



Welcome to the Actuarial Standards Board's quarterly newsletter. Boxscore highlights and reports on the ASB's work in developing, updating, and promulgating actuarial standards of practice in the United States. Each issue provides information on ASB's current and upcoming projects, events, and recently completed projects.

May 2018

# BOXSCORE

## ASB Approves Exposure Drafts of Revisions of Pension ASOP Nos. 4, 27, and 35

The Actuarial Standards Board (ASB) recently approved [exposure drafts](#) of revisions of Actuarial Standard of Practice (ASOP) No. 4, *Measuring Pension Obligations and Determining Pension Plan Costs or Contributions*; No. 27, *Selection of Economic Assumptions for Measuring Pension Obligations*; and No. 35, *Selection of Demographic and Other Noneconomic Assumptions for Measuring Pension Obligations*.

The revisions are based on suggestions from the Pension Task Force report issued in 2016 as a result of comments received on a 2014 Request for Comments on ASOPs and Public Pension Plan Funding and Accounting as well as a subsequent 2015 public hearing held on proposed ASOPs applicable to actuarial work regarding public plans. The ASB directed its Pension Committee to draft appropriate modifications to pension ASOPs to implement the Pension Task Force suggestions. The modifications in response to comments received are reflected in the exposure drafts of ASOP Nos. 4, 27, and 35. The comment deadline for the exposure drafts is July 31, 2018. Information on how to submit comments can be found in the drafts.



## ASB Adopts Revision of ASOP No. 42

The ASB approved a final [revision](#) of ASOP No. 42, now titled *Health and Disability Actuarial Assets and Liabilities Other Than Liabilities for Incurred Claims*. The standard has been revised to incorporate references to new standards that have been issued since the ASOP's initial 2004 adoption and 2011 update for deviation language. In addition, revisions were made to eliminate guidance that does not conform to current ASOP practices regarding references to other standards of practice and to make consistent the definitions used in the standard with those of other standards of practice. The revision reflects relevant legal, regulatory, and practice developments that have occurred since its initial adoption, and also reflects modifications made in response to comments received during the exposure period. Notable changes to the revision include adding a definition for “collectability” and adding a Reliance on Experts section to further support the guidance on collectability. The standard will be effective for any actuarial work product with a valuation date on or after Aug. 1, 2018.

## Looking Ahead

The ASB tentatively plans to review the following drafts during its June 2018 meeting:

- a new ASOP titled *Pricing of Life Insurance and Annuity Products* (proposed final ASOP from the Life Committee);
- a revision of ASOP No. 17, *Expert Testimony by Actuaries* (proposed final ASOP from the General Committee); and
- a new ASOP titled *Modeling* (proposed fourth exposure draft from the General Committee).

## Meetings

**JUNE 13–14, 2018**

**SEPTEMBER 5–6, 2018**

**DECEMBER 4–5, 2018**

**MARCH 6–7, 2019**

The ASB meetings are held in compliance with the meeting policy established by the American Academy of Actuaries. The ASB office should be notified of any intent to observe the meetings at least 10 days in advance of the meeting by contacting Assistant Director of Professionalism Erica Kennedy at [kennedy@actuary.org](mailto:kennedy@actuary.org). 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.

### Erica Kennedy

Assistant Director of Professionalism  
(Actuarial Standards)  
[kennedy@actuary.org](mailto:kennedy@actuary.org)

### Virginia Hulme

ASB Standards Editor/Professionalism  
Coordinator  
[hulme@actuary.org](mailto:hulme@actuary.org)

Actuarial Standards Board  
1850 M Street NW, Suite 300  
Washington, DC 20036  
Phone: 202-223-8196  
Fax: 202-223-1248  
[actuarialstandardsboard.org](http://actuarialstandardsboard.org)

# ASB Projects

SUBJECT AREA	2018 QUARTER				COMMENTS
	1	2	3	4	
<b>CASUALTY COMMITTEE</b>					
<i>Estimating Future Costs for Prospective Property/Casualty Risk Transfer and Risk Retention (formerly titled Property/Casualty Ratemaking)</i>	F				The ASB adopted the standard as ASOP No. 53 at its December 2017 meeting. The effective date is Aug. 1, 2018.
<b>ENTERPRISE RISK MANAGEMENT COMMITTEE</b>					
<i>Capital Adequacy Assessment for Insurers</i>	R				The committee is continuing to make revisions, and plans to present a second exposure draft to the ASB in late 2018.
<b>GENERAL COMMITTEE</b>					
ASOP No. 17 <i>Expert Testimony by Actuaries</i>	R				A task force is reviewing comments on the exposure draft, making revisions, and plans to present a final ASOP to the ASB in June 2018.
ASOP No. 32 <i>Social Insurance</i>	D				A task force is drafting a revision of ASOP No. 32 and plans to present an exposure draft to the ASB at its September 2018 meeting. (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				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				A task force is reviewing comments on the third exposure draft, making revisions, and plans to present a fourth exposure draft to the ASB at its June 2018 meeting.
<i>Setting Assumptions</i>	R				A task force is reviewing comments on the exposure draft, making revisions, and plans to present a second exposure draft to the ASB at its September 2018 meeting.
<b>HEALTH COMMITTEE</b>					
ASOP No. 3 <i>Continuing Care Retirement Communities</i>	P				The ASB approved a proposal in December 2017 to revise the ASOP. A task force is being formed with plans to present an exposure draft to the ASB in late 2018.
ASOP No. 42 <i>Determining Health and Disability Liabilities Other Than Liabilities for Incurred Claims</i>	F				The ASB adopted a final revision at its March 2018 meeting. The effective date is Aug. 1, 2018.
<b>LIFE COMMITTEE</b>					
<i>Pricing Life Insurance and Annuity Products</i>	R				A task force is reviewing comments on the second exposure draft, making revisions, and plans to present a final ASOP to the ASB at its June 2018 meeting.
ASOP No. 2 <i>Nonguaranteed Charges or Benefits for Life Insurance Policies and Annuity Contracts</i>	D				A task force is drafting a revision of ASOP No. 2 and plans to present an exposure draft to the ASB at its September 2018 meeting.
ASOP No. 11 <i>Financial Statement Treatment of Reinsurance Transactions Involving Life or Health Insurance</i>	D				A task force is drafting a revision of ASOP No. 11 and plans to present an exposure draft to the ASB at its September 2018 meeting.
ASOP No. 22 <i>Statements of Opinion Based on Asset Adequacy Analysis by Actuaries for Life or Health Insurers</i>	D				A task force is drafting a revision of ASOP No. 22 and plans to present an exposure draft to the ASB at its December 2018 meeting.
<b>PENSION COMMITTEE</b>					
ASOP No. 4 <i>Measuring Pension Obligations and Determining Pension Plan Costs or Contributions</i>	E				The ASB approved exposure drafts of ASOP Nos. 4, 27, and 35 in March 2018. The comment deadline for the three ASOPs is July 31, 2018.
ASOP No. 27 <i>Selection of Economic Assumptions for Measuring Pension Obligations and</i>					
ASOP No. 35 <i>Selection of Demographic and Other Noneconomic Assumptions for Measuring Pension Obligations</i>					

## Legend:

PD	Planning/Discussion
P	Proposal for Standard
D	Drafting
DD	Discussion Draft
E	Exposure 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

Archived editions of the newsletter can be found on the ASB's website. [actuarialstandardsboard.org](http://actuarialstandardsboard.org)

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