



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.

September 2018

BOXSCORE

ASB Adopts New ASOP No. 54

The Actuarial Standards Board (ASB) recently adopted new Actuarial Standard of Practice (ASOP) No. 54, *Pricing of Life Insurance and Annuity Products*. ASOP No. 54 applies to actuaries when performing actuarial services with respect to the pricing of life insurance and annuity products when a product is initially developed or when charges or benefits are changed for future sales. The standard does not apply to any changes made on in-force policies. A first exposure draft was issued in March 2016, for which 17 comment letters were received. The ASB approved a second exposure draft in June 2017, for which six comment letters were received. Comments from both exposure drafts were considered in making changes reflected in the final ASOP. The standard will be effective for any actuarial services performed on or after Dec. 1, 2018. ASOP No. 54 can be viewed [here](#).

ASOP Adopts Revision of ASOP No. 17

The ASB adopted a new revision of ASOP No. 17, *Expert Testimony by Actuaries*. The revision of ASOP No. 17 applies to actuaries who are qualified as experts under the evidentiary rules applicable in a forum when they provide testimony in court hearings, dispute resolutions, depositions, rate hearings, legislative hearings, or other similar proceedings. The exposure draft was issued in April 2017, and 11 comment letters were received and considered in making changes that are reflected in the final ASOP. Notable changes to the revision include rewording section 1.2, Scope, to provide additional guidance regarding the circumstances under which the standard applies and clarifying the definition of "expert." The standard will be effective for all expert testimony provided by the actuary on or after Dec. 1, 2018. ASOP No. 17 can be viewed [here](#).



ASB Celebrates 30 Years of Standards-Setting

This year marks 30 years of ASB standards-setting work. In the mid-'80s, actuarial standards of practice addressing specific regulatory issues were being written on an as-needed basis by various Academy committees and approved by the Academy Board. By 1985, the Academy decided there was a need for a centralized clearinghouse for actuarial standards that represented appropriate practices for the entire profession and that there was enough important standards work to be done for a concentrated group to undertake. Therefore, an interim standards board was established in 1985 and succeeded by a permanent standards board in 1988, comprised of the actuaries who had served in the interim board capacity. Today, the ASB comprises nine persons, representing a broad range of backgrounds and areas of actuarial practice. The ASB sets standards for appropriate actuarial practice in the U.S. These standards 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. To date, the ASB has adopted 54 standards of practice, many of which have been and continue to be revised to reflect appropriate practice. Happy birthday, ASB!

Looking Ahead

The ASB tentatively plans to review the following drafts during its October and December 2018 meetings:

October 2018

- a new ASOP titled *Setting Assumptions* (proposed exposure draft from the General Committee)

December 2018

- a revision of ASOP No. 22, *Statements of Opinion Based on Asset Adequacy Analysis by Actuaries for Life or Health Insurers* (proposed exposure draft from the Life Committee);
- a new ASOP titled *Setting Assumptions* (proposed exposure draft from the General Committee)
- a new ASOP titled *Modeling* (proposed fourth exposure draft from the General Committee).

Meetings

OCTOBER 18, 2018

DECEMBER 4–6, 2018

MARCH 6–7, 2019

JUNE 4–5, 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. 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.

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ASB Projects

SUBJECT AREA	2018 QUARTER				COMMENTS
	1	2	3	4	
CASUALTY COMMITTEE					
<i>Estimating Future Costs for Prospective Property/Casualty Risk Transfer and Risk Retention</i>	F	F	F		The ASB adopted the standard as ASOP No. 53 at its December 2017 meeting. The effective date is Aug. 1, 2018.
ENTERPRISE RISK MANAGEMENT COMMITTEE					
<i>Capital Adequacy Assessment for Insurers</i>	R	R	R		The ERM Committee presented a proposed final ASOP to the ASB at its September 2018 meeting. A review committee is making revisions. The ASB plans to release it as a proposed third exposure draft in late 2018.
GENERAL COMMITTEE					
ASOP No. 17 <i>Expert Testimony by Actuaries</i>	R	F	F		The ASB adopted a final revision of ASOP No. 17 at its June 2018 meeting. The effective date is Dec. 1, 2018.
ASOP No. 32 <i>Social Insurance</i>	D	R	R		The ASB reviewed a proposed exposure draft at its September 2018 meeting and plans to continue reviewing the draft in late 2018. (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		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	R	R		The General Committee presented a proposed fourth exposure draft to the ASB at its June and September 2018 meetings. The ASB will continue its review at its December 2018 meeting.
<i>Setting Assumptions</i>	R	R	R		The ASB reviewed a proposed second exposure draft at its June 2018 meeting and plans to continue reviewing the draft at its October and December 2018 meetings.
HEALTH COMMITTEE					
ASOP No. 3 <i>Continuing Care Retirement Communities</i>	P	P	P		The ASB approved a proposal in December 2017 to revise ASOP No. 3. A task force has been formed with plans to present an exposure draft to the ASB in early 2019.
ASOP No. 42 <i>Health and Disability Actuarial Assets and Liabilities Other Than Liabilities for Incurred Claims</i>	F	F	F		The ASB adopted a final revision at its March 2018 meeting. The effective date is Aug. 1, 2018.
LIFE COMMITTEE					
<i>Pricing Life Insurance and Annuity Products</i>	R	F	F		The ASB adopted the standard as ASOP No. 54 at its June 2018 meeting. The effective date is Dec. 1, 2018.
ASOP No. 2 <i>Nonguaranteed Charges or Benefits for Life Insurance Policies and Annuity Contracts</i>	D	D	D		A task force is drafting a revision of ASOP No. 2 and plans to present an exposure draft to the ASB at its March 2019 meeting.
ASOP No. 11 <i>Financial Statement Treatment of Reinsurance Transactions Involving Life or Health Insurance</i>	D	D	D		A task force is drafting a revision of ASOP No. 11 and plans to present an exposure draft to the ASB at its June 2019 meeting.
ASOP No. 22 <i>Statements of Opinion Based on Asset Adequacy Analysis by Actuaries for Life or Health Insurers</i>	D	D	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.
PENSION COMMITTEE					
ASOP No. 4 <i>Measuring Pension Obligations and Determining Pension Plan Costs or Contributions</i> 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>	E	R	R		The ASB approved exposure drafts of ASOP Nos. 4, 27, and 35 in March 2018, with a comment deadline for the three ASOPs of July 31, 2018. The Pension Committee is reviewing comments on the exposure drafts and making revisions. The Pension Committee plans to present final versions of ASOP Nos. 27 and 35 to the ASB at its March 2019 meeting, and present a second exposure draft of ASOP No. 4 to the ASB at its June 2019 meeting.

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

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