

## **ASB Survey Results In; Response Rate Exceptional**

Final results from The Haefer Group Ltd., the independent research firm who conducted a survey of all U.S. practicing actuaries, were recently received by the ASB and will soon be presented to the membership. The survey was conducted to measure the effectiveness of the ASB's communication with members, and to examine the process of developing and reviewing Actuarial Standards of Practice to determine if they are meeting the needs of the public and the profession. A summary of the results will be reported in an upcoming issue of the *Actuarial Update* and on the ASB's website. The response rate of approximately 25% was considered exceptionally high by the Haefer Group. The ASB will use the results of the survey and the responses received to the recently issued *Request for Comments on Actuarial Standard of Practice (ASOP) Content and ASB Procedure* as it reviews the ASB processes.

## **ASOP No. 41 Second Exposure Draft Being Finalized**

The ASB is preparing to review a second exposure draft of ASOP No. 41, *Actuarial Communications*, at its upcoming December meeting. A first exposure draft of the ASOP was sent to the membership in September 2008 and generated 23 comments. The exposure was drafted to solicit comments on particular issues in the ASOP including the responsibility of using assumptions and methods within an actuarial communication; disclosing methods in actuarial reports; and clarifying deviation. The comment letters can be found on the ASB website under the "Exposure Drafts" tab at [www.actuarialstandardsboard.org](http://www.actuarialstandardsboard.org).

## **Pension Committee Issues Revision of ASOP No. 44, Continues Work on Other Projects**

As the ASB Pension Committee continues its work on multiple projects including revising ASOP No. 27, *Selection of Economic Assumptions for Measuring Pension Obligations*, and developing standards on the economic value of pension plans, it recently issued a revision of ASOP No. 44, *Selection and Use of Asset Valuation Methods for Pension Valuations*, to clarify wording in section 3.4.1, Bias. The intent of the section is to require disclosure of the existence of systematic bias in the asset valuation method only when such bias is, in the actuary's professional judgment, significant. While the first sentence of section 3.4.1 accurately communicated this intent, the second sentence did not, creating some confusion among practitioners. Accordingly, the ASB has clarified the standard by adding the word "significantly" before the word "skewed" in the second sentence of section 3.4.1. The ASB voted to adopt this clarification on September 21, 2009 effective immediately.

# ASB AGENDA PROJECTS

October 2009

<b>CASUALTY COMMITTEE</b>					
Subject Area	Qtr. 2009				Comments
	1	2	3	4	
ASOP No. 36 revision ( <i>Statements of Actuarial Opinion Regarding Property/Casualty Loss and Loss Adjustment Expense Reserves</i> )	E	R	R		The comment deadline ended June 15, 2009. The Subcommittee on Reserving is reviewing the comments received on the exposure draft and is working to revise the ASOP.
ASOP No. 9 repeal ( <i>Documentation and Disclosure in Property and Casualty Insurance Ratemaking, Loss Reserving, and Valuations</i> )	R	R	R		The ASB reviewed the document and had decided to defer its repeal until revisions to ASOP No. 41, <i>Actuarial Communications</i> , are finalized.

<b>GENERAL COMMITTEE</b>					
Subject Area	Qtr. 2009				Comments
	1	2	3	4	
ASOP No. 41 revision ( <i>Actuarial Communications</i> )	R	R	R		The committee is currently reviewing the comments received on the exposure draft and is working to revise the ASOP. The committee plans to present a second exposure draft to the ASB in December.

<b>HEALTH COMMITTEE</b>					
Subject Area	Qtr. 2009				Comments
	1	2	3	4	
ASOP No. 28			R		The ASB approved a proposal from the Health Committee to revise ASOP No. 28. The Health Committee plans to present an exposure draft to the ASB in December.
Considerations in risk adjustment methodologies			P		The ASB approved a proposal from the Health Committee to create a standard on considerations in the design, implementation, and maintenance of risk adjustment methodologies used in health benefit plan ratemaking.

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

<b>LIFE COMMITTEE</b>					
Subject Area	Qtr. 2009				Comments
	1	2	3	4	
Standards for principles-based capital for life products	D	D	D		The task force is monitoring developments in regulation in this area and has begun work on a proposed standard.
ASOP No. 10 revision ( <i>Methods and Assumptions for Use in Life Insurance Company Financial Statements Prepared in Accordance with GAAP</i> )	D	D	D		The Board authorized the committee to create a task force to update ASOP No. 10 to make it current with regard to the changes in accounting standards.

<b>PENSION COMMITTEE</b>					
Subject Area	Qtr. 2009				Comments
	1	2	3	4	
ASOP No. 27 ( <i>Selection of Economic Assumptions for Measuring Pension Obligations</i> )	R	R	R		The committee has determined that these three subject areas are interrelated and potentially could overlap in affecting ASOP No. 27; could affect other ASOPs in addition to ASOP No. 27 (for example., ASOP No. 4, <i>Measuring Pension Obligations</i> ); and/or could lead to the creation of an additional new ASOP. The committee has begun discussions of issues arising in each of these subject areas; this includes a review of the comments received on the ASOP No. 27 "Request for Comments."
Economic value of pension plan assets and liabilities	PD	PD	PD		
Assessment and disclosure of risk		PD	PD		
Assumptions regarding mortality and mortality improvement		PD	PD		The committee has begun a review of the guidance regarding selection of mortality assumptions contained in ASOP No. 35 ( <i>Selection of Demographic and Other Noneconomic Assumptions for Measuring Pension Obligations</i> ), for the purpose of determining whether any additional or altered guidance ought to be developed regarding assumptions for mortality or mortality improvement.
ASOP No. 6 ( <i>Measuring Retiree Group Benefit Obligations</i> )			PD		The committee is reviewing ASOP No. 6 to consider revising it for consistency with ASOP No. 4, <i>Measuring Pension Obligations and Determining Pension Plan Costs or Contributions</i> .
ASOP No. 44 ( <i>Selection and Use of Asset Valuation Methods for Pension Valuations</i> )			F		The ASB voted in September 2009 to clarify language in section 3.4.1, Bias.

<b>OTHER PROJECTS</b>					
Subject Area	Qtr. 2009				Comments
	1	2	3	4	
Introduction to the ASOPs	R	R	R		The task force is reviewing comment letters and plans to present a proposed final draft to the ASB in 2010.

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

► **Looking Ahead...** 

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

- Revision of ASOP No. 36, *Statements of Actuarial Opinion Regarding Property/Casualty Loss and Loss Adjustment Expense Reserves* (proposed final standard from the Casualty Committee)
- Revision of ASOP No. 41, *Actuarial Communications* (proposed second exposure draft from the General Committee)

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



- *December 2–3, 2009*
- *March 8-9, 2010*
- *June 7-8, 2010*

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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