

ASB Approves Final Revision of ASOP No. 35

At its September meeting, the Actuarial Standards Board (ASB) adopted a final revision of actuarial standard of practice (ASOP) No. 35, *Selection of Demographic and Other Noneconomic Assumptions for Measuring Pension Obligations*. An exposure draft of the ASOP was issued in September 2013 and received six comment letters. A number of clarifying changes were made to the revision as a result. Significant modifications from the current version of the ASOP include making the guidelines for a reasonable assumption consistent with the guidelines contained in ASOP No. 27, *Selection of Economic Assumptions for Measuring Pension Obligations*, and revising the guidance in the ASOP to require disclosure of rationale for assumption selection. The standard will be effective for any actuarial work product with a measurement date on or after June 30, 2015. Earlier adoption of the standard is encouraged. The final revision of ASOP No. 35 can be viewed [here](#).

ASB Approves Exposure Draft of ASOP No. 34 Revision

The ASB approved an exposure draft of a revision of ASOP No. 34, *Actuarial Practice Concerning Retirement Plan Benefits in Domestic Relations Actions*. The ASB is issuing the proposed revision to address concerns that the existing disclosure requirements in the standard do not sufficiently assist users in understanding large differences in the valuation results prepared by different actuaries. In addition, as several ASOPs applicable to work with pension plans have been recently revised, a revision of ASOP No. 34 is necessary to provide guidance consistent with the guidance in these other ASOPs. The comment deadline for the exposure draft is Jan. 31, 2015. The exposure draft can be viewed [here](#).

ASB Approves Exposure Draft on Property/Casualty Ratemaking

The ASB also approved an exposure draft titled *Property/Casualty Ratemaking*. In developing the proposed ASOP, the Ratemaking Task Force sought to develop an encompassing standard of practice. The exposure draft ASOP addresses all of the items formerly in the Considerations section of the Casualty Actuarial Society's (CAS) Statement of Principles Regarding Property and Casualty Ratemaking, as well as ratemaking items not currently addressed in existing ASOPs. To provide a complete standard on ratemaking, the draft references existing ASOPs that include relevant considerations. The task force suggests that the proposed ASOP be read in conjunction with the draft CAS Statement of Principles Regarding Property and Casualty Ratemaking, which can be viewed [here](#). The ASB's exposure draft can be viewed [here](#). The comment deadline for the exposure draft is Jan. 31, 2015.

Applicability Guidelines Updated

The Council on Professionalism, with the assistance of Academy practice councils, has released updated Applicability Guidelines for ASOPs, which were last revised in 2009. The updated edition reflects a new format using Microsoft Excel, which the council hopes will provide greater utility for actuaries. The Applicability Guidelines provide actuaries with a nonauthoritative reference as to which ASOPs might apply to particular actuarial tasks within practice areas. Click [here](#) to download the Applicability Guidelines. This resource is not published by the ASB, but instead, is similar to practice notes, in that they are resources for, but not guidance to, practitioners. Practitioners are not obligated to comply with them, but they have served as a handy resource for actuaries to consider which ASOPs may impact their specific actuarial work.

ASB AGENDA PROJECTS

November 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 RC—Request for Comments

CASUALTY COMMITTEE					
Subject Area	Qtr. 2014				Comments
	1	2	3	4	
Ratemaking	D	D	E		The ASB approved an exposure draft at its September 2014 meeting. The comment deadline is Jan. 31, 2015.
ASOP No. 36, <i>Statements of Actuarial Opinion Regarding Property/Casualty Loss and Loss Adjustment Expense Reserves</i>	PD	PD	PD		The committee is discussing possible revisions to ASOP No. 36 and plans to present an exposure draft to the ASB at its September 2015 meeting.
ASOP No. 43, <i>Property/Casualty Unpaid Claim Estimates</i>	PD	PD	PD		The committee is discussing possible revisions to ASOP No. 43 and plans to present an exposure draft to the ASB at its September 2015 meeting.
ENTERPRISE RISK MANAGEMENT COMMITTEE					
Subject Area	Qtr. 2014				Comments
	1	2	3	4	
ORSA	D	DD	DD		A discussion draft on ORSA is being prepared, which the committee plans to present to the ASB at its December 2014 meeting.
GENERAL COMMITTEE					
Subject Area	Qtr. 2014				Comments
	1	2	3	4	
ASOP No. 23, <i>Data Quality</i>	PD	PD	PD		The committee is discussing possible revisions to ASOP No. 23 and plans to present an exposure draft to the ASB at its March 2015 meeting.
ASOP No. 38, <i>Catastrophe Modeling (for All Practice Areas)</i>	F	F	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.
Modeling	R	R	R		A proposed second exposure ASOP on Modeling was presented to the ASB at its September 2014 meeting, and the ASB charged the committee with making additional edits.
ASOP No. 21, <i>Responding to or Assisting Auditors or Examiners in Connection with Financial Statements for All Practice Areas</i>		PD	PD		A task force is discussing possible revisions to ASOP No. 21 and plans to present an exposure draft to the ASB at its September 2015 meeting.

HEALTH COMMITTEE					
Subject Area	Qtr. 2014				Comments
	1	2	3	4	
ASOP No. 5, <i>Incurred Health and Disability Claims</i>	PD	PD	PD		The committee is discussing possible revisions to ASOP No. 5 and plans to present an exposure draft to the ASB at its March 2015 meeting.
Medicaid managed-care capitation rate development and certification	E	R	R		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 December 2014 meeting.
Minimum Value under ACA	DD	DD	D		The task force is currently reviewing comments received on the discussion draft to draft an exposure draft that will be presented to the ASB at its December 2014 meeting.
LIFE COMMITTEE					
Subject Area	Qtr. 2014				Comments
	1	2	3	4	
Principle-based reserves	R	SE	SE		The ASB approved a second exposure draft at its June 2014 meeting. The comment deadline is Dec. 15, 2014.
Life Insurance and Annuity Pricing		PD	RC		The ASB issued a Request for Comments to gather feedback on the direction of an ASOP on life insurance and annuity pricing. The comment deadline is Dec. 15, 2014.
PENSION COMMITTEE					
Subject Area	Qtr. 2014				Comments
	1	2	3	4	
ASOP No. 34 revision (<i>Actuarial Practice Concerning Retirement Plan Benefits in Domestic Relations Actions</i>)	D	D	E		The ASB approved an exposure draft at its September 2014 meeting. The comment deadline is Jan. 31, 2015.
ASOP No. 35 (<i>Selection of Demographic and Other Noneconomic Assumptions for Measuring Pension Obligations</i>)	D	D	F		A revision of ASOP No. 35 was adopted by the ASB at its September 2014 meeting with an effective date of June 30, 2015.
Assessment and disclosure of risk	D	D	D		An exposure draft on Risk was presented to the ASB at its September 2014 meeting, and the ASB charged the committee with making additional edits.
ASOPs and Public Pension Plan Funding and Accounting			RC		The ASB issued a Request for Comments to solicit the views of actuaries and others who are interested in the application of the ASOPs to public plan actuarial valuations. The comment deadline is Nov. 15, 2014.

► **Looking Ahead...** 

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

- proposed exposure draft Determining Minimum Value and Actuarial Value under the Affordable Care Act (from the Health Committee)
- proposed final ASOP on Medicaid (from the Health Committee)



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

- *December 9–10, 2014*
- *March 3–4, 2015*
- *June 10–11, 2015*
- *September 15–16, 2015*
- *December 9–10, 2015*

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.



The ASB Boxscore

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