

Actuarial Standards Board

Annual Report

2024



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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.

In 2024, the ASB continued its standard-setting efforts by adopting five revised ASOPs, approving seven exposure drafts for comment, and introducing ASOP No. 58, *Enterprise Risk Management*. In addition, the ASB continued development of six other new or revised ASOPs and approved a proposal to revise ASOP No. 1, *Introductory Actuarial Standard of Practice*.

The new ASOP No. 58 replaces ASOP Nos. 46 and 47, *Risk Evaluation in Enterprise Risk Management* and *Risk Treatment in Enterprise Risk Management*, respectively. The new ASOP reflects ERM developments since 2012, today's ERM practices and terminology, and aligns with ASOP No. 55, *Capital Adequacy Assessment*. When ASOP No. 58 takes effect in May 2025, ASOP Nos. 46 and 47 will be repealed.

The ASB recognizes the importance of educating actuaries on ASOPs to improve actuarial practice. In April, we presented a webinar titled "Self-Regulation and the ASOPs: Your Professionalism Toolbox," which covered the actuarial profession's ability to self-regulate in the U.S. The webinar also took a deep dive on ASOPs and took a closer look at the proposed changes to ASOP No. 7, *Analysis of Life, Health, or Property/Casualty Insurance Cash Flow Risk*, and ASOP No. 12, *Risk Classification (For All Practice Areas)*. Special thanks to my co-panelists and co-vice chairpersons Laura Hanson and Dave Neve who contributed to a successful webinar attended by over 1,000 actuaries and interested parties.

Setting appropriate standards of practice is critically important, challenging, and time-consuming. This work could not be possible without the dedication and contributions of our over 100 committee and task force members, to which the ASB extends its sincerest appreciation. We would like to especially thank the ASOP Nos. 24, 28, and 40 task forces for their dedicated work in revising their respective ASOPs in 2024, and the Enterprise Risk Management Committee for its development of ASOP No. 58. In addition, the ASB acknowledges the numerous stakeholders who submit comments and suggestions on proposed new or revised ASOPs. This input is carefully considered by the ASB and continues to be a critical element of the standard development process.

Finally, I would like to thank Patrick Woods for his invaluable contributions to the ASB and for his decades of service on numerous task forces and committees. We are pleased to welcome incoming ASB member Mary Frances Miller. Her expertise and insights will support the ASB's continued efforts in 2025 to serve the actuarial profession and the public by establishing and improving actuarial standards of practice in the United States.

Kevin M. Dyke
Chairperson
Actuarial Standards Board

Committee Projects

Casualty Committee

The Casualty Committee, chaired by Gordon Hay, 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 adopted a revision in March with an effective date of Oct. 1, 2024.

The Casualty Committee also oversaw a task force in the development of a proposed revision of ASOP No. 30, *Treatment of Profit and Contingency Provisions and the Cost of Capital in Property/Casualty Insurance Ratemaking*. The task force was chaired by Mary Frances Miller. The ASB approved an exposure draft in June.

Lastly, the Casualty Committee oversaw a task force in the development of a proposed revision of ASOP No. 39, *Treatment of Catastrophe Losses in Property/Casualty Insurance Ratemaking*. The ASB approved an exposure draft in December. The task force is chaired by Stacey Gotham.

Enterprise Risk Management Committee

The Enterprise Risk Management Committee, chaired by David Paul, continued its work on the consolidation of ASOP No. 46, *Risk Evaluation in Enterprise Risk Management*, and ASOP No. 47, *Risk Treatment in Enterprise Risk Management*. The ASB approved exposure drafts in March and September, and adopted new ASOP No. 58, *Enterprise Risk Management*, in December with an effective date of May 1, 2025. The ASB also voted in December to repeal ASOP Nos. 46 and 47. When ASOP No. 58 takes effect in May 2025, ASOP Nos. 46 and 47 will be repealed.

General Committee

The General Committee, chaired by Keith Passwater, continued to oversee a task force developing a proposed revision of ASOP No. 12, *Risk Classification (for All Practice Areas)*. The task force is chaired by Brian Mullen.

The ASB also approved a proposal to revise ASOP No. 1, *Introductory Actuarial Standard of Practice*. The ASOP No. 1 Task Force will also be chaired by Keith Passwater.

Health Committee

The Health Committee, chaired by Annette James, oversaw the development of a proposed revision of the scope of ASOP No. 28, now titled *Statements of Actuarial Opinion Regarding Health Insurance Assets and Liabilities*. The ASB adopted a revision in April with an effective date of Oct. 1, 2024.

The Health Committee also oversaw the development of a proposed revision of ASOP No. 45, *The Use of Health Status Based Risk Adjustment Methodologies*. The task force drafting the revision is chaired by Erica Baird.

In addition, the Health Committee continued to oversee the development of a proposed revision of ASOP No. 49, *Medicaid Managed Care Capitation Rate Development and Certification*. The task force drafting the revision is chaired by Jeremy Palmer.

Life Committee

The Life Committee, chaired by Matthew Monson, oversaw a task force, chaired by Linda Lankowski, that developed 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 adopted a revision in March with an effective date of Sept. 15, 2024.

The Life Committee also oversaw a task force, chaired by Brian Lessing, that developed 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 March and adopted a revision in September with an effective date of Dec. 1, 2024.

Lastly, the Life Committee continued to oversee task forces developing a proposed revision to ASOP No. 7 and a proposed new ASOP on reinsurance pricing. The ASB approved an exposure draft of the proposed reinsurance pricing standard in June. The reinsurance pricing task force is chaired by Donna Megregian, while the ASOP No. 7 Task Force is chaired by Matthew Monson.

Pension Committee

The Pension Committee, chaired by Matt Smith, oversaw a task force chaired by James Rizzo that is developing 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 ASB approved a second exposure draft in October. Patricia Matson chaired the task force from its inception until the end of 2024. Lisa Slotznick began her tenure as chair in January 2025.



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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