

ACTUARIAL STANDARDS BOARD QUARTERLY REPORT FOR Q3 2011

ASB Adopts Final Revision of ASOP No. 20

The Actuarial Standards Board adopted a final revision of ASOP No. 20, *Discounting of Property/Casualty Unpaid Claim Estimates*. ASOP No. 20 was originally adopted by the ASB in April 1992. The ASB charged the Casualty Committee in 2010 with preparing a revision to reflect current terminology and practice, and to provide more consistency with the language in ASOP No. 43, *Property/Casualty Unpaid Claim Estimates*. The effective date for the ASOP No. 20 revision is January 1, 2012.

ASB Approves Exposure Draft of ASOP No. 38

The ASB approved a revised version of ASOP No. 38, *Using Models Outside the Actuary's Area of Expertise (Property and Casualty)*. ASOP No. 38 was first adopted by the ASB in June 2000. Subsequent to this adoption, the ASB created a task force under the General Committee to consider expanding the scope of the ASOP to all practice areas. The ASB released the first exposure draft expanding the scope to all practice areas in October 2003 and received twenty-six comment letters. The second exposure draft incorporated several changes as a result of these comments and was released in March 2006. As a result of the comments received on the second exposure draft, the ASB referred the item back to the Casualty Committee to maintain ASOP No. 38 as a standard applicable only to the Casualty practice area. The ASB also instructed the Casualty Committee to update ASOP No. 38 to reflect current terminology and practice, and consider the suggested changes from the General Committee. The comment deadline for the ASOP No. 38 exposure draft is January 16, 2012.

ASB Approves Two Life Committee Proposals

The ASB approved two Life Committee proposals during its September meeting. The first proposal addresses the need for a standard that will provide guidance to actuaries providing professional services associated with the life settlements market. In particular, it will provide guidance to those actuaries when valuing policies and when reporting results of those valuations, including historical reports. The proposal was submitted on behalf of the Life Settlements Investor Guide Work Group of the Academy.

The second proposal was received by ASB request for the Life Committee to review ASOP No. 25, *Credibility Procedures Applicable to Accident and Health, Group Term Life, and Property/Casualty Coverages*, with the purpose of considering whether the ASOP should be expanded, or a new ASOP be written, for application to life insurance and annuities. The Life Committee recommended that the ASOP be expanded to incorporate additional practice areas, and the Board agreed that a multi-discipline task force should be formed under the direction of the General Committee to begin drafting an exposure draft. An exposure draft would be presented to the ASB in late 2012.

ASB to Meet December 15-16 in Washington

The next regularly scheduled meeting of the ASB will be held December 15-16, 2011, at the Academy offices in Washington, D.C.