

ASB Adopts Revised Version of ASOP No. 27

At its September meeting, the ASB adopted a revised version of ASOP No. 27, *Selection of Economic Assumptions for Measuring Pension Obligations*. The second exposure draft of ASOP No. 27 was issued in January 2012 and received fifteen comment letters. In response to those comments, various changes were made to the final standard including revising the section on Adverse Deviation or Other Valuation Issues to note that an actuary may determine that it is appropriate to adjust the economic assumptions when valuing plan provisions that are difficult to measure, as discussed in ASOP No. 4; and revising the Assumptions Used section to require that each significant assumption be disclosed. This standard will be effective for any actuarial work product with a measurement date on or after September 30, 2014.

ASB Approves Exposure Draft of a Revision of ASOP No. 35

The ASB approved an exposure draft of a revision of ASOP No. 35, *Selection of Demographic and Other Noneconomic Assumptions for Measuring Pension Obligations*. In September 2010, the ASB issued a revised ASOP No. 35, which was revised again in May 2011 for deviation language. With the September 2010 release of ASOP No. 35, the ASB noted that there were sections of ASOP No. 35 that would need to be reviewed for consistency with ASOP No. 27 once that standard was revised. Now that ASOP No. 27 is revised, the ASB is moving forward with changes to ASOP No. 35. Some key changes to the proposed revision of ASOP No. 35 include clarifying language regarding the disclosure of rationale behind selected assumptions; making the guidelines for a reasonable assumption consistent with the guidelines contained in ASOP No. 27; and including language to acknowledge that a range of reasonable assumptions is possible. The comment deadline for the exposure draft, which can be viewed on the ASB website under the tab “Exposure Drafts,” is January 31, 2014.

ASB Approves Exposure Draft of a Revision of ASOP No. 38

The ASB also recently approved a revision of ASOP No. 38 for exposure, now titled *Catastrophe Modeling (for All Practice Areas)*. The proposed revision will apply to actuaries in all practice areas performing professional services when selecting or using catastrophe models, whether or not they are proprietary in nature. Comments are being sought on various areas of the ASOP including, whether it’s clear that the proposed revised ASOP applies to all practice areas; whether the inclusion of other perils such as “terrorist acts and pandemics” in the definition of “Catastrophe Model,” is appropriate; and whether the proposed revised ASOP is flexible enough to allow for new developments in practice. The comment deadline for the exposure draft, which can also be viewed on the ASB website under the tab “Exposure Drafts,” is December 30, 2013.



You may earn professionalism continuing education credits by reviewing and providing input on exposure drafts of ASOPs as stated in the U.S. Qualification Standards. So don't delay; make your comments today!

ASB AGENDA PROJECTS

October 2013

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 **WD**—Working Draft

CASUALTY COMMITTEE					
Subject Area	Qtr. 2013				Comments
	1	2	3	4	
Nothing active at this time					
ENTERPRISE RISK MANAGEMENT COMMITTEE					
Subject Area	Qtr. 2013				Comments
	1	2	3	4	
Nothing active at this time					
GENERAL COMMITTEE					
Subject Area	Qtr. 2013				Comments
	1	2	3	4	
ASOP No. 25, <i>Credibility Procedures</i>	R	SE	R		The ASB approved an exposure draft of an ASOP No. 25 revision at its June ASB meeting with a comment deadline of September 30, 2013. The task force is currently reviewing comments and making revisions to the draft, and plans to present a final draft to the ASB at its December 2013 meeting.
ASOP No. 38, <i>Catastrophe Modeling (for All Practice Areas)</i>	D	D	E		The ASB approved an exposure draft of an ASOP No. 38 revision at its September ASB meeting. The comment deadline is December 30, 2013.
Modeling	D	E	R		A new standard on general modeling, applicable to all practice areas, was approved at the June ASB meeting with a comment deadline of September 30, 2013. The task force is currently reviewing comments and making revisions to the draft, and plans to present a final draft to the ASB at its March 2014 meeting.

HEALTH COMMITTEE					
Subject Area	Qtr. 2013				Comments
	1	2	3	4	
ASOP No. 8, <i>Regulatory Filings for Health Plan Entities</i>	D	E	R		The ASB approved an exposure draft at its June 2013 meeting with a comment deadline of October 15, 2013. The task force is currently reviewing comments and making revisions to the draft, and plans to present a final draft to the ASB at its March 2014 meeting.
Medicaid managed-care capitation rate development and certification	D	D	D		The task force is drafting an exposure draft to present to the ASB in December 2013.
Minimum Value under ACA	DD	DD	DD		The ASB received a report from the task force on this subject area and charged them with developing a discussion draft to be presented to the ASB in December 2013.
LIFE COMMITTEE					
Subject Area	Qtr. 2013				Comments
	1	2	3	4	
Principles-based reserves	D	E	E		The ASB approved an exposure draft at its June 2013 meeting. The comment deadline is December 16, 2013.
Life settlements mortality	E	E	R		The ASB approved an exposure draft in May with a comment deadline of July 31, 2013. The task force is currently reviewing comments and making revisions to the draft, and plans to present a final draft to the ASB at its December 2013 meeting.
PENSION COMMITTEE					
Subject Area	Qtr. 2013				Comments
	1	2	3	4	
ASOP No. 4 revision (<i>Measuring Pension Obligations</i>)	SE	SE	R		The revised draft of ASOP No. 4 was approved for exposure by the ASB with a comment deadline of May 31, 2013. The Pension Committee is reviewing comments and making revisions to the draft, and a final draft of ASOP No. 4 will be presented to the ASB in December 2013.
ASOP No. 27 revision (<i>Selection of Economic Assumptions for Measuring Pension Obligations</i>)	WD	WD	F		A revision of ASOP No. 27 was adopted by the ASB at its September meeting with an effective date of September 30, 2014.
Assessment and disclosure of risk	DD	DD	DD		A discussion draft on “risk” was released in June 2012 with a recommended comment deadline of September 30, 2012.
ASOP No. 6 revision (<i>Measuring Retiree Group Benefits Obligations</i>)	SE	SE	R		The ASB approved a second exposure draft at its March 2013 meeting with a comment deadline of August 30, 2013. The task force is currently reviewing comments and making revisions to the draft, and plans to present a final draft to the ASB at its March 2014 meeting.

► Looking Ahead...

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

- Revision of ASOP No. 4, *Measuring Pension Obligations and Determining Pension Plan Costs or Contributions* (proposed final draft from the Pension Committee)
- Revision of ASOP No. 25, *Credibility Procedures* (proposed final draft from the General Committee)
- *Life Settlements Mortality* (proposed final draft from the Life Committee)
- *Medicaid Managed-Care Capitation Rate Development and Certification* (proposed exposure draft from the Health Committee)

► Meeting Schedule of the Actuarial Standards Board

- **December 9-10, 2013**
- **January 30-31, 2014 – Planning Meeting – Sarasota, FL**
- **March 11-12, 2014**
- **June 12-13, 2014**
- **September 22-23, 2014**
- **December 9-10, 2014**

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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