



ACTUARIAL STANDARDS BOARD

Welcome to the Actuarial Standards Board's newsletter. Boxscore highlights and reports on the ASB's work in developing, updating, and promulgating actuarial standards of practice in the United States. Each issue provides information on ASB's current and upcoming projects, events, and recently completed projects.

Fall 2024

BOXSCORE

ASB Adopts Revision of ASOP No. 24

The ASB adopted a revision of ASOP No. 24, now titled [*NAIC Life Insurance Illustrations Model Regulation*](#). The ASOP, which underwent three exposure periods and received 10 comment letters, provides guidance to actuaries when performing actuarial services in support of a certification or representation that life insurance illustrated scales are in conformity with the National Association of Insurance Commissioners (NAIC) Life Insurance Illustrations Model Regulation (Model) or applicable actuarial guidelines (applicable AGs).

Notable changes include introducing the new term “applicable actuarial guideline (applicable AG)”; adding guidance on consistency of experience factors; and revising and updating guidance to include a reference to the scope of and any limitations imposed by an applicable AG.

The effective date for the revision of ASOP No. 24 is Dec. 1, 2024.

ASB Approves Second Exposure Draft of Proposed New ERM ASOP

The ASB approved a second exposure draft of a proposed new ASOP titled [*Enterprise Risk Management*](#). The ASOP provides guidance to actuaries when performing actuarial services with respect to developing, maintaining, or reviewing all or part of an enterprise risk management framework.

Notable changes from the exposure draft, which received 15 comment letters, include adding guidance to limit the scope of the standard; including a definition for “risk classification”; and streamlining guidance on the risk appetite framework.

The comment deadline is Nov. 1, 2024. Information on how to submit comments can be found in the draft.



ASB Approves Exposure Draft of Proposed Revision of ASOP No. 30

The ASB approved an exposure draft of a proposed revision of ASOP No. 30, now titled *Profit Margins and Contingency Provisions in Property/Casualty Risk Transfer and Risk Retention*. The ASOP applies to actuaries when performing actuarial services with respect to developing or reviewing profit margins and contingency provisions that are included in future cost estimates for all forms of prospective property/casualty risk transfer and risk retention.

Notable changes from the existing standard include broadening the scope in section 1.2 from estimating the cost of capital and evaluating the underwriting profit and contingency provisions to developing overall profit margins and contingency provisions; adding definitions of “profit margin,” “risk margin,” “risk retention,” and “risk transfer”; clarifying the difference between a profit margin and a contingency provision; and clarifying guidance regarding taking the cost of capital into account when developing the profit margin.

The comment deadline is Nov. 1, 2024. Information on how to submit comments can be found in the draft.

Meetings

DECEMBER 3–4, 2024

MARCH 11–13, 2025

JUNE 25–27, 2025

SEPTEMBER 9–11, 2025

DECEMBER 9–11, 2025

ASB meetings are held in compliance with the meeting policy established by the American Academy of Actuaries. The ASB office should be notified of any intent to observe the meetings at least 10 days in advance of the meeting by contacting Director, Professionalism (Actuarial Standards Board) Erica Kennedy at kennedy@actuary.org. Unless otherwise noted, meetings take place at the American Academy of Actuaries’ office in Washington, D.C.

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The Actuarial Standards Board (ASB) sets standards for appropriate actuarial practice in the United States through the development and promulgation of actuarial standards of practice (ASOPs). These ASOPs describe the procedures an actuary should follow when performing actuarial services and identify what the actuary should disclose when communicating the results of those services.



ASB Approves Exposure Draft of Proposed New Pricing Reinsurance ASOP

The ASB also approved an exposure draft of a proposed new ASOP titled [*Pricing Reinsurance or Similar Risk Transfer Transactions Involving Life Insurance, Annuities, or Long-Duration Health Benefit Plans*](#). The proposed standard applies to actuaries when performing actuarial services with respect to the pricing of reinsurance transactions or similar risk transfer transactions from the assuming entity perspective involving life insurance, annuities, or long-duration health benefit plans.

The ASB recognized that pricing of reinsurance assumed for life, annuities, and health benefit plans as well as management of nonguaranteed reinsurance elements are significant areas of practice that lacked guidance, and thus appointed a task force in April 2021 to develop a new ASOP on pricing reinsurance involving life insurance, annuities, and long-duration health benefit plans from an assuming company perspective.

The comment deadline is Nov. 1, 2024. Information on how to submit comments can be found in the draft.

Looking Ahead...

The ASB tentatively plans to review the following drafts during its December 2024 meeting:

- a proposed new ASOP titled Enterprise Risk Management (final ASOP from the ERM Committee); and
- a revision of ASOP No. 39, *Treatment of Catastrophe Losses in Property/Casualty Insurance Ratemaking* (exposure draft from the Casualty Committee).

ASB Projects

SUBJECT AREA

2024 QUARTER

COMMENTS

CASUALTY COMMITTEE

	1	2	3	4	
ASOP No. 30, <i>Treatment of Profit and Contingency Provisions and the Cost of Capital in Property/Casualty Insurance Ratemaking</i>	D	D	E		The ASB approved an exposure draft in June 2024 with a comment deadline of Nov. 1, 2024.
ASOP No. 39, <i>Treatment of Catastrophe Losses in Property/Casualty Insurance Ratemaking</i>	D	D	D		A task force is drafting a proposed revision and plans to present an exposure draft to the ASB during its December 2024 meeting.

ENTERPRISE RISK MANAGEMENT COMMITTEE

Enterprise Risk Management ASOP	R	R	SE		The ASB approved a second exposure draft in September 2024 with a comment deadline of Nov. 1, 2024.
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GENERAL COMMITTEE

ASOP No. 1, <i>Introductory Actuarial Standard of Practice</i>			D		The ASB approved a proposal to revise ASOP No. 1 in September 2024. A task force will be approved to draft a proposed revision, with plans to present an exposure draft to the ASB in 2025.
ASOP No. 12, <i>Risk Classification</i>	E	E	R		The ASB approved an exposure draft in September 2023 with a comment deadline of May 1, 2024. The task force is reviewing comments and plans to present a second exposure draft to the ASB in 2025.
ASOP No. 41, <i>Actuarial Communications</i>	R	R	R		The ASB approved an exposure draft of a proposed revision at its June 2022 meeting with a comment deadline of Nov. 1, 2022. The task force reviewed comments, made revisions, and presented a second exposure draft to the ASB. The ASB continued its review of the draft during its September 2024 meeting, with plans to release the second exposure draft for comment in the fourth quarter of 2024.

HEALTH COMMITTEE

ASOP No. 45, <i>The Use of Health Status Based Risk Adjustment Methodologies</i>	P	P	D		A task force is drafting a proposed revision and plans to present an exposure draft to the ASB during its June 2025 meeting.
ASOP No. 49, <i>Medicaid Managed Care Capitation Rate Development and Certification</i>	D	D	D		A task force is drafting a proposed revision and plans to present an exposure draft to the ASB during its March 2025 meeting.

LIFE COMMITTEE

ASOP No. 7, <i>Analysis of Life, Health, or Property/Casualty Insurer Cash Flows</i>	E	E	R		The ASB approved an exposure draft in September 2023 with a comment deadline of June 1, 2024. The task force is reviewing comments and plans to present a second exposure draft to the ASB during its March 2025 meeting.
ASOP No. 24, <i>Compliance with the NAIC Life Insurance Illustrations Model Regulation</i>	R	R	F		The ASB adopted a final revision at its September 2024 meeting. The effective date is Dec. 1, 2024.
Reinsurance Pricing ASOP	D	D	E		The ASB approved an exposure draft in June 2024 with a comment deadline of Nov. 1, 2024.

PENSION COMMITTEE

ASOP No. 6, <i>Measuring Retiree Group Benefits Obligations and Determining Retiree Group Benefits Program Periodic Costs or Actuarially Determined Contributions</i>	D	D	D		A task force is drafting a proposed revision and plans to present an exposure draft to the ASB during its March 2025 meeting.
ASOP No. 27, <i>Selection of Economic Assumptions for Measuring Pension Obligations</i> ; and ASOP No. 35, <i>Selection of Demographic and Other Noneconomic Assumptions for Measuring Pension Obligations</i>	F	F	F		The ASB adopted a final revision of ASOP No. 27 at its December 2023 meeting. The effective date of ASOP No. 27 and repeal of ASOP No. 35 is Jan 1, 2025.

Legend:

PD	Planning/Discussion	TE	Third Exposure Draft
P	Proposal for Standard	R	Revisions/Redrafting
D	Drafting	F	Final Pronouncement
DD	Discussion Draft	DS	Development Suspended
E	Exposure Draft	WD	Working Draft
SE	Second Exposure Draft	RI	Request for Input

