



**ACTUARIAL STANDARDS BOARD**

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**ACTUARIAL STANDARDS BOARD  
PROCEDURES MANUAL**

**Actuarial Standards Board  
Revised September 2009**

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## **ACTUARIAL STANDARDS BOARD PROCEDURES MANUAL**

### I. ASB Structure

#### A. Establishment and Charge

Article XI of the bylaws of the American Academy of Actuaries (“the Academy”) established the Actuarial Standards Board (“ASB”) to promulgate actuarial standards of practice. The ASB is an autonomous board, which is administratively supported by the Academy but responsible to all of the U.S.-based organizations representing actuaries. The ASB’s charge is as follows:

1. direct and manage the development of actuarial standards of practice by its committees in all areas of actuarial practice;
2. expose, promulgate or adopt, and publish actuarial standards of practice, within its sole discretion and pursuant to such procedures as it deems appropriate, in all areas of actuarial practice; and
3. provide continuous review of existing standards of practice and determine whether they are in need of amendment or elimination.

The procedures listed within this Procedures Manual describe the means by which the ASB generally fulfills its assigned charge. The ASB may waive or change any of these procedures, other than those established or required by the Academy’s bylaws, by a vote of at least six members.

#### B. Members

Article XI of the Academy’s bylaws provides the following:

1. The ASB shall consist of nine members, each of whom shall be appointed for three-year terms. No individual may serve more than two consecutive terms on the ASB, except that a member appointed to complete an unexpired term may be reappointed to two full terms. Terms of membership shall be staggered, so that one-third of the members is appointed annually.
2. Members of the ASB shall be appointed by and serve at the pleasure of the Council of U.S. Presidents (CUSP), composed of the Presidents and Presidents-Elect of the participating organizations. The President of the Academy shall serve as the chair of CUSP. CUSP shall annually appoint the chair and vice-chairs of the ASB.

3. The ASB chair may not serve more than two consecutive one-year terms as chair.

C. Officers

Article XI of the Academy's bylaws provides the following:

1. Officers of the ASB shall consist of a chair and two vice-chairs appointed annually from among members of the ASB by CUSP.
2. The chair of the ASB shall preside at meetings of the ASB.
3. The vice-chairs will have the following duties:
  - a. One vice-chair shall be the presiding officer in the absence of the chair and shall have such other duties as may be assigned by the chair; and
  - b. The other vice-chair shall monitor the disposition of, and be responsible for, the authorization for expenditure of all funds associated with the ASB.

D. Authority

1. The ASB has the authority to prescribe its own operating procedures; to establish such committees, subcommittees and task forces as it may deem necessary in carrying out its assigned functions; and to appoint individuals to positions on such committees, subcommittees and task forces. The ASB directs and sets priorities for all work undertaken by the committees, subcommittees, and task forces.
2. Article XI of the Academy's bylaws provides that, when all nine members of the ASB are present, an affirmative vote of at least six members is required to expose, promulgate, or adopt actuarial standards of practice. Votes may also be conducted by mail, fax, e-mail, or by telephone poll (and subsequently documented). When one or more members are not present, an affirmative vote of six members in attendance is necessary for any action to be taken. However, a matter may be approved by mail, fax, e-mail, or telephone vote only when all members have been successfully contacted, and there are at least seven affirmative votes.
3. All members of the ASB have equal authority and responsibility to pass judgment upon all matters under consideration by the ASB, regardless of the area of actuarial practice in which each member may specialize.

## E. ASB Meetings

### 1. Schedule

Article XI of the Academy's bylaws provides that the ASB meets at least quarterly. Additional meetings of the ASB may be called at the request of the chair or at least four members of the ASB.

### 2. Open Meeting Policy

All meetings of the ASB are open, and members of the actuarial profession and the public at large are invited to attend and observe the proceedings. Reasonable seating accommodations for observers who have notified the ASB staff at least ten days in advance of the meeting of their intent to attend are to be made available in the meeting room.

### 3. Executive Session

The ASB may also meet in executive session from time to time as circumstances warrant. An executive session may be called at the request of the chair or at least four members of the ASB.

### 4. Publication of Meeting Schedule

In order to provide members of the actuarial profession and the public at large with an opportunity to attend meetings of the ASB, notice of the time, date, and place of the meeting will be published by the Academy in the *Actuarial Update*, by the ASB in the *ASB Boxscore*, and in such other publications as the ASB deems appropriate.

### 5. Participation at ASB Meetings

Participation at meetings of the ASB is limited to members of the ASB, ASB staff, and other individuals invited by the chair to participate. Individuals invited to participate may include representatives of committees, individual actuaries, representatives of other interested organizations, or members of the public at large.

Any individual may request an opportunity to address the ASB at a scheduled meeting. Such requests should be in writing or by e-mail, addressed to the chair of the ASB, and should be received at least ten days prior to the meeting. The request should indicate the subject matter of the proposed presentation, and the reason(s) for the request to speak. The decision to grant an opportunity to address the ASB rests with the ASB chair.

Interested individuals other than ASB members and staff may observe the public portions of ASB meetings, but may speak or otherwise participate in the meeting only at the pleasure of the ASB chair. The chair may expel any individual whose participation in the ASB meeting is disruptive or interferes in the ASB's fulfillment of its responsibilities.

## II. ASB Committees

### A. Standing Committees

For each area of actuarial practice, there is a standing committee that is responsible for the drafting and preparation of actuarial standards of practice for consideration by the ASB. The number of standing committees is determined by the ASB. The current standing committees are as follows:

- Casualty Committee
- Health Committee
- Life Committee
- Pension Committee
- General Committee (for standards that apply to more than one practice area)

### B. Standing Committee Responsibilities, Objectives, and Strategic Plans

Each Standing Committee is responsible for:

- Regularly reviewing assigned ASOPs for current appropriateness.
- Preparing recommendations to the ASB for new and revised standards.
- Developing exposure and final ASOP drafts for ASB approval.
- Considering and reviewing new developments and recommending appropriate actions to the ASB.
- Considering requests for ASOPs from practicing actuaries and other interested parties and recommending appropriate actions to the ASB.
- Preparing objectives and strategic plans for the standing committee for approval by the ASB.

At the last ASB meeting of the year, each standing committee chair presents the objectives and strategic plans of the committee for the coming year. Standing committee chairs are responsible for preparing such strategic plans for the ASB to review under the guidance of the ASB member(s) who serves as liaison(s) to that committee.

### C. Other Committees, Subcommittees, and Task Forces

From time to time, the ASB may establish additional committees, subcommittees, or task forces as it deems appropriate to address special topics. A standing

committee may also appoint a subcommittee or task force with the approval of the ASB. The subcommittee or task force members may include persons who are not members of the committee with the approval of the ASB. These persons shall not be considered members of the standing committee.

A subcommittee is generally established to address a particular area of responsibility. A subcommittee is generally maintained on an ongoing basis.

A task force is generally established to address a particular issue, such as drafting an ASOP or monitoring an emerging area of practice. A task force is dissolved after completing its task.

#### D. ASB Liaison with Committees

The ASB will appoint two or more of its members to serve as liaisons to each standing committee. One of the ASB members will serve as the primary liaison and have primary responsibility for carrying out the liaison role. The principal role of the liaison is to provide each standing committee chair with guidance with respect to ASB procedures. Another role is to monitor the activities of the standing committee and to report on such activities to the ASB. (See Appendix I for committee liaison job description.)

Liaison appointments are one-year assignments, but a member may be reappointed without limitation. A liaison may be appointed by the ASB to any other committee or task force as it deems necessary.

#### E. Committee Leadership

Committee, subcommittee, and task force (hereafter referred to as “committee”) chairs are approved annually by the ASB during the third quarter meeting. A person typically serves as committee chair for three years subject to annual reappointment by the ASB, and should retire from the committee after serving as chair. A task force chair may serve for the duration of the project, if longer. A more detailed description of the standing committee chair’s role is given in Appendix II.

Each standing committee chair should work closely with the ASB liaison to identify a successor. If possible, the succeeding committee chair should be chosen from the current committee members. Ideally, the successor should be identified one year prior to the chairperson’s retirement.

#### F. Committee Staffing

Each standing committee chair will submit a proposed committee roster for approval at the fourth quarter ASB meeting. This will also include leadership and membership for any subcommittees and task forces of the standing committee.

The staffing of committees is essential to ensuring high-quality results. The effectiveness of committee work and the quality of committee work products are paramount.

The makeup of committees should include a full breadth of views from those who will be affected by proposed standards. Recognition of diversity of opinion by specialty area, employment and geography is important. In particular, it should be recognized that committee participation from those outside our profession can be desirable. A person should remain on a committee for no more than six consecutive years unless such person becomes committee chair before the end of that period. Following a minimum of a two year period off the committee, a person is eligible to begin a new tenure on the committee. However, a person appointed to a task force is eligible to serve until the task force's assignment is complete.

It is essential that the committee chair contact non-participating or disruptive members and take appropriate action, such as suggesting that they withdraw from the committee.

Once approved, every new committee member should receive a welcoming letter from the ASB chair. Similarly, every committee member should receive an appreciation letter from the ASB chair at the close of each year.

#### G. Committee Meetings

Participation at committee meetings is limited to members of the committee, ASB liaisons, ASB staff, and other individuals invited by the chair to participate. Individuals invited to participate may include representatives of other committees, individual actuaries, representatives of other interested organizations, or members of the public at large.

Committee meetings are open to the public. Individuals who are not members of the committee, ASB liaisons, or ASB staff may observe a committee meeting, but may speak or otherwise participate in the meeting only at the pleasure of the committee chair. The chair may expel any individual whose participation in the committee meeting is disruptive or interferes in the committee's fulfillment of its responsibilities.

A committee may also meet in executive session from time to time as circumstances warrant. An executive session may be called at the request of the chair or at least four members of the committee.

It is generally preferable to meet at the Academy office in Washington, D.C., to keep the ASB's operating costs down and provide better access to the office's resources. ASB staff is available to assist with meeting arrangements.

### III. Standards Development

#### A. General Process

The ASB has established a process for the development of Actuarial Standards of Practice (ASOPs) by its standing committees. While this process is subject to alteration at the sole discretion of the ASB, if circumstances are deemed by the ASB to warrant it, the process generally involves the following:

1. Preparation of a proposal for a new or amended ASOP. Then, if the proposal is approved by the ASB;
2. Preparation of a summary of a proposed standard (unless the proposal for the new standard is sufficiently complete that no summary is required or the proposal is for revision of an existing standard). The summary should contain a synopsis of the major issues that the proposed standard will address. Then, if the summary is approved by the ASB;
3. Preparation of a proposed exposure draft or drafts. Then, if the exposure draft is approved by the ASB;
4. Release of the exposure draft to the actuarial community for comment and discussion. Then;
5. Preparation of a proposed final standard, which reflects comments received on the exposure draft and which is subject to further review, editing, and adoption or direction to re-expose the proposed standard for further comment and discussion before preparation and adoption of a final standard.

It is generally the responsibility of the chair of the standing committee to present a proposal, summary, exposure draft, or a final standard to the ASB and to assist in the discussion thereof. Other members of the standing committee, subcommittee, task force or the ASB may be asked by the standing committee chair to be the presenter or to assist in the discussion. A standing committee may also request ASB review of a draft at any stage during the development of a standard.

The development of ASOPs can be a complex process, and the ASB's staff is eager to assist. ASB staff participates throughout the development process to assist in editing and distributing the standard and help ensure that the ASB's procedures are followed, preferred formats are used, and language is consistent with other standards of practice. Please feel free to call upon staff for assistance with editorial questions, document production, meeting and conference call

arrangements, copying, legal advice, or any other need that arises. Cooperative interaction between staff and members greatly facilitates the development of standards.

## B. Proposals for Standards

Each standing committee will regularly review standards assigned to their committee for continued appropriateness, and also review practices in their area to determine if a new standard may be required. The ASB may also request a standing committee to investigate a particular area for possible development or modification of a standard.

Before beginning to develop a standard, the standing committee will generally submit to the ASB a proposal for a standard (see Appendix IV), including: a description of the subject of the proposed new standard; an explanation of why a standard is needed; a description of the urgency, if any, associated with the project; a description of the possible effect the proposed standard may have on other standards; a proposed timetable for completion of the standard; and a description of any issues on which the ASB should offer guidance to the committee. Outside organizations and individuals may also submit proposals for standards to the ASB. Upon approving the proposal for a standard, the ASB will then assign the proposed standard to the relevant standing committee or appoint a special task force or committee.

## C. Solicitation of Input

The committee or task force developing a proposed standard is encouraged to seek a wide range of ideas and views on the subject, including input from non-committee members. In order to provide members with an opportunity to give input early in the process, any summary approved by the ASB, and the name of the drafting committee or task force's chair, will be published in the *ASB Boxescore* or other appropriate publication on the ASB website with an invitation to comment. The committee or task force may also wish to consider making a presentation concerning the proposed standard in an appropriate forum. The committee or task force may distribute a draft of the proposed standard as part of the presentation with the prior approval of the ASB chair and concurrence of the ASB primary liaison and after appropriate legal review.

In unusual circumstances, committees and task forces may also ask to place preliminary discussion drafts of proposed standards on the ASB's website and on some or all of the websites of the U.S.-based actuarial organizations. Such discussion drafts should only be posted after receiving appropriate legal review and with the approval of the ASB. Such discussion drafts should also have the following heading on each page: "Discussion Draft – Not Approved or Adopted by the ASB."

If the ASB approves placing such preliminary discussion drafts on a website, the ASB will publicize the availability of such preliminary discussion drafts in the Academy's regular monthly mailing and by blast email and offer hard copies to anyone without Internet access.

#### D. General Considerations

The primary purpose of a standard is to provide guidance to the actuary. It is, therefore, important that the standard be clear, concise, and thorough in describing the actuary's responsibilities. Standards should avoid unnecessary wordiness and repetition. Each new concept typically should get its own section, and it may be helpful to provide transition between the sections to make the text easier to read and more comprehensible.

In general, cross-references to other ASOPs are discouraged, in part because they may suggest that only ASOPs that are specifically cross-referenced apply when that may not be the case. If cross-references are used, it is typically to offer more specific guidance on a topic that is addressed more generally in the standard.

### IV. Exposure Drafts

#### A. Request for Exposure

1. If a standing committee has established a subcommittee or task force to develop a proposed standard, upon completing its work on the proposed exposure draft the subcommittee or task force will determine by affirmative majority vote whether to forward the proposed exposure draft to the standing committee. The standing committee will review the proposed exposure draft. The standing committee may return the proposed exposure draft to the subcommittee or task force to be revised, or take over further responsibility for completion of the proposed exposure draft.
2. After reviewing or itself preparing the proposed exposure draft, the standing committee will determine by affirmative two-thirds majority vote whether to request the ASB's approval to expose the document. If at least two-thirds of the members of the standing committee vote in the affirmative, the standing committee will present the proposed exposure draft to the ASB with a request that the ASB approve exposure of the document. The standing committee should submit with the proposed exposure draft any background material appropriate to aid the ASB in its review of the text, including a description of the project, identification of controversial issues (including any dissenting views), and a discussion of the standing committee's concerns, if any. When appropriate, the reasoning for any negative vote(s) should also be included.

3. The standing committee should complete the voting process and have the proposed exposure draft ready for review by the ASB at least four weeks prior to the ASB meeting at which the standing committee intends to present the proposed exposure draft.
4. By a majority vote, the ASB may request that the standing committee forward a draft of a standard under development for the ASB's review and possible action, even though the standing committee voted not to submit the draft for the ASB's review.
5. All proposed standards that are to be considered for eventual adoption must undergo the exposure process described in Sections IV and V of these procedures.

B. Format of Exposure Drafts

The ASB has adopted a specific format for use by the standing committees in submitting proposed exposure drafts for approval. (See Appendix III).

C. Report from the General Counsel

To be considered for exposure, a proposed exposure draft must be accompanied by a written report from the General Counsel advising the ASB that (1) the draft has been prepared in accordance with ASB procedural requirements; (2) it does not appear to pose any significant threat of violating antitrust laws; and (3) it complies with applicable law or regulations.

D. Standing Committee Action

The Standing Committee must approve the submission of an exposure draft to the ASB by a two-thirds majority vote. The committee should consider any issues raised in the preliminary legal memorandum and, if deemed appropriate, modify the draft to address legal concerns before submitting the draft to the ASB.

E. ASB Action

The ASB reserves the right to expose the proposed standard, to return it to the standing committee with appropriate comment or direction (possibly including direction to terminate work on the project), or to make changes in the wording of the proposed standard and expose it. In performing its review of the proposed exposure draft, the ASB will generally seek the guidance of a representative of the standing committee submitting the draft. The ASB may appoint a review committee (generally including the ASB liaison(s) to the standing committee submitting the draft and the committee representative presenting the draft) to assure through appropriate post-meeting review that the final exposure draft properly reflects the ASB's intent.

F. Alternative Language

An exposure draft may contain alternative wording to solicit views of the membership. If alternative wording is included in an exposure draft, the fact of its inclusion should be highlighted in the transmittal memorandum accompanying the exposure draft. However, final standards cannot contain such alternative wording.

G. Minority Opinions

An exposure draft that is not unanimously approved by the ASB will contain appropriate recognition of an ASB member's minority opinion, if requested by an ASB member and if determined appropriate by the ASB. If minority opinions are expressed, they should contain a clear explanation of the reason for the opinion, and will be included in the transmittal memorandum accompanying the exposure draft.

H. Distribution of Exposure Draft

The exposure draft will be posted on the ASB website and also announced by the ASB staff to the Academy membership via a blast email as soon as practicable. Hard copies of the exposure draft will be made available to anyone else upon request.

The exposure draft may also be posted on other appropriate websites as determined by the ASB.

V. Exposure Process

A. Deadline for Comment Letters

The deadline for comment letters is normally sixty to ninety days after the expected distribution date, unless the ASB specifies a different date. A minimum of thirty days must be permitted under all circumstances.

B. Processing of Comment Letters

1. All comment letters concerning an exposure draft are to be sent to the ASB staff or to the ASB's e-mail address. The ASB will not accept anonymous comments. Each comment letter or e-mail is assigned a sequential number upon receipt. All comment letters will be posted, unedited, to the ASB website. A file of all comment letters and e-mails is maintained in the ASB office until the final standard is adopted or the ASB determines not to adopt a proposed standard and withdraws the exposure draft. The ASB staff distributes comment letters to the standing committee or task force developing the standard. The comment letters and

e-mails are discarded by the ASB staff when the ASB takes final action on a proposed standard.

2. The standing committee or task force chair is responsible for forwarding to the ASB staff any comment letters sent directly to the chair or other standing committee or task force members.
3. Oral comments, or comments made on electronic bulletin boards or in Internet chat rooms, will not be processed until they are received in writing by the ASB or are sent specifically to the ASB's e-mail address.
4. Comment letters and e-mails will be posted to and be available for inspection on the ASB website. These comments will remain available for viewing until the ASB takes final action on a proposed standard or revision.
5. Staff will undertake a general sorting of comment letters and e-mails by topic, issue, or sections of the proposed standard to assist the standing committee or task force to review them.

#### C. Communication with Commentators

1. The ASB staff will send each individual submitting a comment an acknowledgment of receipt.
2. All comments received by the comment deadline will be given due and impartial consideration by the standing committee or task force. Further communication with commentators to seek clarification, elaboration, establishment of common ground, etc., may occur at the discretion of the chair of the standing committee or task force.
3. A summary of the major issues discussed in the comments received and the drafting group's responses to such are printed in the last appendix to the final standard or a subsequent exposure draft if an additional exposure is deemed necessary.

#### D. Status Reports

1. Reports to the actuarial profession on the deliberations of a standing committee or task force during the development of a standard may be made at the discretion of the chair of the standing committee.
2. Reports should be general in nature. Any mention of suggested changes to the proposed standard based on the comment letters received should not predict a decision to be made by the ASB.

#### E. Public Hearings

1. Public hearings are not required, but may be authorized by the chair of the ASB. Factors to be considered in deciding whether a public hearing should be held include the following:
  - a. the complexity of the proposed standard;
  - b. the anticipated level of controversy;
  - c. the significance to the profession of the guidance contained in the proposed standard; and
  - d. other relevant considerations, if any.
2. Arrangements for a public hearing will be made by the ASB staff. Expenses directly related to the hearing are borne by the ASB, including the cost of a hearing room, tape-recording service, transcription service, audio-visual equipment, and production of printed materials. Those attending or participating in the hearing do so at their own expense.
3. A public hearing will be held in conjunction with a scheduled actuarial meeting where feasible. Otherwise, it will be held near a major metropolitan airport.
4. At least thirty days before a public hearing, the ASB will publish notice of the hearing in the *Actuarial Update*, on the ASB website, and in any other media deemed by the ASB to be likely to reach persons expected to have an interest in the subject. Such notice will include a description of the scope and purpose of the proposed standard.
5. The hearing moderator and panel will be selected by the chair of the ASB, or by a vice-chair.
6. Any person wishing to speak at the hearing should notify the ASB staff at least one week before the scheduled hearing date. Others may be permitted to speak after all scheduled speakers at the discretion of the moderator. The moderator may establish time limits for any or all speakers. Time will be allowed for questions and answers if practicable.
7. The hearing moderator and counsel will ensure that the requirements of applicable law are met.
8. A list of scheduled speakers and a brief agenda should be available to attendees one hour prior to the hearing. Copies will be available at the hearing.

9. The public hearing generally should be tape recorded by a recording service selected by the ASB.
10. The hearing is open to all interested parties, including members of the press. Seating may be limited and will be available on a first-come, first-served basis.

F. Second (or Later) Exposure Draft

When comments received on an exposure draft have been analyzed, the standing committee or task force with the consent of the ASB, or the ASB itself, may determine that it would be appropriate to have a second (or later) exposure draft, or a second (or later) public hearing. This will generally occur when the drafting committee or task force or the ASB deems that more input from the profession is desirable.

VI. Standards Adoption

A. Request for Adoption

1. If a standing committee has established a subcommittee or task force to develop a proposed standard, after a proposed standard has been exposed and comments considered, the subcommittee or task force will prepare a proposed final standard. The subcommittee or task force will then determine by affirmative majority vote whether to forward the proposed final standard to the standing committee. The standing committee will review the proposed final standard. The standing committee may return the proposed final standard to the subcommittee or task force to be revised, or take over further responsibility for completion of the proposed final standard.
2. After reviewing or itself preparing the proposed final standard, the standing committee will determine by affirmative two-thirds majority vote whether to request the ASB's adoption of the proposed final standard. If at least two-thirds of the members of the standing committee vote in the affirmative, the standing committee will present the proposed final standard to the ASB with a request that the ASB adopt the final standard.
3. The standing committee should complete the voting process and have the proposed final standard ready for review four weeks prior to the ASB meeting at which the standing committee hopes to present the proposed final standard.
4. By a majority vote, the ASB may request that the standing committee forward a draft of a standard under development for the ASB's review and

possible action, even though the standing committee did not vote to submit the proposed standard for the ASB's review.

B. Format of Exposure Drafts

The ASB has adopted a specific format for use by the standing committees in submitting proposed exposure drafts for approval. (See Appendix III).

C. Report from the General Counsel

To be considered for adoption, a proposed final standard must be accompanied by a written report from the General Counsel advising the ASB that (1) the proposed final standard has been prepared in accordance with ASB procedural requirements; (2) it does not appear to pose any significant threat of violating antitrust laws; and (3) it complies with applicable law or regulations. A review by the General Counsel at this stage is also required to ensure that all substantive changes made since the exposure stage are in conformity with applicable law and regulation.

D. Standing Committee Action

The Standing Committee must approve the submission of a final draft to the ASB by a two-thirds majority vote. The committee should consider any issues raised in the preliminary legal memorandum and, if deemed appropriate, modify the draft to address legal concerns before submitting the draft to the ASB.

E. ASB Action

The ASB reserves the right to approve the proposed standard for adoption, to return it to the standing committee with appropriate comment or direction, or to make changes in the wording of the proposed final standard and adopt it. In performing its review of the proposed final standard, the ASB will generally seek the guidance of a representative of the standing committee submitting the proposed standard. The ASB may appoint a review committee (generally including the ASB liaison(s) to the standing committee submitting the proposed standard and the committee representative presenting the proposed standard) to assure through post-meeting review (and, as necessary, by making non-substantive changes to the draft) that the final standard properly reflects the ASB's intent.

A proposed final standard will not be released to the membership as a final standard until approved by the ASB.

F. Minority Opinions

A final standard that is not unanimously approved by the ASB will contain appropriate recognition of an ASB member's minority views, if requested by an ASB member and if determined appropriate by the ASB. If minority opinions are expressed, they should contain a clear explanation of the reason for the dissent, and will be included in the transmittal memorandum accompanying the final standard.

#### G. Distribution of Final Standard

The final standard will be posted on the ASB website and also announced by the ASB staff to the Academy membership via a blast email as soon as practicable. Hard copies of the final standard will be made available to anyone else upon request.

The final standard may also be posted on other appropriate websites as determined by the ASB.

### VII. Amendments to Standards

#### A. Proposals for Amendments to Standards

From time to time, the ASB may deem it appropriate to amend an existing ASOP. A proposal for an amendment to an ASOP must include a sufficient portion of the surrounding text to permit the reader to understand the nature and effect of the proposed amendment.

#### B. Procedure for Adoption of Amendments

Proposals for amendments to ASOPs will generally follow the same process as for new ASOP (see Sections IV – VI of this Procedures Manual). After the proposed amendment has been exposed and adopted by the ASB, the entire standard will be reissued.

#### C. Reformatting of ASOPs

The reformatting of an ASOP without any change in the technical content of the ASOP does not necessarily require that the ASOP be re-exposed for comment. Whether the reformatted ASOP will be exposed for comment will be decided by the ASB.

### VIII. Public Presentations and Articles

Statements, representations, and expressions of opinions or views made by any individual member of the Actuarial Standards Board (ASB), its committees, subcommittees, task forces, or staff are attributable only to the speaker or author and should not be construed as representing the views of the ASB, unless the speaker or author has been expressly authorized by the ASB to express its views.

Members of committees are often asked to participate and speak in public meetings where proposed standards are discussed or to write articles for actuarial publications concerning ASB matters. A member of a committee may not speak or write for the ASB. If the member is speaking or writing as an individual, or on behalf of the member's principal, the member should make a clear statement to that effect and should make a statement such as the following that the member is not speaking or writing on behalf of the ASB.

"I am a member of the [description of speaker or writer's role, i.e., member of the ASB, its operating committees, subcommittees, task forces, or staff]; however, any statements, representations, and expressions of opinions or views that I make are attributable only to me and should not be construed as representing the views of the ASB."

If the member *has* been expressly designated to express the views of the ASB, the member should make a statement such as the following:

"I am a member of the [description of speaker or writer's role, i.e., member of the ASB, its operating committees, subcommittees, task forces, or staff] and have been expressly authorized by the ASB to [speak/write] on its behalf with respect to the subject of this [presentation/article]."

## IX. File Retention

ASB and drafting committee members who work on standards often accumulate multiple working drafts, correspondence, and other supporting materials. Documents should be maintained and discarded in accordance with the following policy:

1. Published Actuarial Standard of Practice: Permanent.
2. Published Exposure Draft: Permanent, with comment letters received on the draft to be destroyed when the final published ASOP is adopted or the ASB decides not to adopt the proposed standard and withdraws the exposure draft.
3. Correspondence: To be retained for 3 years.
4. Files: All material related to adopted ASOPs, such as working drafts or memos/e-mails describing drafting assignments, should be destroyed when the standard is adopted or the exposure draft is withdrawn; material related to pending projects may be retained.

## X. Publications

The ASB maintains the following relevant information, posted on the ASB website:

**ASB Boxscore:** A summary of the most recent ASB meeting and a listing of the ASB's current projects by Committee.

**ASB Procedures Manual:** A manual describing the structure of the ASB and the standard-setting process.

**Definitions from ASOPs and ACGs:** Staff has compiled and maintains a list of all definitions from previously published ASOPs for use by drafting committees in developing their own definitions.

**Committee Roster:** a list of all the members of the ASB, its Operating Committees, committees, subcommittees and task forces. It includes names, addresses, telephone and fax numbers and, where available, e-mail addresses.

The Academy's Council on Professionalism maintains Applicability Guidelines, a compilation that provides actuaries with non-authoritative guidance on which standards typically apply to actuarial tasks that actuaries perform.

## XI. Travel/Expense Reimbursement Policy

### A. Eligibility

#### 1. Actuarial Standards Board

- (1) ASB members will be reimbursed for all reasonable travel/expenses for quarterly ASB meetings and any additional meetings called by the ASB.
- (2) ASB members will be reimbursed for all reasonable travel/expenses for standing committee meetings while acting in the role of primary or secondary ASB liaisons.
- (3) ASB members will be reimbursed for all reasonable travel/expenses for other actuarial meetings while acting as representatives of the ASB (e.g., attending Council on Professionalism meetings) or other meetings at the ASB chairperson's discretion.

#### 2. Operating Committee and Task Force Chairpersons

- (1) Operating committee and task force chairpersons will be reimbursed for all reasonable travel/expenses for attendance at ASB meetings for the purpose of presenting a proposed ASOP.
- (2) Operating committee and task force chairpersons may be reimbursed for travel/expenses for attendance at certain other meetings at the ASB chairperson's discretion.
- (3) Travel/expenses to regular committee and task force meetings will not be reimbursed. Regular members of a committee or task force will not be reimbursed by the ASB for travel/expenses related to committee meetings.

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3. Reasonable travel expenses are determined under the Academy's guidelines for "Reimbursement and Documentation." Occasional exceptions to this policy may be made at the ASB chairperson's discretion.

B. Reimbursement Procedure

1. Submit to Rita Winkel via fax, e-mail, or mail:
  - a) meeting expense report (see Appendix V); and
  - b) all related receipts and documentation.
2. Submit meeting expense report to the ASB chairperson for approval via fax or e-mail:
3. Reimbursement requests submitted without proper documentation will be granted at the ASB chairperson's discretion.
4. The ASB chairperson will submit a meeting expense report to one of the ASB's vice-chairpersons for approval.

## APPENDIX I

### **Liaison Job Description**

Each standing committee has a primary and secondary liaison from the ASB. For the most part, the primary liaison will be the main point of contact with the standing committee. However, the secondary liaison should be ready to step in when the primary liaison cannot fulfill his or her responsibilities. As a result, the secondary liaison should be informed and participate in the activities of the committee whenever possible.

The purpose of having liaisons is to facilitate communication between the committee and the ASB, to ensure that the work of the committee is consistent with expectations of the ASB, and to provide mentoring to the committee chair. In addition, the liaisons serve as active members of the committee.

Communication between the standing committee and the ASB is critical to the smooth functioning of the Standards process. The liaisons and the committee chair are the prime facilitators of that communication. For each task of the committee, it is essential that the committee has a clear understanding of what the ASB is expecting, the time frame in which the task is to be accomplished and the role that ASB staff is to play in helping meet those expectations. It is also important for the committee to have an understanding of what to expect from the ASB in terms of support and interaction.

To be effective, the liaisons must be active participants in the standing committee's activities. This means attending committee meetings in person or by conference call. In addition to enabling the liaisons to be an active participant in the deliberations of the committee, attendance by the liaisons shows support for the process. As active participants in committee discussions, the liaisons can also provide guidance to the committee or task force as to the expectations of the ASB and can provide background and education on the Standards process itself as needed. However, in being active members, the liaisons should take care not to take on the responsibilities of the chair.

Being active participants in the standing committee's activities also will present the opportunity for the liaisons to review drafts prepared by the committee and its task forces. In this role the liaisons not only have an opportunity to influence the document, but also have the responsibility, along with the chair, to make sure the work product meets the quality standards set by the ASB. The liaisons should make sure that the final product proposed to the ASB will meet the expectations of the ASB. In particular, the product should meet the expectations of the liaisons! In most situations, the liaisons should be ready to vote for the product at the ASB level before it leaves the committee.

Finally, the liaisons function as mentors or “coaches” to the committee chair. In this role the liaisons will:

- Counsel the committee chair on the workings of committees.
- Help the committee chair prepare each ASOP for presentation to the ASB.

- Support the committee or task force chair in the presentation of any document to the ASB. (In some cases, a liaison may lead the presentation.)
- Help the chair in the assessment and recruiting of suggested new committee members.
- Help the committee chair understand how the ASB works. This will both help the chair understand the job of being chair and will help prepare the chair for a potentially larger role on the ASB itself.

The Standards process works best when both the ASB liaisons and the chairs of the standing committees and task forces work together to eliminate surprises.

## APPENDIX II

### **Standing Committee Chair Job Description**

The chair of a standing committee plays an extremely important role in the work of setting Actuarial Standards of Practice. Much of the work of the ASB is done in the standing committees (and their task forces). The main function of the chair is to actively manage the committee to the successful completion of its responsibilities. In order to do this, the chair must serve a number of functions.

**Managing the Meetings** - The chair is the chief administrator of the committee and is responsible for the following:

- Working closely with ASB staff to be certain that volunteer involvement is managed most efficiently.
- Establishing the agenda for the committee and detailing the work to be done by the committee on a periodic basis.
- Establishing task forces as needed for work that will not be done by the committee.
- Establishing meetings and calls as needed and presiding over those meetings and calls to assure that the agenda is completed.
- Assuring that the results of the meeting are recorded and distributed.

**Involvement as a Member of the Committee** - The chair is a member of the committee and should actively participate in discussion of all items coming before the committee. The chair is responsible for the following:

- Helping to assure that the work products of the committee meet the expectations of the ASB and will be well received at the ASB level. In particular, it is expected that the chair has voted in favor of any proposal that will be going to the ASB and would vote for the proposal if he or she was a member of the ASB. Note, however, that the final authority and responsibility for all ASOPs rests with the ASB itself.
- Organizing presentation of issues to the ASB, including the presentation of ASOPs. The chair need not necessarily present issues (for example, a Task Force chair may do that) but it is the chair's prerogative to do so.

**Managing the Relationship with Other Audiences** - The chair should be aware of environmental issues relating to actuarial standards and will be the chief spokesman on committee activities. Toward this end:

- The chair should regularly communicate with the appropriate Academy Practice Council, and should be a member of the Council.
- The chair is responsible for all communications with the ASB itself, including required periodic reports.
- The chair may be asked to speak on committee activities. In these situations, the chair should make it clear that, unless specific authorization to represent the ASB has been obtained, the chair is speaking on his or her own behalf and not for the ASB.

**Managing the Composition of the Committee and Task Forces** - The chair is responsible for staffing the committee and its task forces and the following:

- Assuring that there is an adequate number of committee members and that there is an orderly flow of new members as veteran members retire.
- Striving to see that different areas of practice are represented on the committee at all times.
- Helping veteran members understand when it is time to move off the committee.
- Assuring that the committee functions smoothly from a personnel viewpoint. On occasion the chair will have to play an important role in dealing with a disruptive committee member or doing what is necessary to manage a disgruntled volunteer.

**Recruiting and Training** - The chair is the chief recruiter for the committee and is responsible for:

- Finding potential recruits, recruiting them, and presenting them to the ASB for approval.
- Introducing the new member to the process. The chair, along with the ASB liaisons, is responsible for educating and training the committee in the ways of the ASB. Understanding ASB expectations as well as what the committees and Task Forces can expect from the ASB is critical to a smooth functioning system.
- Recruiting task force chairs and participating, along with the task force chair, in recruiting members for task forces. In recruiting task forces, the chair should assure continuity between the committee and the task force. This can be done by placing a member of the committee on the task force (often as chair) and/or by active participation by the committee chair on an ex-officio basis.

**Succession Planning** - Given the three year term of the chair, it is never too soon for the chair to begin thinking about his or her eventual replacement. The chair is responsible for:

- Evaluating current committee and task force members as well as those of the recent past in this regard.
- Considering succession when recruiting new committee and task force members.
- Strengthening potential candidates in terms of their background in the ASB process. Having more than one candidate available as a potential chair is a good thing.

The approval of any candidate for committee membership or chairpersonship is always subject to the approval of ASB, and any discussion with candidates should clearly include that contingency.

## APPENDIX III

### **Format for Standards of Practice**

A proposed exposure draft or final standard must be submitted to the ASB according to the ASB Style Guidelines in the following format:

1. Cover page, title, and table of contents

The cover page is printed with the ASB logo and states whether the document is an exposure draft or final standard. It sets out the title, the comment deadline (for exposure drafts), the name of the drafting committee that developed the standard, and the date that the ASB approved it for exposure or adopted it.

If an ASOP is a revision of an earlier standard, that fact should appear on the cover. The title should indicate to what practice area(s) the standard applies. Further, if the ASOP is being issued to help actuaries comply with a particular law, regulation or accounting requirement, the title should indicate that fact.

2. Transmittal memorandum for exposure draft, which includes, at a minimum:

- a. title of the proposed standard;
- b. date when approved for exposure by the ASB;
- c. proposed deadline for submitting comments;
- d. forwarding addresses for comments, including e-mail and postal addresses;
- e. brief discussion of the development and history of the proposed exposure draft;
- f. any specific questions or issues on which the ASB and its standing committee would like readers to provide commentary; and
- g. names of standing committee members, ASB members and members of any subgroup or task force (with no organizational affiliations shown).

3. Transmittal memorandum for final standard, which includes, at a minimum:

- a. title of the final standard;
- b. date when adopted by the ASB and the effective date;

- c. brief discussion of the development, history and exposure process of the final standard;
  - d. statement thanking commentators and summarizing comments as appropriate; and
  - e. names of standing committee members, ASB members and members of any subgroup or task force (with no organizational affiliations shown).
4. Sections 1 – 4 of the proposed exposure draft or final standard of practice, which include:
- a. Section 1
    - 1) Section 1.1, Purpose, describes the purpose that the standard is intended to meet. Generally, the purpose should be stated as providing guidance to actuaries in performing a particular professional assignment.
    - 2) Section 1.2, Scope, identifies the actuaries to whom the standard applies. If appropriate, this section also addresses conflict with applicable law, regulation or other binding authority by indicating whether compliance with the law, regulation or other binding authority constitutes a deviation from the standard and whether any special disclosure is required in the case of such a conflict.
    - 3) Section 1.3, Cross-References, sets forth the following text: “When this standard refers to the provisions of other documents, the reference includes the referenced documents as they may be amended or restated in the future, and any successor to them, by whatever name called. If any amended or restated document differs materially from the originally referenced document, the actuary should consider the guidance in this standard to the extent it is applicable and appropriate.”
    - 4) Section 1.4, Effective Date, sets the effective date for the standard. It should make clear to what work the standard applies (in other words, to work performed after a certain date, to opinions rendered on or after a certain date, or to work for which the actuary is first engaged after a certain date). Exposure drafts should not set forth a particular date, but should contain a general statement that the standard will take effect four months (or more, if appropriate) after adoption by the ASB.
  - b. Section 2 – Definitions

This section always begins with the sentence, “[t]he terms below are defined for use in this actuarial standard of practice.” This

makes clear that the ASOP is a stand-alone document, and that the definitions in one ASOP do not necessarily apply to another.

Definitions in existing ASOPs should be used wherever possible to minimize inconsistencies between the ASOPs. A list of previously defined terms is available from the ASB office.

All important terms should be defined in this section, whether commonly understood by actuaries or not. Definitions should not be embedded in Sections 3 and 4 of the standard. However, terms that are used only in an appendix and not in the standard itself are generally defined in the appendix and not in section 2. Usually, it is particularly beneficial to define specialized terms of art or terms that are used differently than might otherwise be commonly understood. Any should be used consistently throughout the standard.

c. Section 3 – Analysis of issues and recommended practices/recommended compliance

This section sets forth specific guidance for an actuary with respect to practice covered by the standard. The guidance takes the form of “the actuary should” statements. The standard should not include purely educational material. Section 3 may also address problems arising from limited information, time constraints, and other challenges practitioners may face.

The standard should state the actuary’s obligations as clearly as possible, avoid imposing unreasonable burdens upon the actuary or making the actuary responsible for things that are generally outside the actuary’s authority, and avoid placing unreasonable restraints on the actuary’s freedom to practice

d. Section 4 – Communications and disclosures, including the deviation clause.

This section describes any documentation, disclosures and communications that the actuary should make with respect to the work performed under the standard.

5. Appendices, which include:

- a. background and current practices; and
- b. for final standards and for second or later exposure drafts, a summary of the major issues discussed in the comment letters received in response to the prior exposure draft, and the drafting

committee's responses to such. Such a summary should include the extent to which such comments were incorporated and the rationale therefore. Such analysis should be general in nature and should preserve the confidentiality of each commentator.

A bibliography or educational material may also be included if appropriate, as well as any other appropriate documentation.

## APPENDIX IV

### **Proposal Form for New or Revised Actuarial Standard of Practice**

TO:              Actuarial Standards Board

FROM:

DATE:

1. Subject of Standard:
2. Source of idea or request for standard received from:
3. Who will develop the standard if the ASB approves this proposal?
4. Please describe the need for this standard or any urgency associated with this standard:
5. Please describe the purpose of the standard:
6. Please describe the scope of the standard and to which actuaries or practice area(s) the standard would apply:
7. What particular subject areas will be covered? Please describe particular guidance that will be included:
8. Proposed Timetable:

Exposure Draft:

Comment Deadline:

Final:

9. What effects might this standard have on other standards?
10. Should the subject of this standard be handled as a multi-disciplinary project, i.e., should more than one committee participate in the drafting and review process?
11. Are there any specific issues on which you want ASB comments or guidance?
12. To help gather information for this standard, are there any questions or issues you would put to practitioners?

## APPENDIX V

### ASB Meeting Expense Report

Name	
Meeting/Purpose	
Date	
Location	

Transportation (airfare, train fare)	
Mileage (@ \$.55 per mile)	
Taxi, Limo, Parking, and Tolls	
Hotel/Lodging	
Meals	
Miscellaneous	
<b>TOTAL EXPENSES</b>	
Notes (optional)	

Make check payable to:

Name	
Address	

Please attach all receipts and submit to:

Rita Winkel  
1850 M Street, Suite 300  
Washington, DC 20036  
[winkel@actuary.org](mailto:winkel@actuary.org)

In addition, please fax or e-mail a copy of this meeting expense report to:

Steve Kellison  
[sgkellison@aol.com](mailto:sgkellison@aol.com)  
(407) 909-1372