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ASB Adopts Revised ASOP on Data Quality

At the December meeting of the Actuarial Standards Board, the ASB adopted the final revision of ASOP No. 23, *Data Quality*. The revised standard, which the General Committee prepared under the direction of W.H. Odell, applies to actuaries in all practice areas. This important ASOP provides guidance when the actuary is selecting, reviewing, or using data or relying on data supplied by others.

One of the key changes from the exposure draft is a clarification of the actuary's role when reviewing data. The revised ASOP states that the actuary should review data for reasonableness and consistency unless, in the actuary's professional judgment, such a review is not necessary or not practical and provides guidance for making such a determination.

The revision also clarifies that the actuary may rely on other information relevant to the appropriate use of data, such as contract provisions, unless it is or becomes apparent to the actuary during the time of the assignment that the information contains material errors or is unreliable.

This standard will be effective for any actuarial work product for which data were provided to or developed by the actuary on or after May 1, 2005. In all cases, the standard will be effective for any actuarial work product commenced on or after July 1, 2006.

This revised ASOP is available at www.ActuarialStandardsBoard.org and with the February issue of the *Actuarial Update*.

New Introduction Approved

The ASB has approved a new *Introduction to the Actuarial Standards of Practice*. The Introduction, which was prepared by a special task force led by Jack Turnquist, offers guidance about the purpose, nature, and format of ASOPs, as well as some of the commonly used terms and concepts.

As part of reviewing the Introduction, the ASB heard from a group of commentators who believed the Introduction should contain language to encourage more rigorous standards rather than describe standards as codifying generally accepted practice.

The ASB decided that this issue went beyond the scope of the Introduction and would be better explored in some other fashion. The ASB ultimately concluded that the Introduction appropriately describes the way ASOPs are currently written and will be a helpful addition to the standards literature.

ASB Welcomes New Members

With a new year upon us, the ASB welcomes its newest member, William Cutlip, who formerly chaired the ASB's General Committee. Under his direction, the committee produced standards on expert testimony and actuarial communications. He replaces Ken Hartwell, who has served two terms since 1999. The ASB also welcomes Christopher Carlson as the new chairperson of the Casualty Committee. A former committee member, Carlson replaces outgoing chairperson Robert Miccolis.

The ASB thanks all those who have volunteered on an ASB committee, subcommittee, or task force in the past year.

February 2005

CASUALTY COMMITTEE ■					
Subject Area	Qtr. 2005				Comments
	1	2	3	4	
Reserve estimation	D				The committee plans to present an exposure draft to the ASB in 2005.

GENERAL COMMITTEE ■					
Subject Area	Qtr. 2005				Comments
	1	2	3	4	
ASOP No. 12 revision (risk classification for all practice areas)	E				The ASB approved an exposure draft in September 2004. Comment deadline: March 15, 2005
ASOP No. 23 revision (data quality)	F				The ASB approved the final revision at its December 2004 meeting.
ASOP No. 38 revision (using models outside the actuary's expertise for all practice areas)	R				The ASB reviewed the draft at its December 2004 meeting and offered suggestions for further revisions. A task force is revising the draft and the General Committee plans to present a second exposure draft to the ASB in 2005.

HEALTH COMMITTEE ■					
Subject Area	Qtr. 2005				Comments
	1	2	3	4	
ASOP No. 3 revision (continuing care retirement communities)	D				A task force has begun work. The Health Committee plans to present an exposure draft to the ASB in June.
ASOP No. 8 revision (regulatory filings for health plan entities)	E				The ASB approved an exposure draft in September 2004. Comment deadline: March 31, 2005

LIFE COMMITTEE ■					
Subject Area	Qtr. 2005				Comments
	1	2	3	4	
ASOP No. 11 revision (financial statement treatment of reinsurance transactions involving life or health insurance)	SE				The ASB approved a second exposure draft in September 2004. Comment deadline: March 31, 2005
ASOP No. 15 revision (dividend determination)	D				The ASB approved a proposal to revise ASOP No. 15 and a task force is preparing an exposure draft. The Life Committee plans to present the exposure draft to the ASB in March.
ASOP No. 19 revision (appraisals of casualty, health, and life insurance entities)	R				The comment period expired on November 30, 2004 and the task force is now reviewing comment letters. The Life Committee plans to present a final ASOP to the ASB in June.

PENSION COMMITTEE ■					
Subject Area	Qtr. 2005				Comments
	1	2	3	4	
ASOP No. 4 revision (measuring pension obligations and determining pension plan costs or contributions)	R				The committee plans to present a second exposure draft to the ASB in March.
Selection of asset valuation methods	R				The committee has begun reviewing comment letters and plans to present a final ASOP in September.

OTHER PROJECTS ■					
Subject Area	Qtr. 2005				Comments
	1	2	3	4	
Introduction to the ASOPs	F				The ASB approved the final version of the new Introduction at its December 2004 meeting.

Legend: **PD**—Planning/Discussion **P**—Proposal for Standard **D**—Drafting **E**—Exposure Draft
SE—Second Exposure Draft **R**—Revisions/Redrafting **F**—Final Pronouncement **DS**—Development Suspended

■ Exposure Drafts Currently Available for Comment

The ASB values your feedback on the following exposure drafts:

- Proposed revision of ASOP No. 8, *Regulatory Filings for Health Plan Entities* (Comment Deadline: March 31)
- Proposed revision of ASOP No. 11, *Financial Statement Treatment of Reinsurance Transactions Involving Life or Health Insurance* (Comment Deadline: March 31)
- Proposed revision of ASOP No. 12, *Risk Classification for All Practice Areas* (Comment Deadline: March 15)

■ Looking Ahead...

The ASB tentatively plans to review the following drafts during its next meeting:

- Proposed revision of ASOP No.4, now titled *Measuring Pension Obligations and Determining Pension Plan Costs or Contributions* (second exposure draft from the Pension Committee)
- Proposed revision of ASOP No. 15, *Dividend Determination for Participating Individual Life Insurance Policies and Annuity Contracts* (exposure draft from the Life Committee)

■ Meeting Schedule of the Actuarial Standards Board

March 29–30, 2005 (Phoenix) June 2–3, 2005 Sept. 26–27, 2005 December 12–13, 2005

All ASB meetings are open to the public, and attendance by interested parties is encouraged. Unless otherwise noted, meetings take place at the American Academy of Actuaries' office in Washington, D.C. Please contact the ASB office for more information.

The ASB Boxscore

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