

Actuarial Standards Board

Annual Report

2023



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of ACTUARIES

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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.

The ASB had another productive year in 2023: adopting three revised ASOPs, approving four exposure drafts for comment, and introducing its 57th ASOP. In addition, the ASB continued development on 10 other new or revised ASOPs.

The new ASOP No. 57, *Statements of Actuarial Opinion Not Based on an Asset Adequacy Analysis for Life Insurance, Annuity, or Health Insurance Reserves and Related Actuarial Items*, transitions the last of the four Actuarial Compliance Guidelines to an ASOP. Actuarial Compliance Guidelines were adopted from 1986 through 1993 to address situations where actuarial work was done in response to controlling regulatory bodies or other professional organizations that established rules or requirements that were not in accordance with generally accepted actuarial principles and practices, or that prevented an actuary from applying professional judgment.

We also took time to recognize the importance of diversity and inclusion in the development of actuarial standards and in the recruitment of volunteers. This effort led the ASB to adopt a [DEI statement](#) and incorporate optional demographic data on our volunteer submission form to help ensure that people of diverse backgrounds are represented on the ASB, its committees, and task forces. In addition, we focused more intently on our pipeline and began incorporating techniques to improve the efficiency of our reviews. These efforts have led to the reduction in the number of open standards from 18 in 2022 to the current 14.

The ASB recognizes the importance of educating actuaries on the ASOPs to improve actuarial practice. In June, the ASB officers presented a webinar titled “ASOP Essentials:

Communications, Modeling, Data Quality, and More,” covering ASOP No. 1, *Introductory Actuarial Standard of Practice*; No. 23, *Data Quality*; No. 41, *Actuarial Communications*; and No. 56, *Modeling*. In addition, several ASB members conducted educational sessions at local actuarial clubs virtually or in person throughout the country. We also educated ourselves on actuaries’ use of machine learning and artificial intelligence—particularly generative AI—to ensure that our standards remain appropriate in the face of this rapidly changing technology.

Setting appropriate standards of practice is critically important, challenging, and time-consuming. This work could not be possible without the tireless effort of our over 100 committee and task force members, to which the ASB sends a heartfelt “thank you.” In particular, we would like to extend our gratitude to the ASOP Nos. 20 and 29 task forces for their dedicated work in revising both ASOPs in 2023. In addition, we want to recognize the efforts of our many stakeholders who submit comments on proposed new or revised ASOPs. Your comments are carefully considered by the ASB and remain an essential component of the standard development process.

Finally, as 2024 begins, I would like to thank Rob Damler for his exceptional leadership as chairperson and Liz Brill for her invaluable contributions to the standard-setting process, and welcome incoming ASB members Gabe Schiminovich and Alisa Swann, 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 in the United States.

Kevin Dyke
Chairperson
Actuarial Standards Board

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 was chaired by Rob Walling. The ASB adopted a revision in June.

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 a second exposure draft in June.

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 task force is chaired by Alan Putney.

Enterprise Risk Management Committee

The Enterprise Risk Management Committee, chaired by David Paul, continued work on a consolidation of ASOP No. 46, *Risk Evaluation in Enterprise Risk Management*, and ASOP No. 47, *Risk Treatment in Enterprise Risk Management*. The ASB approved an exposure draft in March.

General Committee

The General Committee, chaired by Susan Pantely, oversaw a task force chaired by Brian Mullen in the development of a proposed revision of ASOP No. 12, *Risk Classification (for All Practice Areas)*. The ASB approved an exposure draft in May.

Health Committee

The Health Committee, chaired by Annette James, oversaw the development of a proposed 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 Gabe Schiminovich, oversaw a task force chaired by Linda Lankowski in the development of a proposed revision of ASOP No. 40, now titled *Compliance with the NAIC Valuation of Life Insurance Policies Model Regulation with Respect to X Factors*. The ASB approved an exposure draft in May.

The Life Committee also oversaw a task force chaired by Brian Lessing in the development of a proposed revision of ASOP No. 24, now titled *Compliance with the NAIC Life Insurance Illustrations Model Regulation*. The ASB approved an exposure draft in June.

In addition, the Life Committee oversaw a joint review committee representing the life, health, and casualty practice areas in the development of a proposed revision of ASOP No. 7, now titled *Life, Health, or Property/Casualty Insurance Cash Flow Risk*. The review committee also is chaired by Mr. Schiminovich. The ASB approved an exposure draft in September.

Lastly, the Life Committee oversaw a task force chaired by Janice A. Duff in the development of a conversion of Actuarial Compliance Guideline (ACG) No. 4, *Statutory Statements of Opinion Not Including an Asset Adequacy Analysis by Appointed Actuaries for Life or Health Insurers*, into a new ASOP No. 57, *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 adopted the ASOP in January.

Pension Committee

The Pension Committee, chaired by Matt Smith, oversaw a task force chaired by James Rizzo in the development of a proposed revision of ASOP No. 6, *Measuring Retiree Group Benefits Obligations and Determining Retiree Group Benefits Program Periodic Costs or Actuarially Determined Contributions*.

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.



2024 Actuarial Standards Board:

Back (l to r): Rick Lassow; Gabe Schiminovich; Chris Noble; Kevin Dyke (chairperson); Laura Hanson (vice chairperson)
Front (l to r): Pat Woods; Dave Neve (vice chairperson); Judy Stromback; Alisa Swann



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.

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