

ACTUARIAL STANDARDS BOARD QUARTERLY REPORT FOR Q2 2019

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 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.

ASB to Meet September 11-13 in Washington

The next regularly scheduled meeting of the ASB will be held September 11-13 at the Academy offices in Washington, D.C.