

ACTUARIAL STANDARDS BOARD QUARTERLY REPORT FOR Q3 2015

ASB Adopts ASOP No. 50

The Actuarial Standards Board (ASB) 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 will be effective for any actuarial work product covered by its scope issued on or after January 31, 2016.

ASB Approves Exposure Draft of ASOP No. 21 Revision

The ASB 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.

ASB Approves Exposure Draft of ASOP No. 23 Revision

The ASB 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.

ASB to Meet December 9-10 in Washington

The next regularly scheduled meeting of the ASB will be held December 9-10, 2015, at the Academy offices in Washington, D.C.