

ASB Adopts Revision of ASOP No. 5

The Actuarial Standards Board (ASB) adopted a [revision](#) of Actuarial Standard of Practice (ASOP) No. 5, *Incurred Health Claim Liabilities*. The ASOP provides guidance to actuaries when estimating or reviewing incurred claims when preparing or reviewing financial reports, claims studies, rates, or other actuarial communications as of a valuation date under a health benefit plan. ASOP No. 5 has been updated to reflect relevant legal, regulatory, and practice developments that have occurred since the 2000 revision, including key changes such as expanding the guidance regarding provider contractual arrangements, and including explicit discussion of projection methods as well as an updated discussion of other methods commonly in use. The standard will be effective for any actuarial work product on or after Sept. 1, 2017.

ASB Approves Exposure Draft of Proposed ASOP on Principle-Based Reserves for Life Products

The ASB approved an [exposure draft](#) of a proposed new ASOP titled *Principle-Based Reserves for Life Products*. The proposed ASOP would apply to actuaries when performing actuarial services on behalf of life insurance companies, including fraternal benefit societies, in connection with the calculation or review of reserves for individual life insurance policies subject to Chapter VM-20: Requirements for Principle-Based Reserves for Life Products of the *Valuation Manual* (VM-20). The ASB had issued a “pending draft” ASOP in 2015, prior to VM-20 taking effect. The exposure draft reflects certain subsequent amendments to the *Valuation Manual*, as well as minor clarifications and additional guidance in a few sections. The comment deadline for the exposure draft is May 31, 2017.

ASB Approves Exposure Draft of ASOP No. 17 Revision

The ASB also approved an [exposure draft](#) of a revision of ASOP No. 17, *Expert Testimony by Actuaries*. The proposed revised standard would apply to actuaries who are qualified as experts under the evidentiary rules applicable in a forum when they provide testimony in court hearings, dispute resolutions, depositions or other adversarial proceedings, and in rate hearings. The proposed revised standard would not apply to an individual whose testimony and qualification as an expert is unrelated to the individual’s education, training, experience, or employment as an actuary. The comment deadline for the exposure draft is June 30, 2017.

ASB Publishes Its 2016 Annual Report

The ASB recently published its 2016 *Annual Report*, highlighting its work over the year, including the adoption of three revised ASOPs, approval of seven exposure drafts for comment, approval of a proposal for one revised ASOP, and issuance of a final report from the ASB’s Pension Task Force. The ASB also approved the formation of a task force to revise ASOP No. 32, *Social Insurance*, and presented a webinar on cross-practice standards. To read the annual report, click [here](#).

ASB AGENDA PROJECTS

May 2017

Legend: **PD**—Planning/Discussion **P**—Proposal for Standard **D**—Drafting **E**—Exposure Draft **DD**—Discussion Draft **SE**—Second Exposure Draft
TE—Third Exposure Draft **R**—Revisions/Redrafting **F**—Final Pronouncement **DS**—Development Suspended **WD**—Working Draft **RC**—Request for Comments

CASUALTY COMMITTEE					
Subject Area	Qtr. 2017				Comments
	1	2	3	4	
<i>Estimating Future Costs for Prospective Property/Casualty Risk Transfer and Risk Funding</i> (formerly titled <i>Property/Casualty Ratemaking</i>)	R				The task force is reviewing comments on the third exposure draft, making revisions, and plans to present a final revised ASOP to the ASB at its December 2017 meeting.
ENTERPRISE RISK MANAGEMENT COMMITTEE					
Subject Area	Qtr. 2017				Comments
	1	2	3	4	
<i>Capital Adequacy Assessment for Insurers</i>	R				The committee is reviewing comments on the exposure draft, making revisions, and plans to present a final ASOP to the ASB at its September 2017 meeting.
GENERAL COMMITTEE					
Subject Area	Qtr. 2017				Comments
	1	2	3	4	
ASOP No. 17, <i>Expert Testimony by Actuaries</i>	E				The ASB approved an exposure draft in March 2017. The comment deadline is June 30, 2017.
ASOP No. 32, <i>Social Insurance</i>	D				The task force is drafting proposed revisions to the ASOP and plans to present an exposure draft to the ASB at its September 2017 meeting. (Note: This task force reports directly to the ASB instead of the General Committee.)
ASOP No. 38, <i>Catastrophe Modeling (for All Practice Areas)</i>	F				The ASB adopted a final revision at its March 2014 meeting subject to ASB approval of changes necessitated by the final version of the proposed new modeling ASOP.
<i>Modeling</i>	R				The task force is reviewing comments on the third exposure draft, making revisions, and plans to present a final ASOP to the ASB at its December 2017 meeting.
<i>Assumptions</i>	R				The task force is reviewing comments on the exposure draft, making revisions, and plans to present a final ASOP to the ASB at its December 2017 meeting.

HEALTH COMMITTEE					
Subject Area	Qtr. 2017				Comments
	1	2	3	4	
ASOP No. 5, <i>Incurred Health and Disability Claims</i>	F				The ASB adopted a final revision at its March 2017 meeting with an effective date of Sept. 1, 2017.
ASOP No. 42, <i>Determining Health and Disability Liabilities Other Than Liabilities for Incurred Claims</i>	D				The task force presented an exposure draft to the ASB at its March 2017 meeting. The ASB directed a review committee to make additional revisions to the draft for the ASB's consideration.
LIFE COMMITTEE					
Subject Area	Qtr. 2017				Comments
	1	2	3	4	
<i>Principle-Based Reserves for Life Products</i>	E				The ASB approved an exposure draft in March 2017. The comment deadline is May 31, 2017.
<i>Pricing Life Insurance and Annuity Products</i>	R				The task force is reviewing comments on the exposure draft, making revisions, and plans to present a final ASOP to the ASB at its June 2017 meeting.
ASOP No. 2, <i>Nonguaranteed Charges or Benefits for Life Insurance Policies and Annuity Contracts</i>	D				A task force is drafting a revision to ASOP No. 2 and plans to present an exposure draft to the ASB at its December 2017 meeting.
PENSION COMMITTEE					
Subject Area	Qtr. 2017				Comments
	1	2	3	4	
<i>Assessment and Disclosure of Risk Associated with Measuring Pension Obligations and Determining Pension Plan Contributions</i>	R				The committee is reviewing comments on the exposure draft, making revisions, and plans to present a final ASOP to the ASB at its September 2017 meeting.
Follow-up to Pension Task Force report	R				The committee is developing proposed revisions to ASOP Nos. 4, 27, and 35, and plans to present exposure drafts to the ASB at its December 2017 meeting.

► **Looking Ahead...** 

The ASB tentatively plans to review the following drafts during its June 2017 meeting:

- a new ASOP titled *Pricing of Life Insurance and Annuity Products* (proposed final draft from the Life Committee)

► **Meeting Schedule of the Actuarial Standards Board**



- **June 7–8, 2017**
- **September 20–21, 2017**
- **December 5–6, 2017**

All ASB meetings are open to the public, and interested parties may attend. The ASB office should be notified of intent to attend meetings. Unless otherwise noted, meetings take place at the American Academy of Actuaries' office in Washington, D.C.

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 Boxscore

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