



## ACTUARIAL STANDARDS BOARD

---

• EXPOSURE DRAFT •

**Proposed Revision of Scope of  
Actuarial Standard  
of Practice  
No. 28**

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

**Developed by the  
ASOP No. 28 Task Force of the  
Health Committee of the  
Actuarial Standards Board**

**Approved by the  
Actuarial Standards Board  
March 2022**

---

**ASOP No. 28—EXPOSURE DRAFT—MARCH 2022**

**T A B L E O F C O N T E N T S**

|                        |     |
|------------------------|-----|
| Transmittal Memorandum | iii |
|------------------------|-----|

**STANDARD OF PRACTICE**

|   |   |
|---|---|
| Section 1. Purpose, Scope, Cross References, and Effective Date | 1 |
| 1.2 Scope   | 1 |

**ASOP No. 28—EXPOSURE DRAFT—MARCH 2022**

March 2022

**TO:** Members of Actuarial Organizations Governed by the Standards of Practice of the Actuarial Standards Board and Other Persons Interested in Statements of Actuarial Opinion Regarding Health Insurance Assets and Liabilities

**FROM:** Actuarial Standards Board (ASB)

**SUBJ:** Proposed Revision of Scope of Actuarial Standard of Practice (ASOP) No. 28

This document contains the exposure draft of a revision of the scope of ASOP No. 28, *Statements of Actuarial Opinion Regarding Health Insurance Assets and Liabilities*. Please review this exposure draft and give the ASB the benefit of your comments and suggestions. Each written comment letter or email received by the comment deadline will receive consideration by the drafting committee and the ASB.

The ASB appreciates comments and suggestions on all areas of this proposed standard. The ASB requests comments be provided using the Comments Template that can be found [here](#) and submitted electronically to [comments@actuary.org](mailto:comments@actuary.org). Include the phrase “ASOP No. 28 COMMENTS” in the subject line of your message. Also, please indicate in the template whether your comments are being submitted on your own behalf or on behalf of a company or organization.

The ASB posts all signed comments received on its website to encourage transparency and dialogue. Comments received after the deadline may not be considered. Anonymous comments will not be considered by the ASB nor posted on the website. Comments will be posted in the order that they are received. The ASB disclaims any responsibility for the content of the comments, which are solely the responsibility of those who submit them.

For more information on the exposure process, please see the ASB Procedures Manual.

**Deadline for receipt of comments: September 30, 2022**

History of the Standard

In April 1997, the ASB adopted ASOP No. 28, *Compliance with Statutory Statement of Actuarial Opinion Requirements for Hospital, Medical and Dental Service or Indemnity corporations and for Health Maintenance Organizations*.

In June 2011, this standard was renamed *Statements of Actuarial Opinion Regarding Health Insurance Liabilities and Assets* and revised in consideration of the development of the Health Annual Financial Statement Blank and the revised health actuarial opinion instructions approved by the National Association of Insurance Commissioners (NAIC) in June 2009. The scope was

## ASOP No. 28—EXPOSURE DRAFT—MARCH 2022

also broadened to encompass all statements of actuarial opinion regarding health insurance liabilities and assets of health insurance or reinsurance companies and other health insurance financing systems, such as health benefit plans provided by self-insured or government plan sponsors. Additionally, in December 2012, the language in section 1.2 of this standard was updated.

Since the December 2012 update of this standard, changes were made to ASOP No. 5, *Incurred Health and Disability Claims*, and ASOP No. 42, *Health and Disability Actuarial Assets and Liabilities Other Than Liabilities for Incurred Claims*, due in part to the changes imposed by the Affordable Care Act. Some assets and liabilities that are included in the scope of the actuarial opinion have changed, and others have gained prominence. Therefore, the revised ASOP adopted in March 2020 reflects these changes in actuarial practice.

In June 2021 the standard was updated, primarily in response to concerns reported by regulatory actuaries relating to the need for improved consistency of the information provided in the actuarial memorandum supporting actuarial opinions. The standard was also revised to clarify the applicability of this standard for actuaries issuing non-statutory statements of actuarial opinions or statutory statements of actuarial opinions for health entities not subject to the NAIC rules.

This exposure draft addresses a conflict with ASOP No. 36, *Statements of Actuarial Opinion Regarding Property/Casualty Loss and Loss Adjustment Expense Reserves*.

### Notable Change from the Existing ASOP

The notable changes made to the existing ASOP are summarized below.

1. Section 1.2 is being revised to remove a conflict with ASOP No. 36. The current guidance excludes statements of actuarial opinion subject to ASOP No. 36 from the scope. The revision removes that exclusion and clarifies that if an actuary issues a statement of actuarial opinion that includes both health insurance assets and liabilities, and property/casualty insurance loss and loss adjustment expense reserves, both ASOP Nos. 28 and 36 may apply.

### Request for Comments

The ASB appreciates comments and suggestions on the proposed revised language. Rationale and recommended wording for any suggested changes would be helpful.

**ASOP No. 28—EXPOSURE DRAFT—MARCH 2022**

ASOP No. 28 Task Force

Annette V. James, Chairperson

|                       |                       |
|-----------------------|-----------------------|
| Alfred A. Bingham Jr. | Michael J. Polakowski |
| Nancy Huber           | David Todd Sherman    |
| Gigi Li               | Alisa L. Swann        |

Health Committee of the ASB

Annette V. James, Chairperson

|                      |                       |
|----------------------|-----------------------|
| Ashlee Mouton Borcan | David T. Stefanski    |
| Daniel S. Pribe      | Jennifer L. Stevenson |
| D. Todd Sherman      | Alisa L. Swann        |
| Bruce A. Stahl       |                       |

Actuarial Standards Board

Darrell D. Knapp, Chairperson

|                    |                      |
|--------------------|----------------------|
| Elizabeth K. Brill | David E. Neve        |
| Robert M. Damler   | Christopher F. Noble |
| Kevin M. Dyke      | Judy K. Stromback    |
| Laura A. Hanson    | Patrick B. Woods     |

*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.*

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

**PROPOSED REVISED LANGUAGE**

Section 1. Purpose, Scope, Cross References, and Effective Date

The existing section 1.2 will be revised as edited in redline below:

- 1.2 **Scope**—This standard applies to actuaries when performing actuarial services with respect to issuing or reviewing statements of actuarial opinion and any associated **actuarial memorandum** with respect to **health insurance assets** and **liabilities** of insurance companies, reinsurance companies, or other health insurance financing systems that provide similar coverages (such as health benefit plans provided by self-insured or government plan sponsors). The standard applies to, but is not limited to, actuaries issuing or reviewing actuarial opinions prepared in accordance with the National Association of Insurance Commissioners' (NAIC's) annual statement requirements.

For actuaries issuing or reviewing statements of actuarial opinion that include both **health insurance assets** and **liabilities**, and non-**health insurance assets** and **liabilities**, other standards may apply in addition to this standard, such as ASOP No. 22, *Statements of Actuarial Opinion Based on Asset Adequacy Analysis for Life Insurance, Annuity, or Health Insurance Reserves and Other Liabilities*, or ~~instead of this standard, such as~~ ASOP No. 36, *Statements of Actuarial Opinion Regarding Property/Casualty Loss and Loss Adjustment Expense Reserves*.

If the actuary is performing actuarial services that involve reviewing an opinion, the actuary should use the guidance in this standard to the extent practicable.

The standard does not apply to actuaries issuing or reviewing statements of actuarial opinion that are subject to the following:

- ASOP No. 3, *Continuing Care Retirement Communities*;
- ASOP No. 6, *Measuring Retiree Group Benefits Obligations and Determining Retiree Group Benefits Program Periodic Costs or Actuarially Determined Contributions*;
- ASOP No. 20, *Discounting of Property/Casualty Unpaid Claim Estimates*;
- ~~ASOP No. 36;~~
- ASOP No. 43, *Property/Casualty Unpaid Claim Estimates*; or

**ASOP No. 28—EXPOSURE DRAFT—MARCH 2022**

- ASOP No. 53, *Estimating Future Costs for Prospective Property/Casualty Risk Transfer and Risk Retention*.

If the actuary determines that the guidance in this ASOP conflicts with a cross-practice ASOP (applies to all practice areas), this ASOP governs.

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. If a conflict exists between this standard and applicable law, the actuary should comply with applicable law.