

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 ASB 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 AGENDA PROJECTS

February 2017

Legend: **PD**—Planning/Discussion **P**—Proposal for Standard **D**—Drafting **E**—Exposure Draft **DD**—Discussion Draft **SE**—Second Exposure Draft
TE—Third Exposure Draft **R**—Revisions/Redrafting **F**—Final Pronouncement **DS**—Development Suspended **WD**—Working Draft **RC**—Request for Comments

CASUALTY COMMITTEE					
Subject Area	Qtr. 2016				Comments
	1	2	3	4	
<i>Estimating Future Costs for Prospective Property/Casualty Risk Transfer and Risk Funding</i> (formerly titled <i>Property/Casualty Ratemaking</i>)	SE	R	R	TE	The ASB approved a third exposure draft in December 2016. The comment deadline is April 30, 2017.
ENTERPRISE RISK MANAGEMENT COMMITTEE					
Subject Area	Qtr. 2016				Comments
	1	2	3	4	
Capital Adequacy Assessment	D	D	E	R	The committee is reviewing comments on the exposure draft, making revisions, and plans to present a final revised ASOP to the ASB at its June 2017 meeting.
GENERAL COMMITTEE					
Subject Area	Qtr. 2016				Comments
	1	2	3	4	
ASOP No. 17, <i>Expert Testimony by Actuaries</i>	PD	PD	D	D	A task force is drafting a revision to ASOP No. 17 and plans to present an exposure draft to the ASB at its March 2017 meeting.
ASOP No. 23, <i>Data Quality</i>	R	R	R	F	The ASB adopted a final revision at its December 2016 meeting with an effective date of April 30, 2017.
ASOP No. 32, <i>Social Insurance</i>			P/D	D	A task force to revise ASOP No. 32 has been formed and is drafting an exposure draft to present to the ASB in September 2017. (Note: This task force reports directly to the ASB instead of the General Committee.)
ASOP No. 38, <i>Catastrophe Modeling (for All Practice Areas)</i>	F	F	F	F	The ASB adopted a final revision at its March 2014 meeting subject to ASB approval of changes necessitated by the final version of the proposed new modeling ASOP.
<i>Modeling</i>	R	TE	R	R	The task force is reviewing comments on the third exposure draft and plans to present a revised ASOP to the ASB at its June 2017 meeting.
<i>Assumptions</i>	D	D	D	E	The ASB approved an exposure draft in December 2016. The comment deadline is April 30, 2017.

HEALTH COMMITTEE					
Subject Area	Qtr. 2016				Comments
	1	2	3	4	
ASOP No. 5, <i>Incurred Health and Disability Claims</i>	E	R	R	R	The task force is reviewing comments on the exposure draft, making revisions, and plans to present a final revised ASOP to the ASB at its March 2017 meeting.
ASOP No. 42, <i>Determining Health and Disability Liabilities Other Than Liabilities for Incurred Claims</i>	D	D	D	D	The committee is drafting a revision to ASOP No. 42 and plans to present an exposure draft to the ASB at its March 2017 meeting.
LIFE COMMITTEE					
Subject Area	Qtr. 2016				Comments
	1	2	3	4	
<i>Principle-Based Reserves for Life Products</i>	F	R	R	R	The ASB adopted a pending ASOP at its June 2015 meeting. However, a task force has been created to make revisions to the draft to reflect changes to the rules, regulations, and statutory guidance in the National Association of Insurance Commissioner's Valuation Manual effective Jan. 1, 2017. The committee plans to present an exposure draft to the ASB at its March 2017 meeting.
<i>Pricing Life Insurance and Annuity Products</i>	E	E	R	R	The task force is reviewing comments on the exposure draft, making revisions, and plans to present a final revised ASOP to the ASB at its June 2017 meeting.
ASOP No. 24, <i>Compliance with the NAIC Life Insurance Illustrations Model Regulation</i>	D	E	R	F	The ASB adopted a final revision at its December 2016 meeting with an effective date of April 30, 2017.
ASOP No. 2, <i>Nonguaranteed Charges or Benefits for Life Insurance Policies and Annuity Contracts</i>				P	The ASB approved a proposal in December 2016 to revise the ASOP. A task force is being formed with plans to present an exposure draft to the ASB in late 2017.
PENSION COMMITTEE					
Subject Area	Qtr. 2016				Comments
	1	2	3	4	
<i>Assessment and Disclosure of Risk Associated with Measuring Pension Obligations and Determining Pension Plan Contributions</i>	R	SE	R	R	The committee is reviewing comments on the exposure draft and making revisions.
Pension Task Force report (follow-up to the Request for Comments on ASOPs and Public Pension Plan Funding and Accounting)	PD	F	R	R	The Pension Task Force completed its review of comments received on the application of the ASOPs to public plan actuarial valuations and from feedback received at the ASB's July 2015 hearing and issued a final report on its findings, which the ASB released in July 2016. The ASB has directed the Pension Committee to draft appropriate proposed modifications to the actuarial standards of practice, in accordance with ASB procedures, based upon the ASB's deliberations in consideration of the Pension Task Force report. The proposed modifications would be applicable to both public and private-sector pension plans. The committee is developing proposed revisions of ASOP Nos. 4, 27, and 35.

► Looking Ahead...

The ASB tentatively plans to review the following drafts during its March 2017 meeting:

- a revision of ASOP No. 5, *Incurred Health and Disability Claims* (proposed final revision from the Health Committee);
- a revision of ASOP No. 42, *Health and Disability Actuarial Assets and Liabilities Other Than Liabilities for Incurred Claims* (proposed exposure draft from the Health Committee);
- a revision of ASOP No. 17, *Expert Testimony by Actuaries* (proposed exposure draft from the General Committee); and
- a new ASOP titled *Principle-Based Reserves for Life Products* (proposed exposure draft from the Life Committee).

► Meeting Schedule of the Actuarial Standards Board



- **March 8-9, 2017**
- **June 7-8, 2017**
- **September 20-21, 2017**
- **December 5-6, 2017**

All ASB meetings are open to the public, and interested parties may attend. The ASB office should be notified 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) sets standards for appropriate actuarial practice in the United States through the development and promulgation of actuarial standards of practice (ASOPs). These ASOPs describe the procedures an actuary should follow when performing actuarial services and identify what the actuary should disclose when communicating the results of those services.

The ASB Boxscore

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