

ACTUARIAL STANDARDS BOARD

annual REPORT



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2022



AMERICAN ACADEMY
of ACTUARIES

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2022

Letter From the Chairperson

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. Established in 1988, the ASB has the sole authority to develop, obtain comment upon, revise, and adopt ASOPs for the actuarial profession.

In 2022, the ASB returned to in-person meetings and remained productive in adopting two revised ASOPs, approving seven exposure drafts for comment, and approving proposals to revise three existing ASOPs. In addition, the ASB presented a professionalism series webinar titled “ASOP No. 41, *Actuarial Communications*: Your Feedback Matters.”

Setting appropriate standards of practice is critically important, challenging, and time-consuming, but the ASB could not fulfill its duties without the dedication of its 100+ committee and task force members and thus extends a heartfelt “thank you” to all its volunteers. As 2023 begins, I’d also like to thank Darrell Knapp for his leadership as chairperson and board member, and welcome incoming board member Rick Lassow, whose contributions will assist the ASB in having another successful year of serving actuaries and the public by establishing and improving actuarial standards of practice for the United States.

Rob Damler
Chairperson
Actuarial Standards Board



2022 Actuarial Standards Board

Back Row: Kevin Dyke (vice chairperson), Darrell Knapp (chairperson), Dave Neve, Laura Hanson

Front Row: Rob Damler (vice chairperson), Judy Stromback, Pat Woods, Chris Noble

Inset: Liz Brill



Committee Projects

Casualty Committee

The Casualty Committee, chaired by Gordon Hay, oversaw a task force in the development of a proposed revision of ASOP No. 20, now titled *Discounting of Property/Casualty Claim Estimates*. The task force is chaired by Rob Walling. The ASB approved an exposure draft in May.

The Casualty Committee also oversaw a task force chaired by Margaret Tiller Sherwood in the development of a proposed revision of ASOP No. 36, now titled *Statements of Actuarial Opinion Regarding Property/Casualty Loss, Loss Adjustment Expense, or Other Reserves*. The ASB approved an exposure draft in May.

In addition, the Casualty Committee oversaw a task force in the continued development of a proposed revision of ASOP No. 29, now titled *Expense Provisions for Future Cost Estimates for Prospective Property/Casualty Risk Transfer and Risk Retention*. The ASB approved a second exposure draft in December. The task force is chaired by Alan Putney.

Enterprise Risk Management Committee

The Enterprise Risk Management Committee, chaired by David Paul, began work on a consolidation of ASOP No. 46, *Risk Evaluation in Enterprise Risk Management*, and ASOP No. 47, *Risk Treatment in Enterprise Risk Management*.

General Committee

The General Committee, chaired by Susan Pantely, continued to oversee the development of a proposed ASOP on setting assumptions. In March, the ASB voted to discontinue development of the proposed ASOP and disbanded the task force with appreciation for its development efforts. The Assumptions Task Force was chaired by Maria Sarli.

Health Committee

The Health Committee, chaired by Annette James, oversaw the development of a proposed revision of ASOP No. 18, *Long-Term Care*, which the ASB adopted in March. The task force was chaired by Bruce Stahl.

The Health Committee also oversaw a revision to the scope of ASOP No. 28, *Statements of Actuarial Opinion Regarding Health Insurance Assets and Liabilities*, to remove a conflict with ASOP No. 36. The task force was chaired by Annette James. The ASB approved an exposure draft of the revised scope language in May.

Lastly, the ASB approved a proposal in March for a revision of ASOP No. 49, *Medicaid Managed Care Capitation Rate Development and Certification*. The revision is being drafted by a task force chaired by Jeremy Palmer.

Life Committee

The Life Committee, chaired by Linda Lankowski, oversaw a task force chaired by Lisa Kuklinski in the development of a proposed revision of ASOP No. 10, now titled *U.S. GAAP for Long-Duration Life, Annuity, and Health Products*. The ASB approved an exposure draft in April and adopted a revision in December.

The Life Committee also oversaw the conversion of Actuarial Compliance Guideline No. 4, *Statutory Statements of Opinion Not Including an Asset Adequacy Analysis by Appointed Actuaries for Life or Health Insurers*, into a proposed ASOP titled *Statements of Actuarial Opinion Not Based on an Asset Adequacy Analysis for Life Insurance, Annuity, or Health Insurance Reserves and Related Actuarial Items*. The ASB approved an exposure draft in September.

Pension Committee

The ASB approved a proposal in March from the Pension Committee, chaired by David Kausch, for a revision of ASOP No. 6, *Measuring Retiree Group Benefits Obligations and Determining Retiree Group Benefits Program Periodic Costs or Actuarially Determined Contributions*. The revision is being drafted by a task force chaired by James Rizzo.

The ASB also approved a proposal in September for the consolidation 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*, into a single ASOP. The ASB approved an exposure draft of the revised ASOP No. 27, now titled *Selection of Assumptions for Measuring Pension Obligations*, in December.

Other Projects

A task force of the ASB continued to develop a proposed revision of ASOP No. 41, *Actuarial Communications*. The task force is chaired by Patricia Matson. The ASB approved an exposure draft in June.



The ASB establishes and improves standards of actuarial practice. These ASOPs identify what the actuary should consider, document, and disclose when performing an actuarial assignment. The ASB's goal is to set standards for appropriate practice for the U.S. actuarial profession.







Actuarial Standards Board

1850 M Street NW, Suite 300
Washington, DC 20036

202-223-8196

EMAIL: ASB@actuary.org

WEBSITE: ActuarialStandardsBoard.org



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