

ACTUARIAL STANDARDS BOARD QUARTERLY REPORT FOR Q3 2013

ASB Adopts Revised Version of ASOP No. 27

The ASB adopted a revised version of ASOP No. 27, *Selection of Economic Assumptions for Measuring Pension Obligations*. The second exposure draft of ASOP No. 27 was issued in January 2012 and received fifteen comment letters. In response to those comments, various changes were made to the final standard including revising the section on Adverse Deviation or Other Valuation Issues to note that an actuary may determine that it is appropriate to adjust the economic assumptions when valuing plan provisions that are difficult to measure, as discussed in ASOP No. 4; and revising the Assumptions Used section to require that each significant assumption be disclosed. This standard will be effective for any actuarial work product with a measurement date on or after September 30, 2014.

ASB Approves Exposure Draft of a Revision of ASOP No. 35

The ASB approved an exposure draft of a revision of ASOP No. 35, *Selection of Demographic and Other Noneconomic Assumptions for Measuring Pension Obligations*. In September 2010, the ASB issued a revised ASOP No. 35, which was revised again in May 2011 for deviation language. With the September 2010 release of ASOP No. 35, the ASB noted that there were sections of ASOP No. 35 that would need to be reviewed for consistency with ASOP No. 27 once that standard was revised. Now that ASOP No. 27 is revised, the ASB is moving forward with changes to ASOP No. 35. Some key changes to the proposed revision of ASOP No. 35 include clarifying language regarding the disclosure of rationale behind selected assumptions; making the guidelines for a reasonable assumption consistent with the guidelines contained in ASOP No. 27; and including language to acknowledge that a range of reasonable assumptions is possible. The comment deadline for the exposure draft is January 31, 2014.

ASB Approves Exposure Draft of a Revision of ASOP No. 38

The ASB approved a revision of ASOP No. 38 for exposure, now titled *Catastrophe Modeling (for All Practice Areas)*. The proposed revision will apply to actuaries in all practice areas performing professional services when selecting or using catastrophe models, whether or not they are proprietary in nature. Comments are being sought on various areas of the ASOP including, whether it's clear that the proposed revised ASOP applies to all practice areas; whether the inclusion of other perils such as "terrorist acts and pandemics" in the definition of "Catastrophe Model," is appropriate; and whether the proposed revised ASOP is flexible enough to allow for new developments in practice. The comment deadline for the exposure draft is December 30, 2013.

ASB to Meet December 9-10 in Washington

The next regularly scheduled meeting of the ASB will be held September 19-20, 2013, at the Academy offices in Washington, D.C.