

ASB Adopts Final Revision of ASOP No. 28

At its June meeting, the Actuarial Standards Board adopted a final revision of ASOP No. 28, now titled *Statements of Actuarial Opinion Regarding Health Insurance Liabilities and Assets*. ASOP No. 28 was originally adopted by the ASB in 1997 as a revised and reformatted version of Financial Reporting Recommendation (FRR) 10, *Statement of Actuarial Opinion for Health Service Corporation Statutory Annual Statements*. In 2010, the ASOP underwent another revision in consideration of the development of the Health Annual Financial Statement Blank (successor to both the Health Service Company Blank and the Health Maintenance Organization Blank) and the revised health actuarial opinion instructions approved by the NAIC Blanks (E) Working Group in June 2009. The revision now encompasses all statements of actuarial opinion regarding health insurance liabilities and assets of insurance or reinsurance companies and other health insurance financing systems (such as health benefit plans provided by self-insured or government plan sponsors). The effective date for the ASOP No. 28 revision is October 31, 2011 and it can be viewed on the ASB website at www.actuarialstandardsboard.org.

ASOPs Updated to Reflect New Deviation Language

The ASB voted in March 2011 to adopt a revised version of *Revision of Deviation Language for Standards and Removal of References to Public Statements of Actuarial Opinion (PSAOs) from Standards (All Practice Areas)*. The revised Deviation document conforms to the final revised ASOP No. 41, and reflects changes in other ASOPs since 2008 when the Deviation document was first exposed. The changes contained in the document took effect on May 1, 2011 (concurrent with the effective date of the revised ASOP No. 41) and, as a result, all current actuarial standards of practice have been updated to reflect these changes. The updated ASOPs can be viewed on the ASB website.

Introduction Undergoes Revision

The *Introduction to the Actuarial Standards of Practice* is currently being revised by the ASB General Committee. In 1989, the ASB published a Preface to its standards that provided insight into the nature of professions and the role that professionalism standards and disciplinary procedures play, with specific reference to those of the actuarial profession. However, due to significant developments in the structure of the professionalism standards and disciplinary procedures of the actuarial profession, the ASB determined that it would be beneficial to adopt an introduction to the standards to offer actuaries guidance on the ASB's operations, the content and format of standards, and the ASB's intent with respect to certain terms that appear frequently in the text of the standards themselves. The Introduction was last revised in 2008 after a comment period, which garnered 14 comment letters. However, after conducting a survey of all U.S. actuaries in the spring 2009, results suggested room remained in the improvement in clarity in the way ASOPs are written, and so the ASB decided to revise the Introduction once again. The ASB General Committee plans to present an exposure draft of a revision to the ASB in December 2011.

July 2011

CASUALTY COMMITTEE					
Subject Area	Qtr. 2011				Comments
	1	2	3	4	
Risk transfer	D	D			A task force is drafting an exposure draft to be presented to the ASB in 2012.
ASOP No. 20, <i>Discounting of Property/Casualty Unpaid Claim Estimates</i>	E	R			The task force is reviewing comment letters and preparing a final revision to be presented to the ASB in September 2011.
ASOP No. 38, <i>Using Models Outside the Actuary's Expertise (Property and Casualty)</i>	D	D			A task force is drafting a revision of an exposure draft to be presented to the ASB in September 2011.
GENERAL COMMITTEE					
Subject Area	Qtr. 2011				Comments
	1	2	3	4	
Introduction to the ASOPs	R	R			The task force is reviewing comment letters and preparing an exposure draft to be presented to the ASB in December 2011.
HEALTH COMMITTEE					
Subject Area	Qtr. 2011				Comments
	1	2	3	4	
ASOP No. 28 revision (<i>Compliance with Statutory Statement of Actuarial Opinion Requirements for Insurers Filing the Health Annual Financial Statement Blank</i>)	R	F			The ASB approved ASOP No. 28 as a final revision at its June 2011 meeting with an effective date of October 31, 2011.
<i>The Use of Health Status Based Risk Adjustment Methodologies</i>	E	E			The ASB approved an exposure draft at its March 2011 meeting. The comment deadline is July 31, 2011.

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

LIFE COMMITTEE					
Subject Area	Qtr. 2011				Comments
	1	2	3	4	
Principles-based approach to the C-3 Phase III of life insurance risk-based capital	E	E			The ASB approved an exposure draft in 2010. However, the draft will not be released until the NAIC formally approves C-3 Phase III.
ASOP on life insurance and annuity actuarial modeling	D	D			The ASB approved a Life Committee proposal to develop an ASOP on life insurance and annuity actuarial modeling. A task force is drafting an exposure draft to be presented to the ASB in 2012.
PENSION COMMITTEE					
Subject Area	Qtr. 2011				Comments
	1	2	3	4	
ASOP No. 4 revision (<i>Measuring Pension Obligations</i>)	R	R			These subject areas are interrelated, in totality, and resulted in the exposure draft of ASOP No. 27 as well as proposed revisions to ASOP No. 4, and will result in a proposed new standard on risk.
ASOP No. 27 revision (<i>Selection of Economic Assumptions for Measuring Pension Obligations</i>)	E	E			
Economic value of pension plan assets and liabilities	D	D			
Assessment and disclosure of risk	D	D			
ASOP No. 6 revision (<i>Measuring Retiree Group Benefit Obligations</i>)	D	D			The subcommittee on retiree group benefits is drafting a revision of ASOP No. 6 and plans to present an exposure draft to the ASB at its September 2011 meeting.
OTHER PROJECTS					
Subject Area	Qtr. 2011				Comments
	1	2	3	4	
Enterprise risk management	DD	DD			The task force issued a discussion draft in March 2011.
<i>Revision of Deviation Language...from Standards (All Practice Areas)</i>	R	F			The Deviation Task Force updated all ASOPs to reflect the changes to the disclosure language. The effective date of the updated ASOPs was May 1, 2011.

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

► **Looking Ahead...** 

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

- Revision of ASOP No. 20, *Discounting of Property/Casualty Unpaid Claim Estimates* (proposed final draft from the Casualty Committee)
- Revision of ASOP No. 38, *Using Models Outside the Actuary's Expertise (Property and Casualty)*(proposed exposure draft from the Casualty Committee)

► **Meeting Schedule of the Actuarial Standards Board**



- *September 14-15*
- *December 15-16*
- *March 5-6, 2012*
- *June 6-7, 2012*

All ASB meetings are open to the public, and attendance by interested parties is encouraged. The ASB office should be notified in advance of intent to attend meetings. Unless otherwise noted, meetings take place at the American Academy of Actuaries' office in Washington, D.C.

The Actuarial Standards Board (ASB) establishes and improves standards of actuarial practice. These Actuarial Standards of Practice (ASOPs) identify what the actuary should consider, document, and disclose when performing an actuarial assignment. The ASB's goal is to set standards for appropriate practice for the U.S.

When creating or revising an ASOP the ASB

- 1. reviews and evaluates current and emerging practices;*
- 2. determines appropriate guidance;*
- 3. publishes an exposure draft to obtain input from actuaries and other interested parties;*
- 4. considers all comments received; and*
- 5. publishes a final standard or another exposure draft.*

The ASB Boxscore

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