

ASB Considers Academy Request to Develop New Pension ASOP

At its December 2008 meeting, the ASB discussed at length the request from the American Academy of Actuaries' Board of Directors to examine the possibility of developing an ASOP to consistently measure the economic value of pension plan assets and liabilities.

During the discussion, Interim ASB Pension Committee Chair Frank Todisco reviewed the history of the issue in the pension practice area and outlined the many issues involved in the current debate between proponents of a financial economics approach and those who prefer the traditional actuarial approach, especially in regard to public plans.

The ASB directed its Pension Committee to review the issue further and report back to the ASB with its recommendations.

ASB Continues Work on ASOP No. 36

The ASB's Casualty Committee continues to work on a revision of ASOP No. 36, *Prescribed Statements of Actuarial Opinion Regarding Property/Casualty Loss and Loss Adjustment Expense Reserves*.

The ASB and the ASB Casualty Committee are currently preparing a new exposure draft that will update the document and provide clearer guidance to casualty actuaries. The ASB will review and possibly approve the new exposure draft at its next regularly scheduled meeting in March.

ASB to Develop ASOP on Principle-Based Capital

The ASB is developing a new ASOP on principle-based capital. Recent changes in the regulatory environment make it likely that implementation of principle-based reserves will not take place for several years. At the same time, the need for a principle-based calculation of certain elements of regulatory risk-based capital is likely within just a

few years. As a result, the ASB has authorized its Principle-Based Reserve Task Force to revise the discussion draft into a potential exposure draft that explores principle-based capital.

ASB Approves 2009 Committee Rosters

At its December 2008 meeting, the ASB reviewed and approved the proposed rosters for all of its committees for 2009. They are as follows:

- **Pension Committee:** Frank Todisco, interim chair, Mita Drazlov, Don Morgan, Tim Ryor
- **Life Committee:** Charles Carroll, chair, Jeremy Brown, Michael Cioffi, Dale Hagstrom, Esther Milnes, David Rogers
- **Task Force on Principles-Based Reserves:** Frank Irish, chair, Arnold Dicke, Allan Ryan, Esther Milnes, Robert Stein, Michael Streck
- **Task Force on Independent Review of Principles-Based Valuations:** Charles Carroll, chair, Jeremy Brown, Frank Irish, Jacqueline Keating, John Morris
- **Health Committee:** Paul Fleischacker, chair, Michael Abroe, Robert Cosway, James Gutterman, John Lloyd, Cindy Miller, Nancy Nelson
- **Casualty Committee:** Patrick Woods, chair, Steven Armstrong, Raji Bhagavatula, Beth Fitzgerald, Bertram Horowitz, Claus Metzner, David Otto, Alfred Weller
- **General Committee:** Tom Custis, chair, Mike Abroe, Peter Hendee, William Schreiner, Marty Simons, Chet Szczepanski, Armand Yambao

Committee rosters can be amended throughout the year at the discretion of the ASB. Up to date committee rosters can always be accessed at the ASB's website at the following address: www.actuarialstandardsboard.org

ASB AGENDA PROJECTS

Fall 2008

CASUALTY COMMITTEE ■						
Subject Area	Qtr. 2008				Comments	
	1	2	3	4		
ASOP No. 36 revision (statements of actuarial opinion regarding property/casualty loss and loss adjustment expense reserves)	P	P	R	R	The Casualty Committee is currently monitoring discussions within the profession to determine whether there is consensus on key issues related to disclosure requirements and is working to revise the ASOP.	
ASOP No. 9 repeal (documentation and disclosure in property and casualty insurance ratemaking, loss reserving, and valuations)	R	R	R	R	The ASB has reviewed the document and has decided to defer its repeal until revisions to ASOP No. 41, <i>Actuarial Communications</i> , are finalized.	
ASOP No. 38 revision (using models outside the actuary's expertise)	R	R	R	DS	The ASB has concluded that no revisions to ASOP No. 38 are needed at this time.	
GENERAL COMMITTEE ■						
Subject Area	Qtr. 2008				Comments	
	1	2	3	4		
ASOP No. 41 revision (actuarial communications)	R	R	E	R	The General Committee is currently reviewing the comments received on the exposure draft and is working to revise the ASOP.	
HEALTH COMMITTEE ■						
Subject Area	Qtr. 2008				Comments	
	1	2	3	4		
ASOP No. 31 repeal (documentation in health benefit plan ratemaking)		D	E	R	The Health Committee is currently reviewing the comments received on the exposure draft.	

LIFE COMMITTEE ■					
Subject Area	Qtr. 2008				Comments
	1	2	3	4	
Principles-based approach reserves	PD	PD	PD	PD	The task force is monitoring developments in regulation in this area and has begun work on a discussion draft.
Independent Review of Principles-Based Valuations	PD	PD	PD	PD	The task force is monitoring developments in regulation in this area and has begun work on a discussion draft.
ASOP No. 10 revision (methods and assumptions for use in life insurance company financial statements prepared in accordance with GAAP)		D	D	D	The Board has authorized the Life Committee to create a task force to update ASOP No. 10 to make it current with regard to changes in accounting standards.

PENSION COMMITTEE ■					
Subject Area	Qtr. 2008				Comments
	1	2	3	4	
ASOP No. 27 (selection of economic assumptions for measuring pension obligations)	E	E	R	R	The committee is currently reviewing the comments received on the request for comments.

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

ASB to Conduct Member Survey

The ASB has contracted with a private consulting firm, The Haefler Group, to conduct a member survey in spring 2009. The Board expects that the results of this survey will give better insight into how the profession views the ASB and the ASOPs and will assist the ASB in maximizing its benefit to the profession.

The survey will be mailed to all actuaries practicing in the U.S., and respondents will have the option of mailing in their responses or completing the survey online.

ASB to Meet March 9–10, 2009 in Washington

The next regularly scheduled meeting of the ASB will be March 9–10, 2008, at the Academy offices in Washington. For more information, contact the ASB at (202) 223-8196.

■ Looking Ahead...

The ASB will review the following documents at its March meeting:

- Revision of ASOP No. 13, *Trending Procedures in Property/Casualty Insurance Ratemaking*
- Revision of ASOP No. 36, *Statement of Actuarial Opinion Regarding Property/Casualty Loss and Loss Adjustment Expense Reserves*

■ Meeting Schedule of the Actuarial Standards Board

March 9–10, 2009

June 16–17

December 2–3

All ASB meetings are open to the public. Except where otherwise noted, meetings take place at the American Academy of Actuaries' office in Washington, DC. Please contact the ASB office at asb@actuary.org for more information.

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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