



## 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.

Spring 2022

## BOXSCORE

## ASB Adopts ASOP No. 4 Revision

The Actuarial Standards Board (ASB) of the American Academy of Actuaries adopted a revision of Actuarial Standard of Practice (ASOP) No. 4, *Measuring Pension Obligations and Determining Pension Plan Costs or Contributions*, in December. The ASOP provides guidance to actuaries when performing actuarial services with respect to measuring obligations under a defined benefit pension plan and determining periodic costs or actuarially determined contributions for such plans. While other ASOPs address assumptions, asset valuation methods, and assessment of risk, the revised standard addresses broader measurement issues, including cost allocation procedures and contribution allocation procedures. The standard provides guidance for coordinating and integrating all of the elements of an actuarial valuation of a pension plan. Notable changes made to the existing 2013 version include expanding the scope to clarify the application of the standard when the actuary selects an output smoothing method and when an assumption or method is not selected by the actuary. This standard is effective for any actuarial report issued on or after Feb. 15, 2023, whose measurement date is on or after Feb. 15, 2023.



## ASB Approves ASOP No. 29 Exposure Draft

Also in December, the ASB approved an exposure draft of a revision of ASOP No. 29, now titled [Expense Provisions for Future Cost Estimates for Prospective Property/Casualty Risk Transfer and Risk Retention](#). The ASOP applies to actuaries when developing or reviewing expense provisions for future cost estimates for prospective property/casualty risk transfer or risk retention. This includes expense provisions developed or reviewed for insurance, reinsurance, self-insurance, loss portfolio transfers, or any other mechanisms for prospective property/casualty risk transfer or risk retention. If the actuary's actuarial services involve reviewing expense provisions developed by another party, the actuary should use the guidance in the standard to the extent practicable. The comment deadline is May 31, 2022. Information on how to submit comments can be found in the exposure draft.

## ASB Adopts ASOP No. 18 Revision

The ASB adopted a revision of ASOP No. 18, now titled [Long-Term Care](#), during its March 2022 ASB meeting. The ASOP applies to actuaries when performing actuarial services with respect to long-term care (LTC) benefit plans sponsored by insurers or other entities. The standard also applies to actuaries designing, pricing, or determining funding of an LTC benefit plan. In addition, the standard applies to actuaries measuring or evaluating LTC liabilities within an LTC benefit plan. The standard does not apply to actuaries providing actuarial services related to LTC benefits for Medicaid-eligible recipients unless the actuarial services are for a long-range financial projection (generally more than five years) of LTC benefit expenditures and eligible recipients under the Medicaid program. The ASOP, which underwent one exposure draft and received four comment letters, is effective for actuarial services performed on or after Sept. 1, 2022.

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.

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## ASB Approves ASOP No. 10 Exposure Draft

In April, the ASB approved a revision of ASOP No. 10, now titled [\*Methods and Assumptions for Use in Preparing or Reviewing Insurance Company Financial Statements in Accordance with U.S. GAAP for Long-Duration Life, Annuity, and Health Products\*](#). The ASOP applies to actuaries when performing actuarial services related to the preparation or review of insurance company financial statements in accordance with generally accepted accounting principles (GAAP) for long-duration life, annuity, or health products. The actuary should comply with the standard except to the extent it may conflict with applicable law (statutes, regulations, and other legally binding authority) or authoritative GAAP guidance (such as Accounting Standards Codification [ASC], Staff Accounting Bulletins issued by the U.S. Securities and Exchange Commission, and other guidance issued by authoritative bodies). The comment deadline is June 30, 2022. Information on how to submit comments can be found in the exposure draft.

## Looking Ahead

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

- A revision of ASOP No. 12, *Risk Classification (For All Practice Areas)* (exposure draft from the General Committee); and
- A revision of ASOP No. 41, *Actuarial Communications* (exposure draft from the ASOP No. 41 Task Force)

## Meetings

**JUNE 7-8, 2022**

**SEPTEMBER 20-22, 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](mailto:kennedy@actuary.org). Unless otherwise noted, meetings take place at the American Academy of Actuaries' office in Washington, D.C.

# ASB Projects

SUBJECT AREA	2022 QUARTER				COMMENTS
	1	2	3	4	
<b>CASUALTY COMMITTEE</b>					
ASOP No. 20, <i>Discounting of Property/Casualty Unpaid Claims Estimates</i>	D				The ASB reviewed a proposed revision during its December 2021 meeting and will continue review in spring 2022.
ASOP No. 29, <i>Expense Provisions in Property/Casualty Insurance Ratemaking</i>	E				The ASB approved an exposure draft at its December 2021 meeting with a comment deadline of May 31, 2022.
ASOP No. 30, <i>Treatment of Profit and Contingency Provisions and the Cost of Capital in Property/Casualty Insurance Ratemaking</i>	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				The ASB reviewed a proposed revision during its March 2022 meeting and will continue review in late spring.
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 to revise ASOP No. 39.
<b>ENTERPRISE RISK MANAGEMENT COMMITTEE</b>					
ASOP No. 46, <i>Risk Evaluation in Enterprise Risk Management, and ASOP No. 47, Risk Treatments in Enterprise Risk Management</i>	D				The ERM Committee is drafting proposed revisions and plans to present exposure drafts to the ASB at its September 2022 meeting.
<b>GENERAL COMMITTEE</b>					
ASOP No. 12, <i>Risk Classification</i>	D				A task force is drafting a proposed revision and plans to present an exposure draft to the ASB at its June 2022 meeting.
<i>Setting Assumptions</i>	TE				The ASB approved a third exposure draft in October 2020 with a comment deadline of April 15, 2021, and is considering next steps in the development of a proposed standard.
ASOP No. 41, <i>Actuarial Communications</i>	R				The ASB approved an exposure draft in October 2020 with a comment deadline of Jan. 15, 2021. The task force is reviewing comments, making revisions, and plans to present a proposed final ASOP to the ASB in June 2021.
<b>HEALTH COMMITTEE</b>					
ASOP No. 3, <i>Continuing Care Retirement Communities</i>	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>	F				The ASB adopted a final revision at its March 2022 meeting. The effective date is Sept. 1, 2022.
ASOP No. 28, <i>Statements of Actuarial Opinion Regarding Health Insurance Liabilities and Assets</i>	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				The ASB approved a proposal to revise ASOP No. 45 in October 2020. A task force will be created and will begin work after the adoption of ASOP No. 12.
ASOP No. 49, <i>Medicaid Managed Care Capitation Rate Development and Certification</i>	P				The ASB approved a proposal to revise ASOP No. 49 in March 2022.
<b>LIFE COMMITTEE</b>					
ASOP No. 2, now titled <i>Nonguaranteed Elements for Life Insurance and Annuity Products</i>	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				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>	E				The ASB approved an exposure draft at its March 2022 meeting with a comment deadline of June 30, 2022.

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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	2022 QUARTER				COMMENTS
	1	2	3	4	
<b>LIFE COMMITTEE (continued)</b>					
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>	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>	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 and making revisions and plans to present a second exposure draft to the ASB in September 2022.
ASOP No. 40, <i>Compliance with the NAIC Valuation of Life Insurance Policies Model Regulation with Respect to Deficiency Reserve Mortality</i>	D				A task force is drafting a proposed revision and plans to present an exposure draft to the ASB at its December 2022 meeting.
Reinsurance Pricing ASOP	D				A task force is drafting a proposed ASOP on reinsurance pricing and plans to present an exposure draft to the ASB at its December 2022 meeting.
Actuarial Compliance Guideline 4	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 September 2022.
<b>PENSION COMMITTEE</b>					
ASOP No. 4, <i>Measuring Pension Obligations and Determining Pension Plan Costs or Contributions</i>	F				The ASB adopted a final revision of ASOP No. 4 in December 2021. The effective date of the revision is Feb. 15, 2023.
ASOP No. 6, <i>Measuring Retiree Group Benefits Obligations and Determining Retiree Group Benefits Program Periodic Costs or Actuarially Determined Contributions</i>	P				The ASB approved a proposal to revise ASOP No. 6 (and to create a task force therefor) in April 2022.
ASOP No. 27, <i>Selection of Economic Assumptions for Measuring Pension Obligations; and ASOP No. 35, Selection of Demographic and Other Noneconomic Assumptions for Measuring Pension Obligations</i>	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](http://actuarialstandardsboard.org)

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