

ACTUARIAL STANDARDS BOARD QUARTERLY REPORT FOR Q1 2017

ASB Adopts Revision of ASOP No. 5

The Actuarial Standards Board (ASB) adopted a revision of Actuarial Standard of Practice (ASOP) No. 5, *Incurred Health Claim Liabilities*. The ASOP provides guidance to actuaries when estimating or reviewing incurred claims when preparing or reviewing financial reports, claims studies, rates, or other actuarial communications as of a valuation date under a health benefit plan. ASOP No. 5 has been updated to reflect relevant legal, regulatory, and practice developments that have occurred since the 2000 revision, including key changes such as expanding the guidance regarding provider contractual arrangements, and including explicit discussion of projection methods as well as an updated discussion of other methods commonly in use. The standard will be effective for any actuarial work product on or after Sept. 1, 2017.

ASB Approves Exposure Draft of Proposed ASOP on Principle-Based Reserves for Life Products

The ASB approved an exposure draft of a proposed new ASOP titled *Principle-Based Reserves for Life Products*. The proposed ASOP would apply to actuaries when performing actuarial services on behalf of life insurance companies, including fraternal benefit societies, in connection with the calculation or review of reserves for individual life insurance policies subject to Chapter VM-20: Requirements for Principle-Based Reserves for Life Products of the *Valuation Manual* (VM-20). The ASB had issued a “pending draft” ASOP in 2015, prior to VM-20 taking effect. The exposure draft reflects certain subsequent amendments to the *Valuation Manual*, as well as minor clarifications and additional guidance in a few sections. The comment deadline for the exposure draft is May 31, 2017.

ASB Approves Exposure Draft of ASOP No. 17 Revision

The ASB also approved an exposure draft of a revision of ASOP No. 17, *Expert Testimony by Actuaries*. The proposed revised standard would apply to actuaries who are qualified as experts under the evidentiary rules applicable in a forum when they provide testimony in court hearings, dispute resolutions, depositions or other adversarial proceedings, and in rate hearings. The proposed revised standard would not apply to an individual whose testimony and qualification as an expert is unrelated to the individual’s education, training, experience, or employment as an actuary. The comment deadline for the exposure draft is June 30, 2017.

ASB Publishes Its 2016 Annual Report

The ASB recently published its 2016 *Annual Report*, highlighting its work over the year, including the adoption of three revised ASOPs, approval of seven exposure drafts for comment, approval of a proposal for one revised ASOP, and issuance of a final report from the ASB’s Pension Task Force. The ASB also approved the formation of a task force to revise ASOP No. 32, *Social Insurance*, and presented a webinar on cross-practice standards. To read the annual report, [click here](#).

ASB to Meet June 7-8 in Washington

The next regularly scheduled meeting of the ASB will be held June 7-9, 2017 at the Academy offices in Washington, D.C.