



ACTUARIAL STANDARDS BOARD

● EXPOSURE DRAFT ●

**Proposed Revisions of
Actuarial Standard of Practice No. 22**

**Statements of Opinion Based on
Asset Adequacy Analysis by Actuaries
for Life and Health Insurers**

and

Actuarial Standard of Practice No. 28

**Statements of Actuarial Opinion Regarding
Health Insurance Liabilities and Assets**

**Comment Deadline:
May 15, 2012**

**Approved for Exposure by the
Actuarial Standards Board
March 2012**

Exposure Draft—ASOP Nos. 22 and 28 Scopes—March 2012

Transmittal Memorandum

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PROPOSED REVISED LANGUAGE FOR ASOP Nos. 22 and 28

Revised Language for ASOP No. 22

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Revised Language for ASOP No. 28

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Exposure Draft—ASOP Nos. 22 and 28 Scopes—March 2012

March 2012

TO: Members of Actuarial Organizations Governed by the Standards of Practice of the Actuarial Standards Board and Other Interested Parties

FROM: Actuarial Standards Board (ASB)

SUBJ: Actuarial Standards of Practice Nos. 22 and 28

This document contains an exposure draft of revisions to ASOP No. 22, *Statements of Opinion Based on Asset Adequacy Analysis by Actuaries for Life and Health Insurers*, and ASOP No. 28, *Statements of Actuarial Opinion Regarding Health Insurance Liabilities and Assets*, effective for actuarial opinions issued on or after December 31, 2012. The effective date will be deferred if the final ASOP is issued too late for this effective date to be practical. Please review this exposure draft and give the ASB the benefit of your comments and suggestions. Each written response and each response sent by e-mail to the address below will be acknowledged, and all responses will receive appropriate consideration by the drafting committee in preparing the final document for approval by the ASB.

The ASB accepts comments by either electronic or conventional mail. The preferred form is e-mail, as it eases the task of grouping comments by section. However, please feel free to use either form. If you wish to use e-mail, please send a message to comments@actuary.org. You may include your comments either in the body of the message or as an attachment prepared in any commonly used word processing format. Please do not password-protect any attachments. Include the phrase “ASB COMMENTS” in the subject line of your message. Please note: Any message not containing this exact phrase in the subject line will be deleted by our system’s spam filter. **Comments received after the deadline will not be posted.**

If you wish to use conventional mail, please send comments to the following address:

ASOP Nos. 22 and 28 Revision
Actuarial Standards Board
1850 M Street, NW, Suite 300
Washington, DC 20036-4601

The ASB posts all signed comments received to its website to facilitate transparency and dialogue. Anonymous comments will not be considered by the ASB nor posted to the website. The comments will not be edited, amended, or truncated in any way. Comments will be posted in the order that they are received. Comments will be removed when final action on a proposed standard is taken. The ASB website is a public website and all comments will be available to the general public. The ASB disclaims any responsibility for the content of the comments, which are solely the responsibility of those who submit them.

Deadline for receipt of comments in the ASB office: **May 15, 2012**

Exposure Draft—ASOP Nos. 22 and 28 Scopes—March 2012

Background

ASOP No. 28 provides an explicit exclusion for actuaries preparing statements of actuarial opinion for life insurance companies. The ASB believes that the standards of practice delineated in ASOP No. 28 are appropriate for health insurance liabilities and health insurance assets included in statements of actuarial opinion for life insurance companies and should be made applicable.

This exposure draft provides new language for certain sections of ASOP Nos. 22 and 28. Section 3.1 of ASOP No. 22 is changed to indicate that the actuary should review and apply ASOP No. 28 in doing work covered by ASOP No. 22. In addition, the definition of Health Benefit Plan in ASOP No. 22 is changed to be consistent with that in ASOP No. 28. Finally, the scope of ASOP No. 28 is changed to remove the exclusion for work covered by ASOP No. 22.

Request for Comments

The ASB encourages comments on all sections of this exposure draft and is particularly interested in thoughts on whether this expansion of the scope of ASOP No. 28 to cover health insurance work done in connection with ASOP No. 22 is appropriate.

The ASB reviewed this draft and voted in March 2012 to approve its exposure.

Health Committee of the ASB

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John C. Lloyd	Donna Novak
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Exposure Draft—ASOP Nos. 22 and 28 Scopes—March 2012

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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 STANDARD OF PRACTICE NO. 22

**STATEMENTS OF OPINION BASED ON
ASSET ADEQUACY ANALYSIS BY ACTUARIES
FOR LIFE OR HEALTH INSURERS**

REVISED LANGUAGE

1. Section 2.11 would be replaced with:
 - 2.11 Health Benefit Plan—A contract or other financial arrangement providing medical, prescription drug, dental, vision, disability income, accidental death and dismemberment, long-term care, or other health-related benefits, whether on a reimbursement, indemnity, or service benefit basis, regardless of the form of the risk-assuming entity, including health benefit plans provided by self-insured or government plan sponsors.

2. Section 3.1 would be replaced with:
 - 3.1 Requirements to Consider—When performing an asset adequacy analysis, the actuary should review and apply applicable law and applicable actuarial standards of practice, such as ASOP No. 7, *Analysis of Life, Health, or Property/Casualty Insurer Cash Flows* and ASOP No. 28, *Statements of Actuarial Opinion Regarding Health Insurance Liabilities and Assets*. The actuary should be aware of the Actuarial Guidelines published in the NAIC’s *Examiners Handbook*, and make a reasonable effort to be aware of generally distributed interpretations of each regulatory authority.

3. These changes would be effective for actuarial opinions issued on or after December 31, 2012.

ACTUARIAL STANDARD OF PRACTICE NO. 28

**STATEMENTS OF ACTUARIAL OPINION REGARDING
HEALTH INSURANCE LIABILITIES AND ASSETS**

REVISED LANGUAGE

1. Section 1.2 would be replaced with:

1.2 Scope—This standard applies to actuaries providing written statements of actuarial opinion with respect to health insurance liabilities and health insurance assets of insurance or reinsurance companies and other health insurance financing systems (such as health benefit plans provided by self-insured or government plan sponsors) that provide similar coverages, under one or more of the following circumstances:

- a. the statement of actuarial opinion is prepared to comply with NAIC Health Annual Statement instructions;
- b. the statement of actuarial opinion is otherwise prescribed by law or regulation;
- c. the statement is prepared to fulfill contractual obligations of the principal, including review of the work product of another actuary; or
- d. the statement of actuarial opinion is represented by the actuary as being in compliance with this standard.

The standard does not apply to actuaries preparing statements of actuarial opinion that are subject to ASOP No. 6, *Measuring Retiree Group Benefits Obligations* or ASOP No. 36, *Statements of Actuarial Opinion Regarding Property/Casualty Loss and Loss Adjustment Expense Reserves*). The standard does apply to actuaries preparing statements of actuarial opinion for life insurance companies with respect to health insurance liabilities included in such analysis; in addition, ASOP No. 22, *Statements of Opinion Based on Asset Adequacy Analysis for Life and Health Insurers* applies.

If the actuary departs from the guidance set forth in this standard in order to comply with applicable law (statutes, regulations, and other legally binding authority) or for any other reason the actuary deems appropriate, the actuary should refer to section 4.

2. This change would be effective for actuarial opinions issued on or after December 31, 2012.