



ACTUARIAL STANDARDS BOARD

Welcome to the Actuarial Standards Board's 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.

Winter 2025

BOXSCORE

ASB Adopts ASOP No. 58

The ASB adopted new ASOP No. 58, *Enterprise Risk Management*. ASOP No. 58 replaces ASOP Nos. 46 and 47, *Risk Evaluation in Enterprise Risk Management* and *Risk Treatment in Enterprise Risk Management*, respectively, which were the first ASOPs applying specifically to actuaries performing actuarial services for the purposes of enterprise risk management (ERM). ASOP Nos. 46 and 47 were prepared when ERM as a field of practice for actuaries was in fledgling form, with a relatively small number of actuaries having experience in the area. However, in the years since, actuarial practice in the field has evolved considerably. Moreover, ERM nomenclature has also evolved. Thus, the ASB decided to replace ASOP Nos. 46 and 47 with a new ERM ASOP to better reflect today's ERM practices and terminology, and to align with ASOP No. 55, *Capital Adequacy Assessment*. When ASOP No. 58 takes effect, ASOP Nos. 46 and 47 will be repealed.

In addition to covering activities in an order that reflects how organizations typically establish an ERM framework, the new ASOP provides guidance on governance over risk processes, risk identification, risk classification, and considerations related to an organization's own risk and solvency assessment. The effective date for ASOP No. 58 is May 1, 2025.



ASB Approves Second Exposure Draft of Proposed Revision of ASOP No. 41

The Actuarial Standards Board of the American Academy of Actuaries recently approved a second exposure draft of a proposed revision of Actuarial Standard of Practice (ASOP) No. 41, *Actuarial Communications*. The ASOP applies to actuaries when issuing actuarial communications in any form (written, electronic, or oral) within any practice area. The standard does not apply to actuaries when issuing a communication that does not include the rendering of actuarial services. Notable changes from the first exposure draft include adding definitions for “actuarial conclusions” and “actuarial report”; removing definitions for “actuarial finding” and “oral communications” and any related guidance on the latter; and adding guidance regarding the risk of misuse of actuarial communications as well as guidance regarding when to issue an actuarial report. The comment deadline is March 15, 2025. Information on how to submit comments can be found in the draft.

Meetings

MARCH 11–12, 2025

JUNE 25–27, 2025

SEPTEMBER 9–11, 2025

DECEMBER 9–11, 2025

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 Director, Professionalism (Actuarial Standards Board) Erica Kennedy at kennedy@actuary.org. Unless otherwise noted, meetings take place at the American Academy of Actuaries’ office in Washington, D.C.

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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.



ASB Approves Exposure Draft of Proposed Revision of ASOP No. 39

The ASB approved an exposure draft of a proposed revision of ASOP No. 39, now titled *Treatment of Catastrophe or Extreme Event Losses in Future Cost Estimates for Property/Casualty Risk Transfer and Risk Retention*. The ASB adopted ASOP No. 39, *Treatment of Catastrophe Losses in Property/Casualty Insurance Ratemaking*, in 2000 to provide guidance to actuaries in evaluating catastrophe exposure and in determining a provision for catastrophe or extreme event losses and loss adjustment expenses in property/casualty insurance ratemaking. Since this ASOP was adopted, there have been many developments in ratemaking and modeling that are not adequately addressed in the current standard such as events that impact casualty insurance or multiple insurance lines, or other events that the industry now faces, such as cyberattacks, terrorism, and the effects of climate change. The standard is also being updated to recognize ASOP No. 53, *Estimating Future Costs for Prospective Property/Casualty Risk Transfer and Risk Retention*, and ASOP No. 56, *Modeling*, as well as changes to ASOP No. 38, *Catastrophe Modeling (For All Practice Areas)*. Notable changes from the existing standard include broadening the scope to include both catastrophes and extreme events and expanding the guidance for casualty coverages, catastrophe models, and scenario analysis. The comment deadline is May 1, 2025. 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 March 2025 meeting:

- a revision of ASOP No. 7, *Analysis of Life, Health, or Property/Casualty Insurer Cash Flows* (second exposure draft from the Casualty Committee); and
- a revision of ASOP No. 20, *Discounting of Property/Casualty Claim Estimates* (exposure draft from the Casualty Committee).

ASB Projects

SUBJECT AREA	2025 QUARTER				COMMENTS
	1	2	3	4	
CASUALTY COMMITTEE					
ASOP No. 20, <i>Discounting of Property/Casualty Claim Estimates</i>	R				The ASB adopted a revised version of ASOP No. 20 in June 2023 with an effective date of Dec. 1, 2023. The ASOP has been reopened, and a task force is further revising it to incorporate property/casualty guidance from ASOP No. 7. The task force plans to present an exposure draft to the ASB during its March 2025 meeting.
ASOP No. 30, <i>Treatment of Profit and Contingency Provisions and the Cost of Capital in Property/Casualty Insurance Ratemaking</i>	R				The ASB approved an exposure draft in June 2024 with a comment deadline of Nov. 1, 2024. The task force is reviewing comments and plans to present a second exposure draft to the ASB during its September 2025 meeting.
ASOP No. 39, <i>Treatment of Catastrophe Losses in Property/Casualty Insurance Ratemaking</i>	E				The ASB approved an exposure draft in December 2024 with a comment deadline of May 1, 2025.
ENTERPRISE RISK MANAGEMENT COMMITTEE					
ASOP No. 58, <i>Enterprise Risk Management</i>	F				The ASB adopted ASOP No. 58 in December 2024. The effective date is May 1, 2025.
GENERAL COMMITTEE					
ASOP No. 1, <i>Introductory Actuarial Standard of Practice</i>	TF				The ASB approved a proposal to revise ASOP No. 1 in September 2024. A task force has been approved to draft a proposed revision with plans to present an exposure draft to the ASB in December 2025.
ASOP No. 12, <i>Risk Classification</i>	R				The ASB approved an exposure draft in September 2023 with a comment deadline of May 1, 2024. The task force is reviewing comments and plans to present a second exposure draft during its December 2025 meeting.
ASOP No. 41, <i>Actuarial Communications</i>	SE				The ASB approved a second exposure draft in October 2024 with a comment deadline of March 15, 2025.
HEALTH COMMITTEE					
ASOP No. 8, <i>Regulatory Filings for Health Benefits, Accident and Health Insurance, and Entities Providing Health Benefits</i>	TF				The ASB approved a proposal to revise ASOP No. 8 in September 2024. A task force is being created. The ASB plans to review an exposure draft in early 2026.
ASOP No. 45, <i>The Use of Health Status Based Risk Adjustment Methodologies</i>	D				A task force is drafting a proposed revision and plans to present an exposure draft to the ASB during its June 2025 meeting.
ASOP No. 49, <i>Medicaid Managed Care Capitation Rate Development and Certification</i>	D				A task force is drafting a proposed revision and plans to present an exposure draft to the ASB during its June 2025 meeting.
LIFE COMMITTEE					
ASOP No. 7, <i>Analysis of Life, Health, or Property/Casualty Insurer Cash Flows</i>	R				The ASB approved an exposure draft in September 2023 with a comment deadline of June 1, 2024. The task force is reviewing comments and plans to present a second exposure draft to the ASB during its March 2025 meeting.
Reinsurance Pricing ASOP	R				The ASB approved an exposure draft in June 2024 with a comment deadline of Nov. 1, 2024. The task force is reviewing comments and plans to present a second exposure draft to the ASB during its September 2025 meeting.
PENSION COMMITTEE					
ASOP No. 6, <i>Measuring Retiree Group Benefits Obligations and Determining Retiree Group Benefits Program Periodic Costs or Actuarially Determined Contributions</i>	D				A task force is drafting a proposed revision and plans to present an exposure draft to the ASB during its March 2025 meeting.

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

