

## ACTUARIAL STANDARDS BOARD QUARTERLY REPORT FOR Q1 2019

### **ASB Approves 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.

### **ASOP 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 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 is June 1, 2019.

### **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.

### **ASB to Meet June 4-5 in Washington**

The next regularly scheduled meeting of the ASB will be held June 4-5 at the Academy offices in Washington, D.C.