



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.

April 2019

BOXSCORE

ASB Approves a Fourth Exposure Draft of Proposed Modeling ASOP

The Actuarial Standards Board (ASB) approved a fourth exposure draft of a proposed actuarial standard of practice (ASOP) titled *Modeling*. The proposed ASOP will provide guidance to actuaries in any practice area when performing actuarial services with respect to designing, developing, selecting, modifying, or using all types of models. The third exposure draft of the proposed ASOP was released in June 2016. Twenty-eight comment letters were received and considered in making changes that are reflected in the fourth exposure draft. Changes made to the fourth exposure draft include clearer accommodation of other forms of modeling (such as predictive and statistical modeling) different from those of financial projection modeling; a revision of section 1.2, Scope, to remove the concept of "simple models"; and inclusion of new section 3.4, Reliance on Experts. The comment deadline for the exposure draft is May 15, 2019. Information on how to submit comments can be found in the draft, which can be viewed [here](#).

ASB Approves an Exposure Draft of ASOP No. 22 Revision

The ASB approved an exposure draft of a revision of ASOP No. 22, *Statements of Actuarial Opinion Based on Asset Adequacy Analysis for Life or Health Liabilities*. The standard applies to actuaries when performing actuarial services with respect to providing a statement of actuarial opinion (SAO) related to asset adequacy analysis of life or health liabilities, when the SAO is prepared to comply with applicable law based on the model *Standard Valuation Law* and VM-30 of the NAIC *Valuation Manual*, or when the SAO is prepared to comply with other applicable law. Changes to the exposure draft include revising the purpose and

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scope in sections 1.1 and 1.2 from applying to actuaries when providing a SAO for life and health insurers to applying to actuaries when providing a SAO relating to asset adequacy analysis of life and health liabilities. The title of the ASOP was changed to reflect the changes in purpose and scope. In addition, references to Actuarial Compliance Guideline No. 4, *Statutory Statements of Opinion Not Including an Asset Adequacy Analysis by Appointed Actuaries for Life and Health Insurers*, were removed because the current *Standard Valuation Law* requires all reserve opinions to be based on asset adequacy analysis. The comment deadline for the exposure draft, which can be viewed [here](#), is June 1, 2019.

ASB Approves a Second Exposure Draft of Proposed *Setting Assumptions* ASOP

The ASB also recently approved a second exposure draft of a proposed new ASOP titled *Setting Assumptions*. The proposed ASOP will apply to actuaries when performing actuarial services that require the setting of assumptions for which the actuary is taking responsibility, giving advice on setting assumptions, or assessing the reasonableness of assumptions set by others. The first exposure draft was issued in December 2016. Forty-five comment letters were received and considered in making changes that are reflected in the second exposure draft. Notable changes to the second exposure draft contain making revisions to the scope, including to indicate that when an actuary is assessing the reasonableness of assumptions set by others, the actuary should follow the guidance in section 3 to the extent practicable, and to clarify which ASOP will govern if another ASOP provides guidance on setting assumptions. In addition, several definitions were modified including “data” and “information date.” The comment deadline for the second exposure draft is July 31, 2019. Information on how to submit comments can be found in the draft, which can be viewed [here](#).

ASB Publishes Its 2018 Annual Report

The ASB recently published its 2018 *Annual Report*, highlighting its work over the year, including the adoption of one new ASOP and two revised ASOPs, the approval of five exposure drafts for comment, and the approval of one proposal to revise one existing ASOP. In addition, the board presented a professionalism series webinar in 2018, “The Anatomy of ASOPs,” and provided content for several *Actuarial Update* Professionalism Counts articles. To read the annual report, click [here](#).



Looking Ahead

The ASB tentatively plans to review the following drafts during its June 2019 meeting:

- a revision of ASOP No. 3, *Continuing Care Retirement Communities* (proposed exposure draft from the Health Committee);
- a revision of ASOP No. 27, *Selection of Economic Assumptions for Measuring Pension Obligations* (proposed second exposure draft from the Pension Committee); and
- a new ASOP titled *Capital Adequacy Assessment* (proposed final ASOP from the ERM Committee).

Meetings

JUNE 4-5, 2019

SEPTEMBER 11-12, 2019

DECEMBER 4-5, 2019

MARCH 4-5, 2020

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.

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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.

ASB Projects

SUBJECT AREA	2018 QUARTER				COMMENTS
	1	2	3	4	
CASUALTY COMMITTEE					
Rate Filings ASOP				PD	The ASB approved a task force in November 2018 to draft an ASOP on rate filings. The task force is planning/discussing next steps.
ENTERPRISE RISK MANAGEMENT COMMITTEE					
Capital Adequacy Assessment	R	R	R	R	The ASB approved a third exposure draft in November 2018, with a comment deadline of March 1, 2019. The committee is making revisions and the ASB plans to review a proposed final ASOP at its June 2019 meeting.
GENERAL COMMITTEE					
ASOP No. 17 <i>Expert Testimony by Actuaries</i>	R	F	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	R	The ASB approved an exposure draft in October 2018, with a comment deadline of Feb. 1, 2019. The task force is making revisions and the ASB plans to review a proposed final ASOP at its September 2019 meeting.
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	R	R	FE	The ASB approved a fourth exposure draft at its December 2018 meeting. The comment deadline is May 15, 2019.
<i>Setting Assumptions</i>	R	R	R	SE	The ASB approved a second exposure draft at its March 2019 meeting. The comment deadline of July 31, 2019.
HEALTH COMMITTEE					
ASOP No. 3 <i>Continuing Care Retirement Communities</i>	P	P	P	D	The ASB approved a proposal in December 2017 to revise ASOP No. 3. A task force has been formed and is drafting a proposed revision with plans to present an exposure draft to the ASB at its June 2019 meeting.
ASOP No. 28 <i>Statements of Actuarial Opinion Regarding Health Insurance Liabilities and Assets</i>			P	D	The ASB approved a proposal in October 2018 to revise ASOP No. 28. A task force has been formed and is drafting a proposed revision with plans to present an exposure draft to the ASB at its September 2019 meeting.
LIFE COMMITTEE					
<i>Pricing Life Insurance and Annuity Products</i>	R	F	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	E	The ASB approved an exposure draft at its March 2019 meeting. A review committee is making edits. The draft will be released in April, with a comment deadline of July 15, 2019.
ASOP No. 11 <i>Financial Statement Treatment of Reinsurance Transactions Involving Life or Health Insurance</i>	D	D	D	D	A task force is drafting a proposed revision and plans to present an exposure draft to the ASB at its September 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	E	The ASB approved an exposure draft at its December 2018 meeting. The comment deadline is June 1, 2019.
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	R	The ASB reviewed a second exposure draft of a proposed revision of ASOP No. 35 at its March 2019 meeting. The Pension Committee plans to present a second exposure draft of a proposed revision of ASOP No. 27 to the ASB at its June 2019 meeting. The ASB plans to release the second exposure drafts of ASOP Nos. 27 and 35, concurrently. The committee will present a second exposure draft of a proposed revision of ASOP No. 4 to the ASB at its December 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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