



ACTUARIAL STANDARDS BOARD

Repeal of Actuarial Compliance Guideline No. 4

Statutory Statements of Opinion Not Including an Asset Adequacy Analysis by Appointed Actuaries for Life or Health Insurers

**Developed by the
Life Committee of the
Actuarial Standards Board**

**Repealed by the
Actuarial Standards Board
June 2024**

(Doc. No. 216)

June 2024

TO: Members of Actuarial Organizations Governed by the Standards of Practice of the Actuarial Standards Board and Other Persons Interested in Statutory Statements of Opinion Not Including an Asset Adequacy Analysis by Appointed Actuaries for Life or Health Insurers

FROM: Actuarial Standards Board (ASB)

SUBJ: Repeal of Actuarial Compliance Guideline (ACG) No. 4

This document notes the repeal of ACG No. 4, *Statutory Statements of Opinion Not Including an Asset Adequacy Analysis by Appointed Actuaries for Life or Health Insurers*.

Background

In 1993, the ASB adopted ASOP No. 22, *Statutory Statements of Opinion Based on Asset Adequacy Analysis by Appointed Actuaries for Life or Health Insurers*, which replaced Financial Reporting Recommendation No. 7, *Statement of Actuarial Opinion for Life Insurance Company Statutory Annual Statements*, and No. 11, *Statement of Actuarial Opinion for Interest-Indexed Universal Life Insurance Contracts*, as guidance for opinions under section 8 of the 1991 version of the Actuarial Opinion Memorandum Regulation.

Prior to the adoption, there had been discussions about whether ASOP No. 22 should cover opinions under both section 7 and section 8 of the Model Regulation. The ASB decided to limit ASOP No. 22 to cover opinions required under only section 8 and adopted Actuarial Compliance Guideline (ACG) No. 4, *Statutory Statements of Opinion Not Including an Asset Adequacy Analysis by Appointed Actuaries for Life or Health Insurers*, in October 1993 to provide guidance on opinions required under section 7.

In the late 1990s and early 2000s, the ASB reviewed all standards of practice related to cash flow testing. Portions of ASOP No. 14, *When to Do Cash Flow Testing for Life and Health Insurance Companies*, were incorporated into ASOP No. 7, *Analysis of Life, Health, or Property/Casualty Insurer Cash Flows*, and ASOP No. 22. In 2001, the ASB adopted the revised ASOP No. 7 and ASOP No. 22 and repealed ASOP No. 14.

In December 2012, the National Association of Insurance Commissioners (NAIC) initially adopted the Valuation Manual, which sets forth the minimum reserve and related requirements for jurisdictions where the Standard Valuation Law, as amended by the NAIC in 2009, has been enacted. The Valuation Manual took effect on January 1, 2017, pursuant to section 11 of the Standard Valuation Law. Requirements for the annual actuarial opinion and memorandum pursuant to section 3 of the Standard Valuation Law are provided in “VM-30, Actuarial Opinion and Memorandum Requirements.”

In response to these and other NAIC activities, the ASB decided to revise ASOP No. 22 in 2021. As ACG No. 4, the last remaining Actuarial Compliance Guideline, remained relevant for actuaries working for companies that receive an exemption from asset adequacy analysis, the ASB decided to convert ACG No. 4 into the standard format of a standard and adopt it as ASOP No. 57, *Statements of Actuarial Opinion Not Based on an Asset Adequacy Analysis for Life Insurance, Annuity, or Health Insurance Reserves and Related Actuarial Items*, in January 2023.

At its June 2024 meeting, the ASB voted to repeal ACG No. 4.