

Vol. 20, No. 1
March 2006

ASB Adopts Revised ASOP on Health Filings

During the ASB's December 12–14, 2005 meeting, the board adopted a revision of ASOP No. 8, which is now titled *Regulatory Filings for Health Plan Entities*. The ASB Health Committee, chaired by Alan Ford, oversaw a task force chaired by Paul Fleischacker, which wrote the revision.

ASOP No. 8 applies to actuaries performing professional services with respect to preparing or reviewing health filings required by and made to state insurance departments, state health departments, the federal government, and other regulatory bodies.

Health filings require projection of future contingent events and can be categorized into two broad categories: rate or benefit filings and financial projection filings. Some filings are made on behalf of health plan entities, such as filings made in conjunction with applications for licensure. Other filings are required for health benefit plans provided by health plan entities, such as filings for approval of rates. Such filings may be required for new and existing health plan entities, for new health benefit plans, and for revisions to existing health benefit plans.

ASOP No. 8 does not cover filings to certify compliance with rating methods and other actuarial practices applicable to carriers for small employer health benefit plans, statements of actuarial opinion relating to statutory financial statements of health plan entities, and filings that are solely experience reports and do not require projection of future contingent events. Other ASOPs address those issues.

The revised ASOP is available at www.ActuarialStandardsBoard.org or with the March issue of the *Actuarial Update*. It becomes effective on May 1.

Risk Classification ASOP Adopted for All Practice Areas

The ASB adopted a revision of ASOP No. 12, which is now titled *Risk Classification (for All Practice Areas)*. The revised standard was prepared by a task force chaired by Mark Litow under the direction of the ASB's General Committee, which writes standards that apply to actuaries in all practice areas.

The revised ASOP applies to all actuaries when performing professional services with respect to designing, reviewing, or changing risk classification systems used in connection with financial or personal security systems—private or governmental entities or programs intended to mitigate the impact of unfavorable outcomes of contingent events (for example, auto insurance and prepaid health plans)—regarding the classification of individuals or entities into groups intended to reflect the relative likelihood of expected outcomes.

The revised ASOP is available at www.ActuarialStandardsBoard.org or with the March issue of the *Actuarial Update*. It becomes effective on May 1.

P/C Exposure Draft Released for Comment

The ASB has released a new exposure draft, *Property/Casualty Unpaid Claim and Claim Adjustment Expense Estimates*, which applies to actuaries when performing professional services relating to the estimation of loss and loss adjustment expense for unpaid claims for property/casualty coverage. The Subcommittee on Reserving, chaired by Raji Bhagavatula, prepared the exposure draft under the guidance of the Casualty Committee. The comment deadline is June 30.

■ New Year Brings Changes

With the arrival of 2006, the ASB said farewell to former chairperson Michael LaMonica and welcomed new chairperson Cecil Bykerk, who has served on the board since 2003. The ASB also welcomed new member Robert Miccolis, former chairperson of the ASB Casualty Committee. The Pension Committee thanked former chairperson Phillip Romello for his service and welcomed David Fleiss as his successor. Special thanks go out to all the volunteers who have served and continue to serve on the ASB and its committees, subcommittees, and task forces.

The ASB has established an *ad hoc* task force on enterprise risk management to be chaired by Jennifer Bowen. The general charge of the task force is to present recommendations to the ASB regarding to what extent ASOPs are applicable to chief risk officers or senior risk officers and to determine if any new ASOPs are needed to accommodate enterprise risk management principles. The task force tentatively expects to present its findings to the ASB later this year.

■ Looking Ahead...

The ASB plans to review the following drafts at its February 28 & March 1 meeting:

- Proposed revision of ASOP No. 15, *Dividends for Individual Participating Life Insurance, Annuities, and Disability Insurance* (final ASOP from the Life Committee)
- Proposed revision of ASOP No. 24, *Compliance with the NAIC Life Insurance Illustrations Model Regulation* (exposure draft from the Life Committee)
- Proposed revision of ASOP No. 38, *Using Model's Outside the Actuary's Expertise (for All Practice Areas)* (second exposure draft from the General Committee)

■ Meeting Schedule of the Actuarial Standards Board

Feb. 28–March 1, 2006 (Orlando) June 14–15, 2006 Aug. 29–30, 2006 Nov. 29–Dec.1, 2006

All ASB meetings are open to the public, and attendance by interested parties is encouraged. Except for where 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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CASUALTY COMMITTEE ■					
Subject Area	Qtr. 2006				Comments
	1	2	3	4	
Property/casualty unpaid claim and claim adjustment expense estimates	E				The ASB approved an exposure draft in February. Comment deadline: June 30, 2006
ASOP No. 36 revision (statements of actuarial opinion regarding property/casualty loss and loss adjustment expense reserves)	P				The ASB has approved a proposal to revise the standard. The Casualty Committee is currently monitoring discussions within the profession to determine whether there is consensus on key issues related to disclosure requirements.

GENERAL COMMITTEE ■					
Subject Area	Qtr. 2006				Comments
	1	2	3	4	
ASOP No. 12 revision (risk classification for all practice areas)	F				The ASB adopted a final revision in December 2005. The revised standard becomes effective on May 1.
ASOP No. 38 revision (using models outside the actuary's expertise for all practice areas)	R				The ASB discussed a proposed second exposure draft in December 2005 but did not finish its review. The ASB plans to discuss the draft again in March.

HEALTH COMMITTEE ■					
Subject Area	Qtr. 2006				Comments
	1	2	3	4	
ASOP No. 3 revision (continuing care retirement communities)	D				The task force has completed a proposed exposure draft, which the ASB plans to review in June.
ASOP No. 8 revision (regulatory filings for health plan entities)	F				The ASB adopted a final revision in December 2005. The revised standard becomes effective on May 1.
ASOP No. 16 revision (actuarial practice concerning disease management programs)	D				The task force has begun drafting and will present recommendations or a proposed exposure draft for the ASB to review in 2006.

LIFE COMMITTEE ■

Subject Area	Qtr. 2006				Comments
	1	2	3	4	
ASOP No. 15 revision (dividend determination)	R				The task force has prepared a proposed final ASOP for review at the ASB's first-quarter meeting.
ASOP No. 24 revision (compliance with the NAIC life insurance illustrations model regulation)	D				The task force has prepared a proposed exposure draft for review at the ASB's first-quarter meeting.

PENSION COMMITTEE ■

Subject Area	Qtr. 2006				Comments
	1	2	3	4	
ASOP No. 4 revision (measuring pension obligations and determining pension plan costs or contributions)	R				The committee is reviewing comment letters and revising the draft in response and expects to present a third exposure draft to the ASB in August.
ASOP No. 27 revision (selection of economic assumptions for measuring pension obligations)	R				The committee expects to present a proposed final ASOP to the ASB when the proposed revision of ASOP No. 4 nears final adoption.
ASOP No. 35 revision (selection of demographic and other noneconomic assumptions for measuring pension obligations)	R				The committee expects to present a proposed final ASOP to the ASB when the proposed revision of ASOP No. 4 nears final adoption.
Selection and use of asset valuation methods for pension valuations	TE				The comment deadline is February 28. The committee hopes to review comment letters and present a proposed final ASOP to the ASB in August.

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