

ACTUARIAL STANDARDS BOARD QUARTERLY REPORT FOR Q4 2012

ASB Adopts New ASOP No. 47

The ASB adopted ASOP No. 47, *Risk Treatment in Enterprise Risk Management*. The ASOP, which provides guidance to actuaries when performing professional services with respect to risk treatment for the purposes of enterprise risk management, focuses on four aspects of risk treatment: determining risk tolerance, choosing risk appetites, setting risk limits, and performing risk mitigation activities. Guidance for activities related to risk evaluation is addressed in ASOP No. 46, *Risk Evaluation in Enterprise Risk Management*, which the ASB adopted in September 2012. The effective date for both ASOPs is May 1, 2013.

ASB Approves Second Exposure Draft of a Revision of ASOP No. 4

The ASB approved a second exposure draft of ASOP No. 4, Measuring Pension Obligations and Determining Pension Plan Costs or Contributions. Some of the changes in the second exposure draft of ASOP No. 4 introduce new concepts while others are refinements to language in the first exposure draft, including using bold font in the text of the ASOP to indicate defined terms. Other refinements include modifications to language on “funded status”; to disclosures regarding contribution allocation procedure assessments, and amortization; and to types of actuarial present values of pension obligations. In addition, the ASB recognized the need for better coordination between ASOP No. 4 and ASOP No. 6, Measuring Retiree Group Benefit Obligations, and set a goal for the two standards to be the same where possible and different where necessary. The second exposure draft of ASOP No. 4 includes language to improve this coordination. The comment deadline for the second exposure draft is May 31, 2013.

ASB to Produce Modeling Drafts

The ASB agreed to form a new multi-disciplinary task force to oversee the development of exposure drafts of Modeling Standards addressing i) “Catastrophe Modeling” for all disciplines and ii) a General Modeling Standard. An oversight task force will create two separate task forces to address these issues individually, with the oversight task force having the responsibility to coordinate these efforts regarding scope, definitions, and consistency. The task forces will operate under the direction of the ASB’s General Committee.

ASB to Meet March 21-22 in Washington

The next regularly scheduled meeting of the ASB will be held March 21-22, 2013, at the Academy offices in Washington, D.C.