



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.

July 2019

# BOXSCORE

## ASB Adopts ASOP No. 55

The Actuarial Standards Board (ASB) adopted Actuarial Standard of Practice (ASOP) No. 55, *Capital Adequacy Assessment*, during its recent June meeting. The ASOP provides guidance to actuaries when performing professional services with respect to an evaluation of the resiliency of an insurer through a capital adequacy assessment. The ASOP applies to actuaries designing, performing, or reviewing 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 "insurer"). The ASOP, which underwent three exposure periods and received a total of 22 comment letters, is effective for work commenced on or after Nov. 1, 2019. ASOP No. 55 can be viewed [here](#).

## ASB Approves Second Exposure Drafts of ASOP Nos. 27 and 35 Revisions

The ASB approved second exposure drafts of ASOP No. 27, *Selection of Economic Assumptions for Measuring Pension Obligations*, and ASOP No. 35, *Selection of Demographic and Other Noneconomic Assumptions for Measuring Pension Obligations*. ASOP No. 27 provides guidance to actuaries when performing actuarial services that include selecting (including giving advice on selecting) economic assumptions—primarily investment returns, discount rates, post-retirement benefit increases, inflation, and compensation increases—for measuring obligations under defined benefit pension plans. ASOP No. 35 provides

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guidance to actuaries when performing actuarial services that include selecting (including giving advice on selecting) demographic and other noneconomic assumptions for measuring obligations under defined benefit pension plans. Both ASOPs supplement guidance on their respective subject matters in ASOP No. 4, *Measuring Pension Obligations and Determining Pension Plan Costs or Contributions*; ASOP No. 6, *Measuring Retiree Group Benefits Obligations and Determining Retiree Group Benefits Program Periodic Costs or Actuarially Determined Contributions*; and ASOP No. 34, *Actuarial Practice Concerning Retirement Plan Benefits in Domestic Relations Actions*. The comment deadline for ASOP Nos. 27 and 35 is Sept. 15, 2019. The exposure drafts can be viewed [here](#).

## ASB Approves Proposal to Revise ASOP No. 18

The ASB approved a proposal to revise ASOP No. 18, *Long-Term Care Insurance*. The existing standard sets forth recommended practices for actuaries involved in designing, pricing, funding, or in evaluating liabilities for insurance contracts or similar arrangements providing long-term care benefits. Due to material changes in products, assumption considerations, and regulations since the last material update of ASOP No. 18 in 1999, revisions will be proposed to update the scope, condense and clarify definitions, review guidance regarding selection of assumptions, and to ensure the standard appropriately applies to actuaries and property/casualty companies writing long-term care product offerings. A task force under the ASB Health Committee will be formed to revise the ASOP, with plans to present an exposure draft to the ASB in 2020.



## Looking Ahead

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

- a revision of ASOP No. 11, *Financial Statement Treatment of Reinsurance Transactions Involving Life or Health Insurance* (proposed exposure draft from the Life Committee);
- a revision of ASOP No. 28, *Statements of Actuarial Opinion Regarding Health Insurance Liabilities and Assets* (proposed exposure draft from the Health Committee); and
- a revision of ASOP No. 32, *Social Insurance* (proposed final ASOP from the General Committee)

## Meetings

**SEPTEMBER 11–13, 2019**

**DECEMBER 3–5, 2019**

**MARCH 4–5, 2020**

**JUNE 3–4, 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](mailto: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	2019 QUARTER				COMMENTS
	1	2	3	4	
<b>CASUALTY COMMITTEE</b>					
Rate Filings ASOP	PD	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.
<b>ENTERPRISE RISK MANAGEMENT COMMITTEE</b>					
Capital Adequacy Assessment	R	F			The ASB adopted the standard as ASOP No. 55 at its June 2019 meeting. The effective date is Nov. 1, 2019.
<b>GENERAL COMMITTEE</b>					
ASOP No. 32, <i>Social Insurance</i>	R	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, now titled <i>Catastrophe Modeling (for All Practice Areas)</i>	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.
Modeling	FE	R			The ASB approved a fourth exposure draft at its December 2018 meeting, with a comment deadline of May 15, 2019. The task force is making revisions and the ASB plans to review a proposed final ASOP at its December 2019 meeting.
Setting Assumptions	SE	SE			The ASB approved a second exposure draft at its March 2019 meeting. The comment deadline is July 31, 2019.
<b>HEALTH COMMITTEE</b>					
ASOP No. 3, <i>Continuing Care Retirement Communities</i>	D	D			A task force is drafting a proposed revision and plans to present an exposure draft to the ASB at its December 2019 meeting.
ASOP No. 18, <i>Long-Term Care Insurance</i>		P			The ASB approved a proposal in June 2019 to revise the ASOP. A task force will be formed to draft a proposed revision with plans to present an exposure draft to the ASB in 2020.
ASOP No. 28, <i>Statements of Actuarial Opinion Regarding Health Insurance Liabilities and Assets</i>	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.
<b>LIFE COMMITTEE</b>					
ASOP No. 2, now titled <i>Nonguaranteed Elements for Life Insurance and Annuity Products</i>	E	E			The ASB approved an exposure draft at its March 2019 meeting. The comment deadline is July 15, 2019.
ASOP No. 11, <i>Financial Statement Treatment of Reinsurance Transactions Involving Life or Health Insurance</i>	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 Actuarial Opinion Based on Asset Adequacy Analysis for Life or Health Insurers</i>	E	R			The ASB approved an exposure draft at its December 2018 meeting, with a comment deadline of June 1, 2019. The task force is making revisions and the ASB plans to review a proposed final ASOP at its December 2019 meeting.
<b>PENSION COMMITTEE</b>					
ASOP No. 4, <i>Measuring Pension Obligations and Determining Pension Plan Costs or Contributions</i>	R	R			The committee is making edits to ASOP No. 4 and will present a second exposure draft of a proposed revision of the ASOP to the ASB at its December 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>	R	SE			The ASB approved second exposure drafts of proposed revisions of ASOP Nos. 27 and 35 at its June 2019 meeting. The comment deadline is September 15, 2019.

## 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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