qtr. 2015 |    |   |   | Comments   |
|   | 1         | 2  | 3 | 4 |  |
| Capital Adequacy Assessment   | DD        | D  |   |   | The committee is drafting an ASOP and plans to present an exposure draft to the ASB in December 2015.  |
| GENERAL COMMITTEE   |           |    |   |   |  |
| Subject Area  | Qtr. 2015 |    |   |   | Comments   |
|   | 1         | 2  | 3 | 4 |  |
| ASOP No. 23, <i>Data Quality</i>  | PD        | D  |   |   | The committee is drafting a revised version of ASOP No. 23 and plans to present an exposure draft to the ASB at its September 2015 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. |
| Modeling  | E         | R  |   |   | The committee is reviewing comments on the second exposure draft and making revisions to the draft, and plans to present another draft to the ASB in 2016.         |
| ASOP No. 21, <i>Responding to or Assisting Auditors or Examiners in Connection with Financial Statements for All Practice Areas</i> | PD        | D  |   |   | A task force is drafting a revised version of ASOP No. 21 and plans to present an exposure draft to the ASB at its September 2015 meeting.                         |

| <b>HEALTH COMMITTEE</b>   |                  |          |          |          |   |
|---|------------------|----------|----------|----------|---|
| <b>Subject Area</b>   | <b>Qtr. 2015</b> |          |          |          | <b>Comments</b>   |
|   | <b>1</b>         | <b>2</b> | <b>3</b> | <b>4</b> |   |
| ASOP No. 5, <i>Incurred Health and Disability Claims</i>  | PD               | D        |          |          | The committee is drafting a revised version of ASOP No. 5 and plans to present an exposure draft to the ASB at its December 2015 meeting.   |
| <i>Determining Minimum Value and Actuarial Value under the Affordable Care Act</i>  | E                | R        |          |          | The committee is making revisions to the draft and plans to present a final ASOP to the ASB at its September 2015 ASB meeting.  |
| <b>LIFE COMMITTEE</b>   |                  |          |          |          |   |
| <b>Subject Area</b>   | <b>Qtr. 2015</b> |          |          |          |   |
|   | <b>1</b>         | <b>2</b> | <b>3</b> | <b>4</b> |   |
| Principle-based reserves  | R                | F        |          |          | The ASB adopted a pending draft ASOP at its June 2015 meeting but the ASOP will remain in draft form until the NAIC Valuation Manual is adopted.  |
| Life insurance and annuity pricing  | D                | D        |          |          | A task force is drafting an ASOP and plans to present an exposure draft to the ASB in early 2016.   |
| <b>PENSION COMMITTEE</b>  |                  |          |          |          |   |
| <b>Subject Area</b>   | <b>Qtr. 2015</b> |          |          |          | <b>Comments</b>   |
|   | <b>1</b>         | <b>2</b> | <b>3</b> | <b>4</b> |   |
| ASOP No. 34 revision, <i>Actuarial Practice Concerning Retirement Plan Benefits in Domestic Relations Actions</i>                 | R                | F        |          |          | The ASB adopted a final revision at its June 2015 meeting with an effective date of December 1, 2015.   |
| <i>Assessment and Disclosure of Risk Associated with Measuring Pension Obligations and Determining Pension Plan Contributions</i> | E                | R        |          |          | The committee is reviewing comments on the exposure draft and making revisions to the draft, and plans to present a final ASOP to the ASB in December 2015.   |
| <i>Request for Comments on ASOPs and Public Pension Plan Funding and Accounting</i>   | RC               | PD       |          |          | The ASB issued a request for comments to solicit the views of actuaries and others who are interested in the application of the ASOPs to public plan actuarial valuations, and held a hearing in July on the topic to gather additional feedback. The ASB and Pension Task Force will continue deliberation on the issues that were raised. |

## ► Looking Ahead...

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

- a new ASOP titled *Property/Casualty Ratemaking* (proposed final draft from the Casualty Committee)
- a new ASOP titled *Determining Minimum Value and Actuarial Value under the Affordable Care Act* (proposed final draft from the Health Committee)
- a revision of ASOP No. 21, *Responding to or Assisting Auditors or Examiners in Connection with Financial Audits, Financial Reviews, and Financial Examinations* (proposed exposure draft from the General Committee)
- a revision of ASOP No. 23, *Data Quality* (proposed exposure draft from the General Committee)

## ► Meeting Schedule of the Actuarial Standards Board



- ***September 15–17, 2015***
- ***December 9–10, 2015***
- ***January 14-15, 2016 – ASB Planning Meeting (Location: TBA)***
- ***March 9-10, 2016***

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 Boxxscore**

Erica Kennedy  
ASB Program Manager  
[kennedy@actuary.org](mailto:kennedy@actuary.org)

Virginia Hulme  
ASB Standards Editor  
[hulme@actuary.org](mailto:hulme@actuary.org)

Actuarial Standards Board  
1850 M Street, NW, Suite 300  
Washington, D.C. 20036  
Phone: (202) 223-8196 • Fax: (202) 223-1248  
[www.actuarialstandardsboard.org](http://www.actuarialstandardsboard.org)  
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