

ACTUARIAL STANDARDS BOARD QUARTERLY REPORT FOR Q3 2016

ASB Adopts Revision of ASOP No. 21

The Actuarial Standards Board (ASB) adopted a revision of Actuarial Standard of Practice (ASOP) No. 21, *Responding to or Assisting Auditors or Examiners in Connection with Financial Audits, Financial Reviews, and Financial Examinations* at its September board meeting. As financial audits, financial reviews, and financial examinations have evolved significantly in the past 10 years, the ASB decided that a revision of ASOP No. 21 was necessary. The prior version of ASOP No. 21 did 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. Furthermore, audits and examinations are increasingly conducted on a risk-focused basis and this contributed to the need for a revision of ASOP No. 21. A key change reflected in the revision includes expanding and clarifying the applicability of the ASOP to financial audits, financial reviews, and financial examinations relative to current practices, especially the risk-focused and prospective view used in these financial audits, financial reviews, and financial examinations. The standard will be effective for any actuarial work in connection with a financial audit, financial review, or financial examination for fiscal periods beginning on or after Dec. 15, 2016.

ASB Approves Exposure Draft on Proposed Capital Adequacy Assessment ASOP

The ASB also approved an exposure draft of a proposed new ASOP titled *Capital Adequacy Assessment for Insurers*. The proposed ASOP would apply to actuaries involved in capital adequacy assessment work for life or health insurers, including fraternal benefit societies and health benefit plans, property and casualty insurers, mortgage and title insurers, financial guaranty insurance companies, complex insurance organizations, and similar organizations. The ASB released a discussion draft of a proposed standard in May 2015. The exposure draft reflects many of the comments received on that discussion draft. The comment deadline for the exposure draft is Jan. 31, 2017. Information on how to submit comments can be found in the draft.

ASB Welcomes New Committee Chairpersons

The ASB welcomes Margaret Sherwood as new chairperson for its General Committee, succeeding Maria Sarli; Frank Pierson as new chairperson for its Enterprise Risk Management Committee, succeeding David Ingram; David Brentlinger as new chairperson for its Life Committee, succeeding David Rogers; and Chris Noble as new chairperson for its Pension Committee, succeeding Mita Drazilov. All of the incoming chairpersons are currently members of their respective committees. The new appointments begin on Jan. 1, 2017. Kenneth Kasner and Donna Novak will continue as chairpersons of the Casualty Committee and Health Committee, respectively. The ASB thanks its outgoing chairpersons for their leadership and hard work.

ASB to Meet December 6-7 in Washington

The next regularly scheduled meeting of the ASB will be held December 6-7, 2016, at the Academy offices in Washington, D.C.