



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.

November 2018

# BOXSCORE

## ASB Approves *Capital Adequacy Assessment* 3<sup>rd</sup> Exposure Draft

The Actuarial Standards Board (ASB) approved a third exposure draft of a proposed new actuarial standard of practice (ASOP) titled *Capital Adequacy Assessment*. The ASOP will provide guidance to actuaries when performing professional services with respect to a review of the resiliency of an insurer through a capital adequacy assessment. The standard applies 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, risk retention groups, public entity pools, captive insurers, and similar entities or a combination of such entities, when affiliated (collectively, referred to as an "insurer").

Notable changes include modifications to the scope to expand the term "insurer" to include reinsurers and self-insurance plans; to clarify that groups that include at least one insurer are covered; and to clarify how reviewers of a capital assessment would satisfy the requirements of the ASOP. The comment deadline for the third exposure draft, which can be viewed [here](#), is March 1, 2019. Information on how to submit comments can be found in the draft.

## ASB Announces New Member; Chair Appointments

On Jan. 1, 2019, the ASB will welcome a new member, Patrick Woods (casualty). Woods is a former chairperson and member of the ASB Casualty Committee as well as former chairperson of the Casualty Committee's Subcommittee on Ratemaking (subsequently renamed the Task Force on Ratemaking). The appointment will begin the first of a three-year term. Woods will replace outgoing member and current ASB Chairperson Beth Fitzgerald (casualty). Current Vice Chairperson Kathy Riley (pension) will serve as the ASB's new chairperson, with Maryellen Coggins (enterprise risk management) and Darrell Knapp (health) serving as returning and new vice chairpersons, respectively. The ASB thanks Fitzgerald for her six years of service to the board, including three years as vice chairperson and one year as chairperson.



## ASB Approves an Exposure Draft of ASOP No. 32 Revision

The ASB approved an exposure draft of a revision of ASOP No. 32, *Social Insurance*. The standard applies to actuaries when performing actuarial services when the actuary's principal is a government agency with responsibility for the valuation of a Social Insurance Program. The standard also applies to actuaries with oversight responsibility for the actuarial services for Social Insurance Programs when serving as an auditor, reviewer, a member of an actuarial advisory committee, or a member of a technical panel. ASOP No. 32 was originally adopted in January 1998 and updated only for deviation language in 2011. In 2016, the ASB reviewed ASOP No. 32 and appointed a task force to further review and produce an exposure draft of a revised standard. The reasons for the revision included updating guidance to reflect changes in government programs as well as in standards in related practice areas that have evolved significantly since 1998. The comment deadline for the exposure draft is Feb. 1, 2019. Information on how to submit comments can be found in the draft. ASOP No. 32 can be viewed [here](#).

## Looking Ahead

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

- 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 second exposure draft from the General Committee)
- a new ASOP titled *Modeling* (proposed fourth exposure draft from the General Committee).

## Meetings

**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](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.

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## 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</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.
<b>ENTERPRISE RISK MANAGEMENT COMMITTEE</b>					
<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.
<b>GENERAL COMMITTEE</b>					
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	E		The ASB approved an exposure draft of a revision to ASOP No. 32 in October 2018. The comment deadline is Feb. 1, 2019.
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.
<b>HEALTH COMMITTEE</b>					
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 2019.
ASOP No. 28 <i>Statements of Actuarial Opinion Regarding Health Insurance Liabilities and Assets</i>			P		The ASB approved a proposal in October 2018 to revise ASOP No. 28. A task force has been formed with plans to present an exposure draft to the ASB in 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.
<b>LIFE COMMITTEE</b>					
<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.
<b>PENSION COMMITTEE</b>					
ASOP No. 4 <i>Measuring Pension Obligations and Determining Pension Plan Costs or Contributions</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.
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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