



ACTUARIAL STANDARDS BOARD

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.

Fall/Winter 2021

BOXSCORE

ASB Adopts ASOP No. 2 Revision

The Actuarial Standards Board (ASB) adopted a revision of Actuarial Standard of Practice (ASOP) No. 2, now titled [*Nonguaranteed Elements for Life Insurance and Annuity Products*](#). The standard applies to actuaries when performing actuarial services with respect to the determination and, if applicable, illustration of nonguaranteed elements (NGEs) for life insurance and annuity policies written on individual policy forms where NGEs may vary at the discretion of the insurer, except as provided below. The standard also applies to actuaries when performing similar actuarial services for group master contracts with individual certificates where NGEs are determined in a similar manner to products written on individual life and annuity policy forms. Examples of products within the scope of this standard include universal life, indeterminate premium life, and deferred annuity products. Such products may be fixed, variable, or indexed. The ASOP, which underwent two exposure periods, received a cumulative 23 comments. The ASOP is effective for work performed on or after June 1, 2022.

ASB Adopts ASOP No. 3 Revision

The ASB adopted a revision of ASOP No. 3, [*Continuing Care Retirement Communities*](#). The standard applies to actuaries when performing actuarial services, including giving advice, in connection with continuing care retirement communities (including nonprofit and for-profit entities) or at-home programs that are not regulated as insurance entities. These actuarial services may be performed for owners, operators, financing entities, or current or prospective contractual residents or members, as well as for other professionals or regulatory bodies. The ASOP received five comments during its exposure period and is effective for work performed on or after June 1, 2022.



ASB Adopts ASOP No. 22 Revision

The ASB adopted a revision of ASOP No. 22, now titled *Statements of Actuarial Opinion Based on Asset Adequacy Analysis for Life Insurance, Annuity, or Health Insurance Reserves and Other Liabilities*. The standard applies to actuaries when performing actuarial services with respect to providing a statement of actuarial opinion based on asset adequacy analysis of life insurance, annuity, or health insurance reserves and other liabilities, when the statement of actuarial opinion 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 statement of actuarial opinion is prepared for an insurance company to comply with other applicable law. The ASOP underwent two exposure periods and received a cumulative 22 comments. The ASOP is effective for all statements of actuarial opinion covered by the scope of the ASOP issued on or after June 1, 2022.

New ASB Members Announced; New 2022 ASB Committee Chairpersons Approved

In December, the ASB bid farewell to member and former ASB Chairperson Kathy Riley, and to member Cande Olsen. The Academy's Selection Committee also announced that former ASB Pension Committee Chairperson Christopher Noble and former Academy Board member Laura Hanson will be joining the ASB in January 2022 for three-year terms. Further, the ASB approved its 2022 committee chairpersons at its September meeting; the ASB will welcome incoming Health Committee Chairperson Annette James and incoming Casualty Committee Chairperson Gordon Hay on January 1, 2022. Susan Pantely (General Committee), David Paul (ERM), Linda Lankowski (Life Committee), and David Kausch (Pension Committee) will continue to serve in their current chairperson appointments.

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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.



Looking Ahead

The ASB tentatively plans to review the following drafts during its March 2022 meeting:

- A revision of ASOP No. 10, *Methods and Assumptions for Use in Life Insurance Company Financial Statements Prepared in Accordance with U.S. GAAP* (exposure draft from the Life Committee);
- A revision of ASOP No. 18, *Long-Term Care* (proposed final from the Health Committee);
- A revision of ASOP No. 36, *Statements of Actuarial Opinion Regarding Property/Casualty Loss and Loss Adjustment Expense Reserves* (exposure draft from the Casualty Committee);
- A minor revision to the scope of ASOP No. 28, *Statements of Actuarial Opinion Regarding Health Insurance Liabilities and Assets*, to eliminate the cross exclusion with ASOP No. 36 in coordination with proposed changes to ASOP No. 36 (exposure draft from the Health Committee); and
- A revision of ASOP No. 41, *Actuarial Communications* (exposure draft from the ASOP No. 41 Task Force).

Meetings

MARCH 8-10, 2022

JUNE 8-9, 2022

SEPTEMBER 14-15, 2022

DECEMBER 6-7, 2022

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.

ASB Projects

SUBJECT AREA	2021 QUARTER				COMMENTS
	1	2	3	4	
CASUALTY COMMITTEE					
ASOP No. 20, <i>Discounting of Property/Casualty Unpaid Claims Estimates</i>	D	D	D	D	The ASB reviewed a proposed revision during its December 2021 meeting and will continue review in early 2022.
ASOP No. 29, <i>Expense Provisions in Property/Casualty Insurance Ratemaking</i>	D	D	D	E	The ASB approved an exposure draft at its December 2021 meeting with a comment deadline of April 30, 2022.
ASOP No. 30, <i>Treatment of Profit and Contingency Provisions and the Cost of Capital in Property/Casualty Insurance Ratemaking</i>		P	P	TF	The ASB approved a proposal in June 2021 to revise ASOP No. 30. A task force has been created and will begin drafting revisions soon.
ASOP No. 36, <i>Statements of Actuarial Opinion Regarding Property/Casualty Loss and Loss Adjustment Expense Reserves</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 March 2022 meeting.
ASOP No. 39, <i>Treatment of Catastrophe Losses in Property/Casualty Insurance Ratemaking</i>				P	The ASB approved a proposal in December 2021 for the creation of a task force of the Committee to revise ASOP No. 39.
ENTERPRISE RISK MANAGEMENT COMMITTEE					
ASOP No. 46, <i>Risk Evaluation in Enterprise Risk Management</i> , and ASOP No. 47, <i>Risk Treatments in Enterprise Risk Management</i>	D	D	D	D	The ERM Committee is drafting proposed revisions and plans to present exposure drafts to the ASB at its June 2022 meeting.
GENERAL COMMITTEE					
ASOP No. 12, <i>Risk Classification</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 June 2022 meeting.
ASOP No. 32, <i>Social Insurance</i>	F	F	F	F	The ASB adopted a final revision at its March 2020 meeting. The effective date is Sept. 1, 2021.
ASOP No. 38, now titled <i>Catastrophe Modeling (for All Practice Areas)</i>	R	F	F	F	The ASB adopted a final revision at its June 2021 meeting. The effective date is Dec. 1, 2021.
<i>Setting Assumptions</i>	R	R	R	R	The ASB approved a third exposure draft in October 2020 with a comment deadline of April 15, 2021. The ASB reviewed a proposed ASOP in September 2021 and will continue its review in early 2022.
ASOP No. 41, <i>Actuarial Communications</i>	D	D	D	D	The ASB reviewed a proposed revision during its December 2021 meeting and will continue review during its March 2022 meeting. <i>*Note: This task force reports directly to the ASB.</i>
HEALTH COMMITTEE					
ASOP No. 3, <i>Continuing Care Retirement Communities</i>	R	R	F	F	The ASB adopted a final revision at its September 2021 meeting. The effective date is June 1, 2022.
ASOP No. 18, <i>Long-Term Care Insurance</i>	E	R	R	R	The ASB approved an exposure draft at its March 2021 meeting with a comment deadline of Sept. 1, 2021. The task force is reviewing comments, making revisions, and plans to present a proposed final ASOP to the ASB in March 2022.
ASOP No. 28, <i>Statements of Actuarial Opinion Regarding Health Insurance Liabilities and Assets</i>	R	F	F	F	The ASB adopted a final revision at its June 2021 meeting. The effective date is July 1, 2022.
ASOP No. 45, <i>The Use of Health Status Based Risk Adjustment Methodologies</i>	P	P	P	P	The ASB approved a proposal in October 2020 for the creation of a task force of the Committee to revise ASOP No. 45.
LIFE COMMITTEE					
ASOP No. 2, now titled <i>Nonguaranteed Elements for Life Insurance and Annuity Products</i>	R	R	F	F	The ASB adopted a final revision at its September 2021 meeting. The effective date is June 1, 2022.
ASOP No. 7, <i>Analysis of Life, Health, or Property/Casualty Insurer Cash Flows</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 December 2022 meeting.
ASOP No. 10, <i>Methods and Assumptions for Use in Life Insurance Company Financial Statements Prepared in Accordance with U.S. GAAP</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 March 2022 meeting.

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Legend:

PD	Planning/Discussion	TE	Third Exposure Draft
P	Proposal for Standard	R	Revisions/Redrafting
D	Drafting	F	Final Pronouncement
DD	Discussion Draft	DS	Development Suspended
E	Exposure Draft	WD	Working Draft
SE	Second Exposure Draft	RI	Request for Input

ASB Projects

SUBJECT AREA	2021 QUARTER				COMMENTS
	1	2	3	4	
LIFE COMMITTEE (continued)					
ASOP No. 11, now titled <i>Reinsurance Involving Life Insurance, Annuities, or Health Coverages in Financial Reports</i>	F	F	F	F	The ASB adopted a final revision in April 2021. The effective date is Dec. 1, 2022.
ASOP No. 22, now titled, <i>Statements of Actuarial Opinion Based on Asset Adequacy Analysis for Life Insurance, Annuity, or Health Insurance Reserves and Other Liabilities</i>	R	R	F	F	The ASB adopted a final revision at its September 2021 meeting. The effective date is June 1, 2022.
ASOP No. 24, <i>Compliance with the NAIC Life Insurance Illustrations Model Regulation</i>	D	E	R	R	The ASB approved an exposure draft at its June 2021 meeting with a comment deadline of Sept. 30, 2021. The task force is reviewing comments, making revisions, and plans to present a second exposure draft to the ASB in June 2022.
ASOP No. 40, <i>Compliance with the NAIC Valuation of Life Insurance Policies Model Regulation with Respect to Deficiency Reserve Mortality</i>		P	P	TF	The ASB approved a proposal in June 2021 to revise ASOP No. 40. A task force has been created and will begin drafting revisions soon.
Reinsurance Pricing ASOP	D	D	D	D	A task force is drafting a proposed ASOP on reinsurance pricing and plans to present an exposure draft to the ASB at its September 2022 meeting.
Actuarial Compliance Guideline 4	D	D	D	D	The ASB reviewed a proposed revision of a conversion of ACG4 into an exposure draft during its December 2021 meeting and will continue review in June 2022.
PENSION COMMITTEE					
ASOP No. 4, <i>Measuring Pension Obligations and Determining Pension Plan Costs or Contributions</i>	R	E	E	F	The ASB adopted a final revision of ASOP No. 4 in December 2021. The effective date of the revision, which will be released in early 2022, is Feb. 15, 2023.
ASOP No. 27, <i>Selection of Economic Assumptions for Measuring Pension Obligations</i> ; and ASOP No. 35, <i>Selection of Demographic and Other Noneconomic Assumptions for Measuring Pension Obligations</i>	F	F	F	F	The ASB adopted final revisions of ASOP Nos. 27 and 35 in June 2020. The effective date for both ASOPs is Feb. 15, 2023.



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
 RI Request for Input

Archived editions of the newsletter can be found on the ASB's website. actuarialstandardsboard.org

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