

## **ASB Adopts ASOP No. 50**

The Actuarial Standards Board (ASB) recently adopted actuarial standard of practice (ASOP) No. 50, *Determining Minimum Value and Actuarial Value under the Affordable Care Act*. Although a practice note provides information on the subject of determining minimum value and actuarial value under the Affordable Care Act (ACA), no binding guidance for actuaries on the subject existed other than within the regulation itself. Therefore, the ASB requested that the ASB Health Committee explore a potential ASOP to provide guidance to actuaries performing these tasks. As a result, a discussion draft was issued in April 2014 and, considering feedback received, an exposure draft was issued in December 2014. The standard applies to actuaries performing professional services with respect to calculating actuarial values and testing minimum value requirements in accordance with the ACA and related regulations, specifically for purposes of (1) categorizing individual and small group health insurance plans into metal levels; (2) testing whether employer-sponsored health insurance plans meet the federal minimum value requirements; or (3) making any required certifications. The standard, which will be effective for any actuarial work product covered by its scope issued on or after January 31, 2016, can be viewed [here](#).

## **ASB Approves Exposure Draft of ASOP No. 21 Revision**

The ASB recently approved an exposure draft of a revision of ASOP No. 21, *Responding to or Assisting Auditors or Examiners in Connection with Financial Audits, Financial Reviews, and Financial Examinations*. As financial audits, reviews, and examinations have evolved significantly in the last ten years, the ASB decided that another revision of ASOP No. 21 was necessary to address changes relative to current practice, especially the risk-focused and prospective view used in these financial audits, financial reviews, and financial examinations. In addition, the current version of ASOP No. 21 does not address the actuary's responsibility with respect to process and controls in the Sarbanes-Oxley environment, and was adopted before the National Association of Insurance Commissioners promulgated the Model Audit Rule. The comment deadline for the exposure draft is December 31, 2015. The exposure draft can be viewed [here](#).

## **ASB Approves Exposure Draft of ASOP No. 23 Revision**

The ASB also approved an exposure draft of a revision of ASOP No. 23, *Data Quality*. The ASOP was revised in 2004 and 2011 to reflect current, generally accepted practice with respect to data quality and to reflect new deviation language, respectively. In 2014, the ASB decided further review was needed to reflect changes in practice, which resulted in the drafting of the proposed revision. Proposed key changes in the revision include clarifying that the standard also applies to actuaries preparing data for other actuaries to use in an actuarial work product, requiring the actuary to disclose in summary form any unresolved questionable data uncovered on review and any steps taken to improve the data, and requiring the actuary to disclose why a review was not performed, if the actuary did not review the data. The comment deadline for the exposure draft is February 29, 2016. The exposure draft can be viewed [here](#).

# ASB AGENDA PROJECTS

December 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

<b>CASUALTY COMMITTEE</b>					
Subject Area	Qtr. 2015				Comments
	1	2	3	4	
Ratemaking	R	R	SE		The ASB began review of a second exposure draft at its September 2015 meeting, which it will continue at its December 2015 meeting.
ASOP No. 36, <i>Statements of Actuarial Opinion Regarding Property/Casualty Loss and Loss Adjustment Expense Reserves</i>	PD	DS	DS		The committee discussed possible revisions to ASOP Nos. 36 and 43 and decided neither ASOP should be revised at this time.
ASOP No. 43, <i>Property/Casualty Unpaid Claim Estimates</i>	PD	DS	DS		
<b>ENTERPRISE RISK MANAGEMENT COMMITTEE</b>					
Subject Area	Qtr. 2015				Comments
	1	2	3	4	
Capital Adequacy Assessment	DD	D	D		The committee is drafting an ASOP and plans to present an exposure draft to the ASB at its March 2016 meeting.
<b>GENERAL COMMITTEE</b>					
Subject Area	Qtr. 2015				Comments
	1	2	3	4	
ASOP No. 23, <i>Data Quality</i>	PD	D	E		The ASB approved an exposure draft in November 2015. The comment deadline is February 29, 2016.
ASOP No. 38, <i>Catastrophe Modeling (for All Practice Areas)</i>	F	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	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	E		The ASB approved an exposure draft at its September 2015 meeting. The comment deadline is December 31, 2015.

<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	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	F		The ASB adopted the standard as ASOP No. 50 at its September 2015 meeting. The effective date is January 31, 2016.
<b>LIFE 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>	
Principle-based reserves	R	F	F		The ASB adopted a pending 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	D		A task force is drafting an ASOP and plans to present an exposure draft to the ASB at its March 2016 meeting.
<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	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	R		The committee is reviewing comments on the exposure draft, making revisions, and plans to present a second exposure draft to the ASB at its December 2015 meeting.
<i>Request for Comments on ASOPs and Public Pension Plan Funding and Accounting</i>	RC	PD	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 are continuing deliberations on the issues that were raised.

## ► Looking Ahead...

The ASB tentatively plans to review the following drafts during its December 2015 meeting:

- a new ASOP titled *Assessment and Disclosure of Risk Associated with Measuring Pension Obligations and Determining Pension Plan Contributions* (proposed second exposure draft from the Pension Committee)
- a new ASOP titled *Property/Casualty Ratemaking* (proposed second exposure draft from the Casualty Committee)
- a revision of ASOP No. 5, *Incurred Health and Disability Claims* (proposed exposure draft from the Health Committee)

## ► Meeting Schedule of the Actuarial Standards Board



- *December 9–10, 2015*
- *January 21-22, 2016 – ASB Planning Meeting (Location: Sanibel Island, Florida)*
- *March 9-10, 2016*
- *June 8-9, 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.*

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