

ACTUARIAL STANDARDS BOARD QUARTERLY REPORT FOR Q2 2008

ASB Approves New Communication Statement to Clarify Its Role

At the ASB's annual planning meeting in January 2008, the Board recognized the need to have a consistent, clear statement that sets forth what the ASB does and how it goes about its work.

As a result of that discussion, the Board adopted at its June 2008 meeting the following description of what ASOPs are and what the ASB does. The short statement or "sound bite" is the following:

The ASB establishes and improves standards of actuarial practice.

The longer version includes a brief description of how the ASB accomplishes these goals, and reads as follows:

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.*

For more information, go to the ASB website at www.actuarialstandardsboard.org or contact ASB Program Manager Joe Vallina at vallina@actuary.org or (202) 223-8196.

ASB Releases Exposure Draft on Revisions to *Intro to the ASOPs*

The ASB has released an exposure draft of a revised version of the *Introduction to the Actuarial Standards of Practice (ASOPs)*, which clarifies and updates certain language in the document. Specifically, the language in sections 3.1.2 and 3.1.3 has been modified to articulate more clearly that the ASB does not simply codify existing practices when it develops ASOPs.

References to prescribed statements of actuarial opinion (PSAOs) have been removed and details on deviation have been replaced by a reference to the ASOPs. This reflects the current project to standardize the deviation provisions in ASOPs and move the substantial guidance on deviation to ASOP No. 41, *Actuarial Communications*.

The comment deadline for the exposure draft is August 22, 2008. To download the exposure draft, go to www.actuarialstandardsboard.org/exposure.asp.

ASB Continues Revisions to ASOP No. 41 and Deviation Language

In June, the ASB heard a report on the comments received on a recent exposure draft, *Proposed Revision of Deviation Language for All Standards and Removal of References to PSAOs From All Standards (All Practice Areas)* and a report on the progress on ASOP No. 41, *Actuarial*

Communications, which is currently under revision.

These two documents are intertwined, and the Board gave the General Committee suggestions to follow in the continued redrafting of ASOP No. 41 in light of the concurrent changes to the deviation language.

The General Committee will deliver a new version of ASOP No. 41 for approval as an exposure draft at the September ASB meeting. The deviation task force is preparing a separate document on the deviation draft for ASB approval to be released at the same time as the ASOP No. 41 exposure.

ASB Explores a Possible Repeal of ASOP No. 31

The Board has authorized the Health Committee to evaluate the appropriateness of repealing ASOP No. 31, *Documentation in Health Benefit Plan Ratemaking*, as many of the points covered in the standard could be duplicative of points covered in the upcoming revision of ASOP No. 41, *Actuarial Communications*. The committee will present an exposure draft, if appropriate, at the September ASB meeting.

ASB Reviews ASOPs for Regulatory Consistency

The Board has authorized the Life Committee to create a task force to update ASOP No. 10, *Methods and Assumptions for Use in Life Insurance Company Financial Statements Prepared in Accordance with GAAP*, to make it current with regard to changes in accounting standards.

The Board further asked that all committee chairs identify any ASOPs under their purview that may have similar problems with respect to FASB, the SEC, or any other regulatory bodies.

ASB Expands Its Comprehensive Interested Parties Database

The ASB has begun the implementation of a more robust database of non-actuaries and government and regulatory bodies. The Board's goal is to more effectively communicate with interested parties outside the profession. This project will begin its outreach activities by the end of July and will continue to be updated and expanded as time goes on.

To sign up for the interested parties database or to suggest individuals who may be interested in being in the database, please send an email to asbrequests@actuary.org with the subject line "Interested Parties."

ASB to Meet September 15–16, 2008 in Washington

The next scheduled meeting of the ASB will be on September 15–16, 2008, at the Academy offices in Washington. All ASB meetings are open to the public. Except where otherwise noted, meetings take place at the American Academy of Actuaries' office in Washington, DC. Please contact the ASB office at asb@actuary.org or call (202) 223-8196 for more information on this and other upcoming meetings.