ASB Reviews Proposed Revisions of ASOP Nos. 11, 28, and 32


ASOP No. 11 was first adopted in 1989. The original standard superseded Recommendation No. 4 and Interpretation No. 4-A of the *Financial Reporting Recommendations and Interpretations* of the American Academy of Actuaries, which covered certain aspects of generally accepted accounting principles financial reporting on reinsurance ceded by life and health insurance companies. The ASOP was revised in 2005 to reflect changes in reinsurance practice and related accounting guidance. Since 2005, significant new guidelines and requirements for life insurance policies and annuity contracts had emerged. The current proposed revision of ASOP No. 11 will apply to actuaries when performing actuarial services in connection with preparing, determining, analyzing, or reviewing financial reports for internal or external use that reflect reinsurance programs on life insurance, annuities, or health coverages. The ASOP is scheduled to be released for comment in late 2019.

A proposed revision of ASOP No. 28 was also reviewed and will apply to actuaries when performing actuarial services with respect to issuing or reviewing statements of actuarial opinion related to health insurance assets and liabilities of insurance companies, reinsurance companies, or other health insurance financing systems (such as health benefit plans provided by self-insured or government plan sponsors) that provide similar coverages. Since the last update of the standard in 2011, changes had been made to ASOP No. 5, *Incurred Health and Disability Claims*, and ASOP No. 42, *Health and Disability Actuarial Assets and Liabilities Other Than Liabilities for Incurred Claims*, due in part to the changes imposed by the Affordable Care Act. In addition, some assets and liabilities that are included in the scope of the actuarial opinion have changed and others have gained prominence. Therefore, the proposed revision of ASOP No. 28 will reflect these changes in actuarial practice. The proposed revision to the standard also addresses concerns reported by regulatory actuaries relating to the need for improved consistency of the information provided in the actuarial memorandum supporting actuarial opinions. The ASB will continue its review of the proposed revision at its December 2019 meeting.

Lastly, the ASB reviewed ASOP No. 32, *Social Insurance*, which was originally adopted in January 1998 and updated 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 task force members include actuaries practicing in each of the listed programs covered by the standard, actuaries with experience in related areas, and a non-actuary with expertise in the field of social insurance. The reasons for the review include acknowledging that some government programs covered by the standard, and some not covered by the standard, had evolved significantly since 1998; that standards in related practice areas had evolved significantly since 1998; and the financial status of social insurance programs have become the subject of intense public scrutiny. The standard will apply to actuaries when performing actuarial services in connection with an actuarial analysis of a social insurance program when the actuary’s principal is a government agency with responsibility for the valuation of a social insurance program. The ASB also will continue its review of the proposed revision in late 2019.

ASB Announces New Members; Chair Appointments

On January 1, 2020, the ASB will welcome new members Kevin Dyke and David Neve. Dyke, chief actuary of the Michigan Department of Insurance and Financial Services and an Academy member since 1996, has served on the Council on Professionalism and the Committee on Property and Liability Financial Reporting. Neve, the Academy’s current vice president, life, is also an Academy Board member whose term will be ending in November. He joined the Academy in 1981 and has served on numerous groups and committees including the Executive Committee, multiple principle-based reserving committees and groups, and the Life Products Committee and Life Valuation Committee. The appointments will begin the first of a three-year term. Dyke will replace outgoing member Chris Carlson and Neve will replace outgoing member, former Chairperson, and current Vice Chairperson Maryellen Coggins. Kathy Riley has been re-appointed as the ASB’s chairperson, with Darrell Knapp returning as a vice chairperson and Barbara Snyder assuming the role as a new vice chairperson. The ASB
thanks Carlson and Coggins for their years of dedicated service to the ASB.

**ASB to Meet December 3-5 in Washington**

The next regularly scheduled meeting of the ASB will be held December 3-5 at the Academy offices in Washington, D.C.