

## **ASB Adopts Revised Introduction; Now Numbered as ASOP No. 1**

At its March meeting, the ASB adopted a revised version of the *Introductory Actuarial Standard of Practice*. The Introduction was revised to clarify the meaning of such terms as “must” and “should”; to include a definition of “deviation”; and to make other revisions to the language that were not substantial but did help clarify meaning in various sections. Also, to reinforce that the Introduction contains guidance that must be followed, it has been numbered as ASOP No. 1. Subsequently, the existing ASOP No. 1, *Nonguaranteed Charges or Benefits for Life Insurance Policies and Annuity Contracts*, is renumbered as ASOP No. 2, since the existing ASOP No. 2, *Recommendations for Actuarial Communications Related to Statements of Financial Accounting Standards Nos. 87 and 88*, was repealed in March 2011. The effective date for the revised Introduction is June 1, 2013. The ASOP can be viewed under the tab “Current Actuarial Standards of Practice” at [www.actuarialstandardsboard.org](http://www.actuarialstandardsboard.org).

## **ASB Approves Second Exposure Draft of a Revision of ASOP No. 6**

The ASB approved a second exposure draft of ASOP No. 6, *Measuring Retiree Group Benefit Obligations*. The first exposure draft was issued in April 2012 and received eighteen comment letters. In response to those comments, the second exposure draft of ASOP No. 6 was revised to provide clarity to disclosure requirements; redefine such terms as “funded status,” “pooled plans,” and “retiree group benefits program”; and to better coordinate with ASOP No. 4, *Measuring Pension Obligations and Determining Pension Plan Costs or Contributions*. The comment deadline for the second exposure draft of ASOP No. 6, which also can be viewed on the ASB website, is August 30, 2013.

## **ASB Approves Life Settlements Exposure Draft**

The ASB also recently approved the exposure draft, *Life Settlements Mortality*. The proposed ASOP, drafted by the Life Settlements Mortality Task Force under the direction of the ASB’s Life Committee, will provide guidance to actuaries performing professional services when reporting on or evaluating mortality with respect to life settlements, or when analyzing or using mortality assumptions with respect to life settlements. The comment deadline for the exposure draft, which also can be viewed on the ASB website, is July 31, 2013.

## **ASB Approves ERM Task Force as Sixth Standing Committee**

The ASB recently approved the Enterprise Risk Management (ERM) Task Force as a new standing committee in addition to its five existing committees, which are Casualty, General, Health, Life, and Pension. The ERM Committee, which will continue to operate under the leadership of David Ingram, was responsible for drafting the most recently adopted ASOPs, ASOP No. 46, *Risk Evaluation in Enterprise Risk Management*, and ASOP No. 47, *Risk Treatment in Enterprise Risk Management*. Since practice in enterprise risk management will continue to develop and ASOPs on the subject matter will continuously be needed as well, the ASB decided it was vital to make the ERM Task Force a committee.

# ASB AGENDA PROJECTS

May 2013

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

<b>CASUALTY COMMITTEE</b>					
Subject Area	Qtr. 2013				Comments
	1	2	3	4	
Risk transfer	PD				The task force has halted drafting and a discussion with the ASB on risk transfer will be held in September 2013.
<b>ENTERPRISE RISK MANAGEMENT COMMITTEE</b>					
Subject Area	Qtr. 2013				Comments
	1	2	3	4	
N/A					
<b>GENERAL COMMITTEE</b>					
Subject Area	Qtr. 2013				Comments
	1	2	3	4	
Introduction to the ASOPs	F				The ASB adopted a revised version of <i>Introductory Actuarial Standard of Practice</i> at its March 2013 meeting and numbered it as ASOP No. 1. The effective date is June 1, 2013.
ASOP No. 25, <i>Credibility Procedures Applicable to Accident and Health, Group Term Life, and Property/Casualty Coverages</i>	R				The ASB approved an exposure draft of the ASOP No. 25 revision at its September 2012 meeting. The comment deadline was December 31, 2012. The task force presented a proposed final revision to the ASB in March 2013 but was asked to make further edits and present it again to the ASB in June 2013.
ASOP No. 38, <i>Using Models Outside The Actuary's Area of Expertise (Property and Casualty)</i>	D				Work on a revision to ASOP No. 38 is underway with the intent of limiting its scope to catastrophe models and expanding it to apply to all practice areas. The task force plans to present the new draft to the ASB in June 2013.
General Modeling	D				A new standard on general modeling, applicable to all practice areas, was discussed at the March ASB meeting. The ASB suggested several changes to the draft and will discuss it again before the June meeting.

## HEALTH COMMITTEE

Subject Area	Qtr. 2013				Comments
	1	2	3	4	
Regulatory Filings	D				The task force is drafting an exposure draft to present to the ASB in June 2013.
Medicaid Rate Setting	D				The task force is drafting an exposure draft to present to the ASB in December 2013.
Minimum Value under ACA	DD				The ASB received a report from the task force on this subject area and charged them with developing a discussion draft to be presented to the ASB in September 2013.

## LIFE COMMITTEE

Subject Area	Qtr. 2013				Comments
	1	2	3	4	
Principles-based reserves	D				A discussion draft on Standards for Principle-Based Reserves for Life Products was released in June 2012. Given the recent NAIC approval of the Valuation Manual, work has been restarted on this project and an exposure draft will be presented to the ASB in June 2013.
Life settlements mortality	E				A new standard on this topic was discussed by the ASB at its March 2013 meeting. The ASB suggested several changes to the draft and will discuss it again before the June meeting.

## PENSION COMMITTEE

Subject Area	Qtr. 2013				Comments
	1	2	3	4	
ASOP No. 4 revision ( <i>Measuring Pension Obligations</i> )	SE				These subject areas are interrelated and much work has been done on the combined effort. Revisions of ASOP Nos. 4 and 27 were approved by the ASB as an exposure draft and second exposure draft, respectively, at its December 2011 meeting. The comment deadline for both drafts was May 31, 2012. The Pension Committee presented a revised second exposure draft of ASOP No. 4 and a working draft of ASOP No. 27 to the ASB in December 2012. The revised draft of ASOP No. 4 was approved for exposure by the ASB with a comment deadline of <b>May 31, 2013</b> . A discussion draft on "risk" was released in June 2012 with a recommended comment deadline of September 30, 2012.
ASOP No. 27 revision ( <i>Selection of Economic Assumptions for Measuring Pension Obligations</i> )	WD				
Economic value of pension plan assets and liabilities	D				
Assessment and disclosure of risk	DD				
ASOP No. 6 revision ( <i>Measuring Retiree Group Benefits Obligations</i> )	SE				The ASB approved a second exposure draft at its March 2013 meeting. <b>The comment deadline is August 30, 2013.</b>

## ► Looking Ahead...

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

- Revision of ASOP No. 25, *Credibility Procedures* (proposed final ASOP from the General Committee)
- Revision of ASOP No. 8, *Regulatory Filings for Health Plan Entities* (proposed exposure draft from the Health Committee)
- Proposed new ASOP on Catastrophe Modeling (proposed exposure draft from the General Committee)
- Proposed new ASOP on Principles-Based Reserves (proposed exposure draft from the Life Committee)

## ► Meeting Schedule of the Actuarial Standards Board



- *January 24-25, 2013 (ASB Planning Meeting)*
- *March 21-22, 2013*
- *June 18-19, 2013*
- *September 19-20, 2013*
- *December 9-10, 2013*

All ASB meetings are open to the public, and attendance by interested parties is encouraged. The ASB office should be notified in advance 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) establishes and improves standards of actuarial practice. These Actuarial Standards of Practice (ASOPs) identify what the actuary should consider, document, and disclose when performing an actuarial assignment. The ASB's goal is to set standards for appropriate practice for the U.S.*

*When creating or revising an ASOP the ASB*

- 1. reviews and evaluates current and emerging practices;*
- 2. determines appropriate guidance;*
- 3. publishes an exposure draft to obtain input from actuaries and other interested parties;*
- 4. considers all comments received; and*
- 5. publishes a final standard or another exposure draft.*

### **The ASB Boxscore**

Erica Kennedy  
ASB Program Manager  
kennedy@actuary.org

Actuarial Standards Board  
1850 M Street, NW, Suite 300  
Washington, D.C. 20036  
Phone: 202-223-8196 • Fax: 202-223-1248  
www.actuarialstandardsboard.org  
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