

## ACTUARIAL STANDARDS BOARD QUARTERLY REPORT FOR Q1 2016

### **ASB Approves Exposure Draft of Proposed New ASOP on Life Insurance and Annuity Pricing**

The Actuarial Standards Board (ASB) recently approved an exposure draft of a proposed new actuarial standard of practice (ASOP) titled *Pricing Life Insurance and Annuity Products*. The proposed ASOP would apply to actuaries when performing actuarial services with respect to the pricing of life insurance and annuity products, including riders, that are sold in the future. In this context, actuarial services include advising on the design of the product, its rates and benefits, and evaluating the product's profitability and risks. The proposed standard would not address other considerations that may affect the ultimate price charged, such as marketing goals and competition. The exposure draft has a comment deadline of Aug. 31, 2016.

### **ASB Publishes Its 2015 Annual Report**

The ASB recently published the 2015 *Annual Report*, highlighting its work over the past year, which includes the adoption of two new ASOPs, the adoption of one revised ASOP, the approval of four exposure drafts for comment, and the approval of four proposals for new or revised ASOPs. In addition, the ASB approved the Pension Task Force members in March 2015 and held a public hearing in Washington, D.C. in July to discuss pension plan issues.

### **ASB Approves Proposals for a New and a Revised ASOP**

The ASB recently approved proposals for a new ASOP on assumptions and to revise ASOP No. 42, *Determining Health and Disability Liabilities Other Than Liabilities for Incurred Claims*.

The proposed assumptions ASOP would apply to actuaries setting assumptions, giving advice on setting assumptions, or reviewing assumptions set by others, if such assumptions are to be used in an actuarial work product. Setting assumptions includes, but is not limited to, activities that may involve developing, selecting, or choosing assumptions, and may include an analysis of data or experience, industry studies, trends, economic forecasts, and other analyses, as appropriate. A task force under the direction of the ASB General Committee is drafting an exposure draft, which is expected to be presented to the ASB in September.

A task force also has been formed to revise ASOP No. 42, which was adopted in 2004. The ASOP is being revised to consider the significant legal and regulatory changes imposed by the Affordable Care Act, to reflect the valuation of actuarial assets in addition to actuarial liabilities, and for consistency with new and revised ASOPs that have been adopted since ASOP No. 42 was originally drafted. The task force, under the direction of the ASB Health Committee, is drafting an exposure draft, which is also expected to be presented to the ASB in September.

### **ASB to Meet June 8-10 in Washington**

The next regularly scheduled meeting of the ASB will be held June 8-10, 2016, at the Academy offices in Washington, D.C.