

ACTUARIAL STANDARDS BOARD QUARTERLY REPORT FOR Q4 2010

ASB Adopts Final Revision of ASOP No. 41

The Actuarial Standards Board adopted a final revision of ASOP No. 41, *Actuarial Communications*, at its December meeting. The review and revision of the second exposure draft focused on the dominant issues raised, in particular, the apparent requirement for an actuary to complete an actuarial report with full disclosures in nearly all circumstances. This was not the intent of the second exposure draft, but the reviewers were sensitive to this possible interpretation. Accordingly, the final version reflects clarification to the guidance within the standard, namely to recognize that in some internal and informal settings, complete disclosure of all applicable supporting information is neither practical nor necessary. The revision will be effective May 1, 2011.

ASB Adopts ASOP No. 36; Approves ASOP No. 20

The ASB adopted a revision of ASOP No. 36, Statements of Actuarial Opinion Regarding Property/Casualty Loss and Loss Adjustment Expense Reserves, and also approved an exposure draft of a revision of ASOP No. 20, Discounting of Property/Casualty Unpaid Claim Estimates. The final version of ASOP No. 36 was prepared to eliminate redundant guidance and language that exists between ASOP Nos. 36 and 43; to maintain consistency between both ASOPs; and to clarify and provide further guidance within ASOP No. 36. ASOP No. 36 will also be effective May 1, 2011. ASOP No. 20 was revised to reflect current terminology and practice. In addition, the title was changed to be consistent with the title of ASOP No. 43. Additional noteworthy changes include language on guidance regarding assumptions underlying the projected timing of future payments, guidance regarding ranges, and discount rates requested by another party. The comment deadline for ASOP No. 20 is May 1, 2011.

ASOP No. 27 Approved for Exposure; ASOP No. 4 Issued for Discussion

The ASB approved ASOP No. 27, *Selection of Economic Assumptions for Measuring Pension Obligations*, as an exposure draft for comment and, simultaneously, issued ASOP No. 4, *Measuring Pension Obligations and Determining Pension Plan Costs or Contributions*, as a discussion draft. The proposed changes in ASOP No. 27 are extensive and reflect a complete set of thoughts from the Pension Committee on such areas as prescribed assumptions, discount rates, and investment returns. The Pension Committee issued a discussion draft of ASOP No. 4 to encourage feedback and comments relative to the issues contained in ASOP No. 27. Although the Committee is not committed to responding to the feedback, it intends to incorporate the feedback from the discussion draft in its work on developing more significant changes to ASOP No. 4 in 2011. The comment deadline for both drafts is March 31, 2011.

ERM Task Force to Develop Two ASOPs

The ASB participated in an education session led by ERM Task Force chair, David Ingram, to discuss issues surrounding enterprise risk management. As a result, the Board approved the development of two ERM ASOPs on “risk evaluation” and “risk treatment,” with the initial step being the creation of two discussion drafts for review in March 2011.

ASB to Meet March 7-8 in Washington

The next scheduled meeting of the ASB will be held December 9-10, 2010 at the Academy offices in Washington.