

ASB Adopts an ASOP No. 48

At its December meeting, the ASB adopted a new ASOP, *Life Settlements Mortality*. The new ASOP No. 48 provides guidance to actuaries performing professional services, when reporting on or evaluating mortality experience with respect to life settlements or when developing, analyzing, or using mortality assumptions with respect to life settlements. The effective date for ASOP No. 48 is April 30, 2014. The final version can be viewed on the ASB website at www.actuarialstandardsboard.org under the tab “Current Actuarial Standards of Practice.”

ASB Approves Exposure Draft on Medicaid

The ASB also approved the exposure draft, *Medicaid Managed-Care Capitation Rate Development and Certification*, at its December meeting. The proposed ASOP will provide guidance to actuaries when performing professional services related to Medicaid and Children’s Health Insurance Program (CHIP or Title XXI) managed-care capitation rates, including a certification on behalf of a state to meet the requirements of 42 CFR 438.6(c). The comment deadline for the exposure draft, which can be viewed on the ASB website under the tab “Exposure Drafts,” is May 15, 2014.

ASB Adopts a Revision of ASOP No. 25

The ASB adopted a revised version of ASOP No. 25, *Credibility Procedures*. The first exposure draft of the revised ASOP was issued in September 2012 and received 20 comment letters. A second exposure draft issued in June 2013 received nine comment letters. In addition to clarifying language in several sections, a clarifying change was made to the wording of the scope section to keep it appropriately focused. The effective date for the revised ASOP No. 25 is May 1, 2014. The final version can be viewed on the ASB website under the tab “Current Actuarial Standards of Practice.”

ASB Welcomes New Board Members; New Committee Chairs

Three new members—Mike Abroe, Christopher Carlson, and Maryellen Coggins—began service on the Actuarial Standards Board in January 2014. Also in January, Patricia Matson became the ASB’s new chairperson and two new Board vice-chairs, Bob Meilander and Jim Murphy, also began their one-year terms. In addition, the ASB welcomed Maria Sarli as new chair for its General Committee, Dave Rogers as new chair for its Life Committee, and Mita Drazilov as new chair for its Pension Committee. All of the new chairs were members of their respective committees before beginning their new appointments.

SPECIAL ASB NEWS



In December, the ASB bid farewell to longtime Pension Committee member and chair, Gordon Enderle. Under Enderle's three-year direction, the ASB Pension Committee revised ASOP No. 4, *Measuring Pension Obligations and Determining Pension Plan Costs or Contributions*; ASOP No. 27, *Selection of Economic Assumptions for Measuring Pension Obligations*; ASOP No. 6, *Measuring Retiree Group Benefits Obligations and Determining Retiree Group Benefits Plan Costs or Contributions*; repealed ASOP No. 2, *Recommendations for Actuarial Communications Related to Statements of Financial Accounting Standards Nos. 87 and 88*; and issued a discussion draft titled, *Assessment and Disclosure of Risk Associated with Pension Obligations, Plan Costs, and Plan Contributions*. Enderle is a Senior Consultant Actuary at Towers Watson in Milwaukee, Wisconsin



In December, the ASB also bid farewell to three outgoing members (from left to right) Alan Ford, Stephen Kellison, and Pat Grannan. Kellison, who served on the ASB from 2008-2013, was Board chair in 2009 and 2010 before becoming Vice Chair for the remainder of his tenure. Al Ford who assumed the remainder of a previous member's tenure served on the Board from 2006-2013 and, before that, on the ASB's Health Committee from 1999-2005. Pat Grannan, recently retired from Milliman, served on the Board from 2008-2013, and brought a wealth of knowledge from the Casualty practice area. Job well done, gentlemen!

ASB AGENDA PROJECTS

February 2014

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

CASUALTY COMMITTEE					
Subject Area	Qtr. 2013				Comments
	1	2	3	4	
Ratemaking				PD	An exposure draft on Ratemaking is being discussed and the Committee plans to present a draft to the ASB at its June 2014 meeting.
ENTERPRISE RISK MANAGEMENT COMMITTEE					
Subject Area	Qtr. 2013				Comments
	1	2	3	4	
ORSA				PD	An exposure draft on ORSA is being discussed and the Committee plans to present a draft to the ASB at its June 2014 meeting.
GENERAL COMMITTEE					
Subject Area	Qtr. 2013				Comments
	1	2	3	4	
ASOP No. 25, <i>Credibility Procedures</i>	R	SE	R	F	A revision of ASOP No. 25 was adopted by the ASB at its December meeting with an effective date of May 1, 2014.
ASOP No. 38, <i>Catastrophe Modeling (for All Practice Areas)</i>	D	D	E	R	The ASB approved an exposure draft of an ASOP No. 38 revision at its September ASB meeting with a comment deadline of December 30, 2013. The task force is currently reviewing comments and making revisions to the draft, and plans to present a final draft to the ASB at its March 2014 meeting.
Modeling	D	E	R	R	A new standard on general modeling, applicable to all practice areas, was approved at the June ASB meeting with a comment deadline of September 30, 2013. The task force is currently reviewing comments and making revisions to the draft, and plans to present a final draft to the ASB in late 2014.

HEALTH COMMITTEE

Subject Area	Qtr. 2013				Comments
	1	2	3	4	
ASOP No. 8, <i>Regulatory Filings for Health Plan Entities</i>	D	E	R	R	The ASB approved an exposure draft at its June 2013 meeting with a comment deadline of October 15, 2013. The task force is currently reviewing comments and making revisions to the draft, and plans to present a final draft to the ASB at its March 2014 meeting.
Medicaid managed-care capitation rate development and certification	D	D	D	E	The ASB approved an exposure draft at its December 2013 meeting. The comment deadline is May 14, 2014.
Minimum Value under ACA	DD	DD	DD	DD	The ASB received a report from the task force on this subject area and charged them with developing a discussion draft to be presented to the ASB in March 2014.

LIFE COMMITTEE

Subject Area	Qtr. 2013				Comments
	1	2	3	4	
Principles-based reserves	D	E	E	R	The ASB approved an exposure draft at its June 2013 meeting with a comment deadline of December 16, 2013. The task force is currently reviewing comments and making revisions to the draft, and plans to present a final draft to the ASB at its June 2014 meeting.
Life settlements mortality	E	E	R	F	The ASOP was adopted by the ASB as ASOP No. 48 at its December meeting with an effective date of April 30, 2014.

PENSION COMMITTEE

Subject Area	Qtr. 2013				Comments
	1	2	3	4	
ASOP No. 4 revision (<i>Measuring Pension Obligations</i>)	SE	SE	R	F	A revision of ASOP No. 4 was adopted by the ASB at its December meeting with an effective date of December 31, 2014.
ASOP No. 6 revision (<i>Measuring Retiree Group Benefits Obligations</i>)	SE	SE	R	R	The ASB approved a second exposure draft at its March 2013 meeting with a comment deadline of August 30, 2013. The task force is currently reviewing comments and making revisions to the draft, and plans to present a final draft to the ASB at its March 2014 meeting.
ASOP No. 34 revision (<i>Retirement Plan Benefits in Domestic Relations Actions</i>)				PD	A revision of ASOP No. 34 is being discussed and the Committee plans to present an exposure draft to the ASB at its June 2014 meeting.
ASOP No. 35 (<i>Selection of Demographic and Other Noneconomic Assumptions for Measuring Pension Obligations</i>)				R	The ASB approved an exposure draft at its September 2013 meeting with a comment deadline of January 31, 2014. The Committee plans to present a final draft to the ASB at its September 2014 meeting.
Assessment and disclosure of risk	DD	DD	DD	DD	A discussion draft on “risk” was released in June 2012 with a recommended comment deadline of September 30, 2012.

► **Looking Ahead...** 

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

- Revision of ASOP No. 6, *Measuring Retiree Group Benefits Obligations and Determining Retiree Group Benefits Program Periodic Costs or Prefunding Contributions* (proposed final draft from the Pension Committee)
- Revision of ASOP No. 8, *Regulatory Filings for Health Benefits, Health Insurance, and Entities Providing Health Benefits* (proposed final draft from the Life Committee)
- Revision of ASOP No. 38, *Catastrophe Modeling (for All Practice Areas)* (proposed final draft from the General Committee)

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



- *March 11–12, 2014*
- *June 12–13, 2014*
- *September 22–23, 2014*
- *December 9–10, 2014*

All ASB meetings are open to the public, and attendance by interested parties is encouraged. The ASB office should be notified in advance 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) establishes and improves standards of actuarial practice. These Actuarial Standards of Practice (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.

When creating or revising an ASOP the ASB

- 1. reviews and evaluates current and emerging practices;*
- 2. determines appropriate guidance;*
- 3. publishes an exposure draft to obtain input from actuaries and other interested parties;*
- 4. considers all comments received; and*
- 5. publishes a final standard or another exposure draft.*

The ASB Boxscore

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