

## ACTUARIAL STANDARDS BOARD QUARTERLY REPORT FOR Q4 2016

### **ASB Adopts Revision of ASOP No. 23**

The Actuarial Standards Board (ASB) adopted a revision of Actuarial Standard of Practice (ASOP) No. 23, *Data Quality*, at its December board meeting. The ASOP provides guidance to actuaries when selecting data, performing a review of data, using data, or relying on data supplied by others, in performing actuarial services. The ASOP also applies to actuaries who are selecting or preparing data, or are responsible for the selection or preparation of data, that the actuary believes will be used by other actuaries in performing actuarial services, or when making appropriate disclosures with regard to data quality. The standard will be effective for any actuarial work product on or after April 30, 2017, for which data were provided to or developed by the actuary.

### **ASB Adopts Revision of ASOP No. 24**

The SB also adopted a revision of ASOP No. 24, *Compliance with the NAIC Life Insurance Illustrations Model Regulation*. The ASOP provides guidance to actuaries when performing professional services pursuant to applicable law based on the National Association of Insurance Commissioners (NAIC) Life Insurance Illustrations Model Regulation (Model) and related NAIC actuarial guidelines or when performing professional services with respect to illustrations represented to be in accordance with the Model. In 2015, the NAIC released Actuarial Guideline 49 (AG 49) to clarify certain requirements of the Model related to policies with index-based interest credits and further amended AG 49 in September 2016. The ASOP was revised to reflect the changes effected through AG 49, to clarify certain guidance, and to be consistent with the current style and format used for ASOPs. The standard will be effective for any actuarial work product on or after April 30, 2017.

### **ASB Approves Exposure Draft of Proposed Setting Assumptions ASOP**

The ASB approved an exposure draft of a proposed new ASOP titled *Setting Assumptions*. The proposed ASOP will apply to actuaries when performing actuarial services that include setting assumptions or assessing the reasonableness of assumptions set by others. Setting assumptions includes, but is not limited to, activities that may variously be referred to as developing, selecting, or choosing assumptions, and may include an analysis of data or experience, industry studies, trends, economic forecasts, and other analyses, as appropriate. While certain practice-specific assumption-setting standards exist, the ASB believes it would be useful to issue a standard on assumption setting for all practice areas as a supplement to the guidance that currently exists. The comment deadline for the exposure draft is April 30, 2017.

### **ASB Approves Third Exposure Draft of Proposed Estimating Future Costs ASOP**

The ASB also approved a third exposure draft of a proposed new ASOP titled *Estimating Future Costs for Prospective Property/Casualty Risk Transfer and Risk Funding*. The proposed ASOP, formerly titled *Property/Casualty Ratemaking*, will apply to actuaries when performing actuarial services with respect to developing or reviewing future cost estimates for prospective property/casualty risk transfer and risk funding. This includes cost estimations for insurance, reinsurance, self-insurance, risk-funding or retention mechanisms, loss portfolio transfers, or any other risk-transfer mechanism. The comment deadline for the third exposure draft is April 30, 2017.

### **ASB to Meet March 8-9 in Washington**

The next regularly scheduled meeting of the ASB will be held March 8-9, 2017 at the Academy offices in Washington, D.C.