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June 2005

ASB Approves Pension Exposure Drafts

At the ASB's March meeting, the ASB approved a second exposure draft of a proposed revision of ASOP No. 4, now titled *Measuring Pension Obligations and Determining Pension Plan Costs or Contributions*.

The second exposure draft contains a number of changes made in response to comment letters on the first exposure draft.

The proposed revision of ASOP No. 4 is intended to be the "umbrella" standard that addresses overall considerations for measuring pension obligations and ties together ASOP No. 27, *Selection of Economic Assumptions for Measuring Pension Obligations*, ASOP No. 35, *Selection of Demographic and Other Noneconomic Assumptions for Measuring Pension Obligations*, and the proposed ASOP, *Selection and Use of Asset Valuation Methods for Pension Valuations*.

In addition, the ASB is exposing brief revisions of ASOP Nos. 27 and 35 in order to eliminate a conflict between the wording in each of those ASOPs and in the proposed revision of ASOP No. 4.

ASOP Nos. 27 and 35 contain statements to the effect that, in case of a conflict between the guidance in those standards and ASOP No. 4, those standards will govern. However, when the revised ASOP No. 4 is adopted, it will govern in any such conflicts.

The proposed revisions of ASOP Nos. 27 and 35 are intended only to eliminate the conflicting language; the ASB plans a more comprehensive review of both ASOPs in the future.

The three exposure drafts are available at www.ActuarialStandardsBoard.org and with the June issue of the *Actuarial Update*. The comment deadline is October 31.

ASOP No. 15 Revision Available for Comment

The ASB has approved an exposure draft of a proposed revision of ASOP No. 15, now titled *Dividends for Individual Participating Life Insurance, Annuities, Disability Insurance, and Long-Term Care Insurance*. The exposure draft, which was prepared by a task force chaired by Thomas Phillips, has a comment deadline of September 30.

The proposed revision applies to actuaries when performing professional services in connection with the establishment or modification of the dividend framework and the determination and illustration of dividends for individual participating life insurance, annuities, disability insurance, and long-term care insurance, including any attached participating riders and agreements.

The proposed revision does not apply to actuaries when performing professional services with respect to illustrations of dividends subject to ASOP No. 24, *Compliance with the NAIC Life Insurance Illustrations Model Regulation*.

The exposure draft is available at www.ActuarialStandardsBoard.org and with the June issue of the *Actuarial Update*.

ASOP No. 16 Receives Update

The ASB has approved a proposal from the Health Committee to revise ASOP No. 16, *Actuarial Practice Concerning Health Maintenance Organizations and Other Managed-Care Health Plans*. A new task force chaired by Mary J. Murley will prepare an exposure draft for the ASB to consider in early 2006.

June 2005

CASUALTY COMMITTEE ■					
Subject Area	Qtr. 2005				Comments
	1	2	3	4	
Property/casualty claim liability estimates	D	D			The committee plans to present an exposure draft to the ASB in June.

GENERAL COMMITTEE ■					
Subject Area	Qtr. 2005				Comments
	1	2	3	4	
ASOP No. 12 revision (risk classification for all practice areas)	E	R			The task force met in May to review comment letters and make revisions.
ASOP No. 38 revision (using models outside the actuary's expertise for all practice areas)	R	R			The 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	D			A task force has begun work. The Health Committee plans to present an exposure draft to the ASB in 2005.
ASOP No. 8 revision (regulatory filings for health plan entities)	E	R			The task force is reviewing comment letters and plans to present a final draft in 2005.
ASOP No. 16 revision (actuarial practice concerning disease management programs)	-	P			The ASB approved a proposal to revise ASOP No. 16 and a task force will begin preparing an exposure draft.

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	R			The task force plans to present a final draft in June.
ASOP No. 15 revision (dividend determination)	D	E			The ASB approved an exposure draft at its March meeting. Comment deadline: September 30
ASOP No. 19 revision (appraisals of casualty, health, and life insurance entities)	R	R			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	SE			The ASB approved a second exposure draft at its March meeting. Comment deadline: October 31
ASOP No. 27 revision (selection of economic assumptions for measuring pension obligations)	-	E			The ASB approved an exposure draft at its March meeting. Comment deadline: October 31
ASOP No. 35 revision (selection of demographic and other noneconomic assumptions for measuring pension obligations)	-	E			The ASB approved an exposure draft at its March meeting. Comment deadline: October 31
Selection of asset valuation methods	R	R			The committee is completing its review of comment letters and plans to present a final ASOP in September.

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

■ 2004 Annual Report Released

The ASB's 2004 Annual Report contains information about the committees' accomplishments throughout the past year as well as a financial summary. It is available online at www.ActuarialStandardsBoard.org and with the June issue of the *Actuarial Update*.

■ Looking Ahead...

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

- Proposed revision of ASOP No. 11, *Financial Statement Treatment of Reinsurance Transactions Involving Life or Health Insurance* (final ASOP from the Life Committee)
- Proposed revision of ASOP No. 19, *Appraisals of Casualty, Health, and Life Insurance Entities* (final ASOP from the Life Committee)
- Proposed ASOP, *Property/Casualty Claim Liability Estimates* (exposure draft from the Casualty Committee)

■ Meeting Schedule of the Actuarial Standards Board

June 2–3, 2005 September 1–2, 2005 December 12–13, 2005 February 28–March 1, 2006

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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