

Woodward Lauds Actuaries' Objectivity; Annual Meeting Discount Through Sept. 20

EARLY REGISTRATION runs through Sept. 20 for the [Academy's Annual Meeting and Public Policy Forum](#), set for Nov. 14–15 in Washington, D.C. The annual event offers an excellent opportunity to remain current with the latest public policy and professionalism developments affecting the profession, network with colleagues and earn relevant annual continuing education (CE) requirements.

This year's keynote speakers include acclaimed Pulitzer Prize-winning journalist Bob Woodward, of the *Washington Post* and Watergate fame, who said in a discussion with the Academy this month that he appreciated the objectivity of actuaries in addressing critical policy issues.

“The objective, independent work you try to do—we need more of that in government.”

In an exclusive interview, Woodward lauded the Academy's and the actuarial profession's objectivity on a variety of critical issues facing the country.

“The objective, independent work you try to do—we need more of that in government;” he said. “We need someone to stand up and say that these are the facts as best you can ascertain them.”



Woodward

Woodward, who has met President Trump and is writing a book about him, said he would address issues he has interviewed the president about at the Annual Meeting and Public Policy Forum. Strategic thinking from the administration, in the context of past presidencies, will be a key focus, he said.

In addition to giving a political update, he said he will spend time answering attendees' questions, which is “the most interesting to me,” he said, joking that “maybe you'll make me an honorary member of the Academy.”

Besides Woodward, political commentators Mark Shields and Alex Castellanos, from the *PBS NewsHour* and *ABC News*, respectively, will be featured in a Nov. 15 interactive plenary session on what the changing

SEE **ANNUAL MEETING**, PAGE 10

Board Election Concludes

ACADEMY MEMBERS voted for four candidates for open regular director positions on the Academy Board of Directors, as voting wrapped up late this month. The new regular directors will be [Bruce Cadenhead](#), [Tim Geddes](#), [Stu Mathewson](#), and [Tricia Matson](#).

Geddes will serve the remaining year of a three-year term that will expire in 2018, while the remaining three will serve three-year terms as regular directors that will expire in 2020. Mathewson is currently on the Board, elected last year to a then-remaining one-year term that will expire this fall. All new regular directors' terms will begin in November at the conclusion of the Academy's Annual Meeting on Nov. 14.

For more information about the Nominating Committee guidelines, how the candidates were elected, and other details, please visit the [Board Election Center](#). ▲



Cadenhead



Geddes



Mathewson



Matson

3

Academy Presents at NAIC Meeting

6

Professionalism Counts: 'Must, Should, May'

7

2017 First-Half New Members

9

CPC Comments on Flood Insurance



SEPTEMBER

- 6 Webinar: [Post-NAIC Update \(P/C\)](#)
- 10-12 [Casualty Loss Reserve Seminar & Workshops](#), Philadelphia
- 11-13 [PBR Boot Camp](#), Las Vegas
- 19 Webinar: [International Financial Reporting – A Long-Duration Contracts Perspective to IFRS 17](#)
- 25 Webinar: [International Financial Reporting – A Short-Duration Contracts Perspective to IFRS 17](#)

OCTOBER

- 26 Professionalism Webinar: [The Great Assumptions Debate](#)

NOVEMBER

- 12-16 [Life and Health Qualifications Seminar](#), Arlington, Va.
- 14-15 [Annual Meeting and Public Policy Forum](#), Washington, D.C.

DECEMBER

- 7-8 [Effective P/C Loss Reserve Opinions Seminar](#), Chicago

For a list of all previous and upcoming Academy events, please visit the Academy's online [Events Calendar](#).

To continue receiving the *Update* and other Academy publications on time, make sure the Academy has your correct contact information. Academy members can update their member profile at the [member login](#) page on the Academy [website](#).

Academy NEWS Briefs

Stay Connected With the Academy

D ID YOU KNOW? The Academy regularly posts about public policy and professionalism activities on [LinkedIn](#), [Facebook](#), and [Twitter](#). Connect with the Academy on these platforms to stay up to date on the latest news from the Academy that affects your daily practice, the U.S. actuarial profession, and public policy. ▲

Recently Released

G UEST COLUMNIST Rachel Hemphill, chief systems actuary at the California Department of Insurance, wrote the lead column of the summer issue of [Casualty Quarterly](#), offering her thoughts on predictive analytics from a regulatory perspective. Also in this issue, the Academy's [post-NAIC P/C webinar](#) on Sept. 6, plus a recap of recent legislative and regulatory activities at the state and federal levels.



The August [HealthCheck](#) covers the Health Practice Council's recent activity

surrounding congressional health care legislation, including a policy paper on cost-sharing reduction FAQs; a new issue brief on Medicare's financial condition; and legislative, regulatory and judicial updates from state and federal government.

ASB Boxscore has been redesigned. The [August issue](#) highlights the new design and reminds members that comment deadlines are approaching for two current exposure drafts—the proposed new *ASOP Pricing of Life Insurance and Annuity Products* and the proposed revision of ASOP No. 42. ▲

Essential Elements Paper on Auto Insurance and Technology

T HE ACADEMY RELEASED a new *Essential Elements* paper, "[Auto Insurance in the 21st Century](#)," which explores insurance issues surrounding autonomous vehicles, ride-sharing services, and distracted driving.

The paper notes that several states have adopted or are considering legislation that prescribes insurance coverage for ride-sharing companies—also known as transportation network companies—and their drivers. The [Essential Elements series](#) is designed to make actuarial analyses of public policy issues clearer to general audiences. ▲

AMERICAN ACADEMY of ACTUARIES
Essential Elements
 Making complex public policy issues clear
 AUGUST 2017

Auto Insurance in the 21st Century

Driverless cars, smartphones, and ride-sharing companies are radically changing how Americans move around. New technologies and applications hold the promise of reducing auto crashes and the need for many people to own cars, and freeing up drivers to work or read on their daily commutes.

Academy NEWS

Academy Presents at NAIC Summer Meeting

THE ACADEMY MADE NUMEROUS professionalism and public policy presentations at the NAIC Summer 2017 National Meeting, Aug. 6–9 in Philadelphia, commenting on a variety of issues including long-term care insurance, principle-based reserving for life insurance and other products, and reauthorization of the National Flood Insurance Program. The Academy released a [post-NAIC alert](#) covering highlights of the meeting and related public policy and professionalism activity.

Past President Mary D. Miller, Actuarial Board for Counseling and Discipline member Janet Carstens, and Actuarial Standards Board Chairperson Maryellen Coggins gave professionalism updates at NAIC's life, health, and casualty actuarial task forces. They gave overviews of the Academy's professionalism efforts in each of their groups, the Attestation Form released by the Academy last year that allows documentation of how one meets the requirements of the U.S. Qualification Standards (USQS), and upcoming proposals on new or revised actuarial standards of practice. Miller, Carstens, and Coggins were joined by Committee on Qualifications member Tom Campbell at the well-attended, regulator-only professionalism breakfast hosted by the Academy on Aug. 6.

Academy Senior Casualty Fellow Jim MacGinnitie spoke at NAIC's Casualty Actuarial Statistical Task Force (CASTF) meeting on the Academy's [monograph](#) on the National Flood Insurance Program and ongoing efforts to inform Congress as it prepares to revamp the NFIP; and Committee on Property and Liability Financial Reporting Chairperson (COPLFR) Lisa Slotznick brought CASTF up to date on COPLFR projects.

Lauren Cavanaugh, chairperson of the Academy's P/C Risk-Based Capital Committee, spoke to the NAIC's Investment Risk-Based Capital (E) Working Group on the joint letter from the Academy P/C RBC Committee and the Health Solvency Subcommittee.

Shari Westerfield, vice president, health, gave an update to the Health Actuarial (B) Task Force on the Academy's recent public policy work at the federal, state, and international levels; and Laurel Kastrup, chairperson of the Academy's Health Financial Reporting and Solvency Committee, provided an update on the Academy's recent long-term care (LTC) activities to NAIC's Long-Term Care Actuarial (B) Working Group.

Tricia Matson, chairperson of the Longevity Risk Task Force, presented an update on the group's most recent work to the NAIC's Life Risk-Based Capital (E) Working Group.

Other presentations given to the NAIC's Life Actuarial Task Force (LATF) included:

- ▲ Mary Bahna-Nolan, chairperson of the Academy's Life Experience Committee and Society of Actuaries' Preferred Mortality Project Oversight Group, [presented to LATF](#) on PBR valuation considerations and recommendations related to accelerated underwriting and on the [guaranteed issue report and related amendment proposal forms](#).
- ▲ Bahna-Nolan also [presented](#) on the 2017 simplified issue composite mortality tables report.
- ▲ Chris Conrad, chairperson of the Standard Valuation Law Interest Rate Modernization Work Group, [gave an update](#) summarizing activities on its new project to modernize the process of setting valuation interest rates for non-variable annuities.
- ▲ John Miller and Chris Olechowski, co-chairpersons of the Annuity Reserves Work Group, [presented](#) on its work pertaining to non-variable annuities.
- ▲ Wayne Stuenkel, chairperson of the Academy's C2 Life Mortality RBC Work Group, [presented an update](#) to the Risk-Based Capital (E) Working Group on the C2 Work Group's ongoing work reviewing the current NAIC C-2 risk-based requirement for life insurance.

Post-NAIC Life Webinar

The Academy hosted a [post-NAIC life webinar](#) Aug. 25 in which panelists discussed key life issues from the NAIC meeting. Presenters covered principle-based reserving, risk-based capital, reinsurance, and other life-related issues, and highlighted some of the Academy's presentations at the meeting. [Slides and audio](#) are available on the Academy's webinar page.

Post-NAIC P/C Webinar: The Academy's [property/casualty post-NAIC webinar](#) will be held on Wednesday, Sept. 6, from noon to 1 p.m. EDT. ▲



Maryellen Coggins presents at the Academy's professionalism breakfast

Public Employment Opportunity

THE LIFE AND HEALTH Actuarial Unit of the Florida Office of Insurance Regulation is seeking to fill two full-time actuarial positions. These candidates will perform and/or lead actuarial reviews of models, assumptions, and documentation for the product review and financial oversight teams. They will confirm compliance with state and federal regulations as well as all actuarial standards of practice. The successful candidates will perform and clearly communicate accurate and insightful analysis of modeling,

risk management, experience studies, pricing, and valuation on an enterprise-wide basis.

A bachelor's degree is required, as are three or more years of related actuarial experience in working with actuarial models for reporting, pricing, and/or valuation. For more information or to apply, click [here](#), or [here](#), or contact Olivia Hartsell at Olivia.Hartsell@floiir.com.

The Academy supports government employers who are seeking to hire qualified actuaries. See our [Public Employment Opportunity Posting Policy](#) for more information. ▲



Presidential Memo to Volunteers

ACADEMY PRESIDENT

Bob Beuerlein [sent a memo](#)

Aug. 11 to Academy volunteers underscoring the importance of Academy policies in the context of committee work. Volunteers and interested parties “must do that work solely in the best interest of the Academy,” Beuerlein wrote, and that means keeping drafts and deliberations of Academy groups confidential and adhering to the Academy’s Conflict of Interest policy. ▲

Early Registration Deadline for LHQ Approaching

EARLY REGISTRATION will end Sept. 15 for the Academy’s popular [Life and Health Qualifications Seminar](#), to be held Nov. 12–16 in Arlington, Va. The Academy offers this seminar each year to instruct and test actuaries on the basic education subjects required by the Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States (USQS) to allow them to qualify to sign the NAIC Life and A&H Annual Statement (Blue Blank) and/or NAIC Health Annual Statement (Orange Blank). This seminar also can serve as a basic education refresher or as a source of required continuing education for more experienced actuaries. Attendees will have the chance to earn up to 27 hours of continuing education credit, including up to 2.7 professionalism hours. [Register now](#) for the lowest rates. ▲

Academy Sends Letter to Congress on Tax Reform

ACADEMY VICE PRESIDENTS from all public policy practice councils [sent a letter to Congress](#) in late August as Congress gets set to consider tax reform when it returns in September. They noted that in looking at broad tax reform “it is important to consider the potential implications for insurance and pension plans and other critical protec-

tions used by American families and businesses,” while citing “complex actuarial issues” at the foundation of each offering.

Because the tax code is deeply interwoven with how individuals, employers, and financial services providers behave and interact, the Academy believes that it will be especially helpful for policymakers to evaluate potential reforms from an

actuarial perspective, they wrote.

“Employee health and pension benefits, annuities and life insurance, and property/casualty lines of insurance are all interconnected with and affected by the U.S. tax code,” the letter stated, and “tax treatment of insurance and pension benefits can have significant effects on their affordability, accessibility, and reliability.” ▲

EARLY REGISTRATION WILL END SEPT. 20

ACTUARY.ORG

AMERICAN ACADEMY OF ACTUARIES

ANNUAL MEETING
AND **PUBLIC POLICY FORUM**



2017

NOVEMBER 14–15, 2017 ★ FAIRMONT HOTEL

WASHINGTON, D.C.

IN THE NEWS

Josh Shapiro, chairperson of the Multiemployer Plans Subcommittee, was quoted in a [Bloomberg BNA](#) story on the Pension Benefit Guaranty Corporation's multiemployer insurance program.

A subscriber-only [Bloomberg BNA](#) story regarding the IRS's submission of a rule to the Office of Management and Budget to update mortality tables for most defined benefit pension plans cited Pension Committee Chairperson Ellen Kleinstuber.

Senior Pension Fellow Ted Goldman and Pension Practice Council Forward Thinking Task Force Chairperson Eric Keener authored a subscriber-only [Benefits Quarterly](#) article on [Retirement for the AGES](#), the Academy's framework for assessing and comparing retirement-income systems.

An [Insurance Business](#) story and a subscriber-only [Climate-Wire](#) story cited the Casualty Practice Council's [letter](#) to

the U.S. Senate Committee on Banking, Housing, and Urban Affairs urging reauthorization and reform of the National Flood Insurance Program.

[HealthPayerIntelligence](#) quoted Shari Westerfield, the Academy's vice president, health, in a story on cost-sharing reduction reimbursements.

[MLive.com](#) (Michigan) cited the Health Practice Council's July 25 [letter to Senate leadership](#) on the potential adverse consequences of eliminating the Affordable Care Act's (ACA) individual mandate, and linked to the [issue brief](#), [Drivers of 2018 Health Insurance Premium Changes](#). A [PolitiFact](#) story on the status of the ACA also cited the issue brief.

[Plan Adviser](#) and [Benefits-Pro](#) reported on the Pension Committee's [comment letter](#) to the ERISA Advisory Council of the Employee Benefits Security Administration regarding employer requirements for supplying Annual Funding Notices for Defined Benefit Plans. ▲

Academy Casualty VP Discusses NFIP, Hurricane Harvey



Photo: U.S. Dept. of Defense

RADE MUSULIN, the Academy's vice president, casualty, was quoted in a front-page [Wall Street Journal](#) story on the flooding aftermath of Hurricane Harvey, and talked about aspects of National Flood Insurance Program (NFIP), which is set to expire Sept. 30 unless Congress takes action to extend the program.

Musulín noted that private insurers, which provide business-interruption coverage for other types of perils, use tools such as audits and data on local business conditions to better understand a firm's cash flow. He told the [Journal](#) the NFIP's approach, by contrast, focuses more on understanding the physical characteristics of buildings and local flood conditions, and is less suited to measuring business losses.

The story was reprinted by [MSN](#), [MSN Money](#) (Canada), and [ProgramBusiness.com](#). Musulín was also cited in a subscriber-only [Greenwire](#) story discussing the substantial amount of Texas home and business owners who will likely be without adequate insurance coverage following Hurricane Harvey.

Note: The Academy's Casualty Practice Council sent letters to the U.S. House and Senate on the NFIP in late August, including mentioning that Hurricane Harvey has refocused attention on the federal program. **See p. 9.** ▲

Early registration
will end Sept. 15
www.actuary.org/calendar

NOVEMBER Life and Health Qualifications Seminar

NOV. 12–16, 2017 | ARLINGTON, VA.

Acquire the necessary qualifications to sign statements of actuarial opinion for NAIC life and health annual statements.

ACADEMY
SEMINAR

Must, Should, May: Small Words, Huge Implications

EACH STANDARD of actuarial practice (ASOP) contains definitions to help actuaries fully understand the ASOP's guidance. Terms defined in one ASOP do not apply to other ASOPs, with one important exception: [ASOP No. 1](#). The definitions in that ASOP, *Introductory Actuarial Standard of Practice*, "are intended to apply to all other ASOPs ... unless the ASOP includes a specific definition of the term."¹

This means that it is important for you to have a good working understanding of the terms defined in ASOP No. 1, as they may be used differently in ASOPs from how they are commonly used.

Three of the most important terms defined in ASOP No. 1 are the modal verbs "must," "should," and "may," which are used throughout the ASOPs. When you consider that ASOPs are binding upon actuaries and that failure to comply with an applicable ASOP results in a breach of the Code of Professional Conduct that may subject an actuary to the profession's counseling and discipline process,² it becomes clear that you need to know exactly what these small words mean in the context of the ASOPs, because they can have huge professionalism implications.

"Must" and "should" are discussed together in ASOP No. 1. If an ASOP states that an actuary "must" do something, it means that the Actuarial Standards Board (ASB) "does not anticipate that the actuary will have any reasonable alternative but to follow a particular course of action."³ Because the ASOPs are "principles-based and do not attempt to dictate every step and decision in actuarial assignment,"⁴ it should come as no surprise that the ASB rarely inserts "must" into ASOPs.

The use of the term "should" is far more common. ASOP No. 1 establishes that "should" indicates "what is normally the appropriate practice for an actuary to follow when rendering actuarial services."⁵

ASOP No. 1 clarifies that "should" is intended to create space for the actuary to exercise professional judgment. Even where an ASOP states that an actuary "should" undertake a certain action, ASOP No. 1 recognizes that "[s]ituations may arise where the actuary applies professional judgment and concludes that complying with this practice would be inappropriate, given the nature and purpose of the assignment and the principal's needs, or that under the circumstances it would not be reasonable or practical to follow the practice."⁶

If you use your professional judgment and decide not to follow a course of action that an ASOP says you "must" or "should" do, you are responsible for explaining your actions. Failure to take an action that an ASOP says you "must" or "should" do "constitutes a deviation from the guidance of the ASOP." ASOP No. 1 directs the actuary deviating from the guidance to ASOP No. 41, *Actuarial Communications*, which states that "the actuary can still comply with that ASOP by providing an appropriate statement in the actuarial communication with respect to the nature, rationale, and effect of such deviation."⁷ ASB Chairperson Maryellen Coggins summed up the professionalism implications of ASOP No. 1's guidance in this way: "The ASOPs trust the judgment of qualified actuaries even as they require reasoned explanations for deviations from the standards."⁸

ASOP No. 1 also provides specific guidance on the term "should consider," which is commonly used in ASOPs to describe actions the actuary should think about doing. ASOP No. 1 clarifies that, if "after consideration, in the actuary's professional judgment, an action is not appropriate, the action is not required and failure to take the action is not a deviation from guidance in the standard."

The use of "may" in the standards is also discussed in ASOP No. 1, which notes that "may" is often used "when providing examples (for example, factors the actuary may consider; methods that may be appropriate)."⁹ When "may" is used in an ASOP, the course of action described "is one that would be considered reasonable and appropriate in many circumstances," but it "is not intended to indicate that a course of action is reasonable and appropriate in all circumstances, nor to imply that alternative courses of action are impermissible."¹⁰ The definition of "may" supports the overall objective of the ASOPs, which is "to provide the actuary with an analytical framework for exercising professional judgment, and identify the factors that the actuary typically should consider when rendering a particular type of actuarial service."¹¹

The ASOPs help to protect the public by defining what constitutes appropriate practice. Understanding the definitions and professionalism implications of "must," "should," and "may" in ASOP No. 1 will help you to satisfy all of standards of practice that apply to your work and, thereby, also help you to achieve this broader purpose. ▲

Footnotes

¹ ASOP No. 1, Section 2

² ASOP No. 1, Section 4.1

³ ASOP No. 1, Section 2.1(a)

⁴ ASOP No. 1, Section 3.1.4

⁵ ASOP No. 1, Section 2.1(a)

⁶ ASOP No. 1, Section 2.1(a)

⁷ ASOP No. 41, Section 4.4

⁸ [Professionalism Counts, August 2016](#)

⁹ ASOP No. 1, section 2.1(b)

¹⁰ ASOP No. 1, section 2.1(b)

¹¹ ASOP No. 1, Section 3.1.4

NEW Academy Members

IN THE FIRST HALF OF 2017, the Academy welcomed 443 new members, up from 414 for the same period last year. The new members' average age is just below 30, and a third are women.

The majority of the new members, 309 (nearly 70 percent), are employed by an insurance organization or organizations serving the insurance industry, while 125 (28 percent) are consulting actuaries. Six identified as miscellaneous, university, or other.

Health was the most popular area of practice (184), followed by casualty (106), life (95), pension (40), and risk management (3), while 13 listed other. Two members did not identify a practice area.

Jedidiah J. Abell	Luke E. Bunchkowski	Michael R. Davis	Eric M. Fournier	Matthew D. Hester
Juan M. Acosta	Natalie S. Buratti	Marie Grace J. Dayag	Cesar O. Franco	Clair K. Hilliard
Bradley A. Adams	Alex P. Butensky	Roleen De Ono	Nicole Frey	Sean S. Hilton
Chelsea B. Adler	William D. Bywaters	Zachary J. Deidesheimer	Curtis Friedrich	Adelaide M. Hopkins
Stacy H. Albrecht	Sean T. Cahill	Earon M. Denovchek	Christopher A. Fuller	Jonathan P. Hopkins
Nicholas E. Alicea	Jay M. Call	Hannah R. Deutsch	Mary L. Gabe	Elizabeth M. Horstmeier
Jonathan R. Almagro	Zachary R. Campbell	Ruixuan Ding	Lukasz A. Garbacz	Rebecca A. Howarth
Corinne E. Anderson	Amy C. Carlson	Matthew A. Dinkel	Joshua J. Garcia	Jenna Howell
Kevin M. Anderson	Caitlin C. Carney	Alexander S. Dinsmoor	Amy T. Garrow	Jonathan Hsiao
Kyle R. Anderson	Rodrigo R. Casas Itt	Joshua Dion	Matthew P. Gatsch	Allen K. Huang
Andrew L. Azeredo	Elizabeth Casazza	Brendon Donahue	Taylor J. Gehrke	Jordan Huckaby
Devon L. Bagwell	Sam R. Cayemberg	Laura N. Donnelly	Amanda L. Gerardi	John D. Hull
Lauren M. Bahun	Vivian Chang	Ariel A. Dowski	Anthony M. Gisonda	Joseph D. Hunt
Kirby R. Baker	Tina M. Chao	Dustin W. Duncan	Stephen Giusti	Christopher J. Hunter
Shawn Balthazar	Han Chen	David A. Dunlap	Kevin Goldsmith	Phil Joon Hur
James Z. Bao	Kaidan A. Chen	Matthew W. Dunlap	Kyle R. Goplin	Elizabeth M. Janssen
Pauline L. Bao	Minlei Chen	Christina L. Dussault	Austin D. Graber	Christa M. Jaskir
Sonia B. Barlet	Wenhong Chen	John D. Dwyer	James A. Graves	Michael P. Johnell
Christopher P. Barnett	Yining Chen	Jennifer N. Dyer	Jean-Francois Greeff	Meghan R. Jones
Timothy L. Barnett	Wing Chi Eugenie Cheng	Jennifer M. Dyson	Corey M. Grigg	Philip D. Jones
Katelyn V. Barton	John Cheung	Alexandra J. Elg	Jonathan B. Griglack	Ryan W. Jones
Laura E. Bass	Derek A. Chin	Travis A. England	Thomas J. Grivakis	Brenna K. Judd
Nicole L. Bazak	Jason T. Christiansen	Michael T. Erd	Beth A. Grumm	Matthew S. Judd
Bradley C. Becker	Jesse W. Christmann	Michael S. Erickson	Daniel P. Grundman	Jason Kane
Andrew J. Berger	Michael J. Cimba	Michael A. Esser	Mark E. Guajardo	Austin Kang
Matt B. Bernstein	Tanen A. Clark	Heather E. Fantz	Nicholas J. Gurgone	Tracy L. Kapicak
Matthew Y. Berry	Frederick R. Colclough	Corlan O. Fawcett	Megan M. Hagner	Joshua B. Kaplan
Israel Bichachi	Helen M. Colterman	Natasha Fee	Kevin Hanekamp	Zachary E. Kassmeyer
Robert J. Blasch	Benjamin A. Conrad	Andrew J. Fendler	Sean P. Hanratty	Emma G. Kattman
Nicholas S. Blaubach	Bryce T. Cook	Kristin M. Ferguson	Michael T. Harbour	Timothy R. Keller
Michael S. Bochner	Christopher Cortner	Rogelio J. Figueroa	Erin N. Hartland	Nancy A. Kelley
Michael J. Boehm	Aaron Courtney	Erik J. Fingar	Thomas K. Hartman	Stephen J. Kemp
Jared M. Braud	Ryan J. Crawford	Katherine Finnicum	Anne M. Harvey	Kimberly A. Kerivan
Anthony D. Bredel	Nicholas D. Crifasi	Vincent J. Fiorica	Brian J. Haswell	Corey M. Kientoff
Lauren E. Brooks	Jillian D. Cudak	Robert A. Fisette	Joseph Hathaway	Nicholas L. Kingsley
Will C. Brown	Charles J. Cullen	Phillip S. Floyd	Christian D. Hauprich	Joshua B. Kinshella
William D. Bryan	Sinead M. Cummins	Tyler R. Fondrk	Minyu He	Yitong Klausz
Gregory R. Buckland	Emily G. Curtis	Meiching Fong	Yuanli He	Kelly L. Klein
Jeremy J. Buffone	Kyle E. Davis	Thomas M. Foster	Derek A. Henning	Lindi M. Knock

CONTINUED ON PAGE 8

CONTINUED FROM PAGE 7

Jess R. Kober	Matthew D. McMahan	Deon G. Pettiford	Courtney M. Sibert	Lisa Wang
Kristian Konstantinov	Troy Alan Meadows	Felix G. Peysakhovich	Karen E. Simmons	Stanley Wang
Mark J. Koransky	Gideon J. Medley	Rami J. Pinchevsky	Michael J. Slezewick	Yaoyan Elaine Wang
Allen Kraft	William A. Meijer	Jack A. Pipa	Michael Sliozberg	Adam J. Weeks
Taylor Krebsbach	Jordan D. Miller	Evan R. Pollock	Vinti Sondhi	Matthew M. Weiss
Nicholas S. Krienke	Laura A. Miller	Zachary J. Pollock	Stephen L. Sorensen	Philip R. Welford
Michelle L. Kuchler	Travis A. Miller	Timothy C. Poole	Kirsten N. Soucek	Carrie West
Patrick G. Kurkiewicz	Rebecca R. Millier	Franklin R. Price	Timothy R. Speckman Jr.	Andrew D. Whaley
Derek C. Lafferty	Jared Minetola	Daniel R. Prospect	Gregory R. Spindell	Michael J. Whittle
Brigid Lally	Sunanda Mishra	Emily L. Puntenney	Phillip V. Spolarich	Hannah L. Wickard
Zachary B. Lamers	Kevin M. Monte	Zachary Raicik	Matthew P. Staback	Benjamin H. Wilson
Youting Lan	Derek A. Montgomery	Rana P. Rathore	Shannon R. Stadther	Carolyn A. Wise
Hio Lam Lao	Justin S. Morrey	Robert Recker	Michael Stahl	Jeffrey Ryan Wittcoff
Kenneth R. Laskowski	Amanda L. Morrison	Kelsey Reinhard	Carolyn J. Stanley	Gabriel Wittenberg
Nicholas A. LeClaire	Michael W. Mortenson	Michael T. Reis	Daniel J. Steffensmeier	Jason A. Wix
Hae Chang Lee	Thomas D. Mottola	David W. Ren	Kyle B. Stolarz	Chay Zane Wong
Mary E. Lee	Zachary R. Mower	Paul J. Richeson	Matthew R. Strassberg	Jeffrey J. Wong
Christopher Lekawa	Mark D. Mulhearn	Stephen P. Righini	Marla E. Strykowski	Nicholas R. Wong
Florida V. Levidiotis	Amber J. Mullee	Patrick E. Ring	Richard Teng Sum Chin	Victor K. Wong
Alexander S. Levine	John D. Munro	Gabriel Rivera	Jae H. Sung	Janghyeon Woo
Andrew Lewis	Katherine L. Murphy	Bryce T. Robey	Sharon Sutin	Julie M. Wood
Ling S. Lewis	Kyle J. Murphy	Brian L. Rock	Stacey L. Sutts	Steven Wu
Keshan Li	Michael J. Murphy	John Rowland	Andrew B. Switzer	Alexander Xie
Ruiqi Li	Kristina L. Muscalino	Dana Jo Royal	Fallon M. Swope	Siyuan Xie
Xiong Li	Kazuhiko Nagai	Laura Ruedinger	Alexandra Taggart	Tianzi Xie
Xuan Li	Alexander P. Nahoum	Matthew J. Sampogna	Shaun A. Talbot	Andrew Yagnatovsky
Jonathan Lim	Andrew J. Newbill	Philip N. Sandager	Deepti Tammareddi	Yu Yan
Scott R. Litow	Buddy Niece	Jonathan M. Schaab	Ghee Zheng Tan	Yun Yang
Daiyi Liu	Lauren B. Nieson	Kevin L. Schiedler	Jonathan D. Taylor	Mingzhen Yao
Gang Liu	Gao Niu	Alexander Schmid	Justin T. Teal	Lihua Ye
Shuaiqing Liu	Erin T. O'Connor	Brooke E. Schmitz	Kye Li Tee	Joanne J. Yearwood
Weiyang Liu	Brent Osantowski	Robert S. Schriver	Rebecca J. Trautman	Zuway Yeh
David O. Lovit	Julia P. Osborn	Samuel L. Schulman	Stewart Trego	Kathryn S. Yerry
Stephen J. Lowe	Qin Ouyang	Eric B. Schumann	Kimberly M. Treiss	Ziling Yong
Scott W. Lucarelli	Alexander A. Pacelli	Dashiell Schwartz	Diane Truong Wanger	Myung W. Yoo
Christopher R. Ludwiczak	Jeremy Pachtinger	Richard L. Schwartz	Mary D. Turner	Boyang Yu
Ryan J. Lutz	Joel E. Pagano	Harry Schwarz	Michael P. Turner	Yuan Yuan
Thomas A. Lyle	Chieh Pan	Geoffrey S. Seibel	Jasveet K. Uppal	Christopher R. Zajeski
Thomas F. Lynch	James H. Panning	Junga Seo	Nicholas J. Valentas	Kerri L. Zakrzewski
Jolie L. Ma	Robert A. Parada	David J. Sexton	Peter T. van Laarhoven	Anela K. Zeco
Ryan M. Mabry	Young K. Park	Ka Man Sham	Melinda Vasecka	Jianming Zhang
Roy Machamire	Yevgen Pasternak	Benjamin W. Shea	Daniel J. Voaden	Ningning N. Zhang
Christian M. Madridejos	Harmit A. Patel	Austin J. Sheehan	Ryan A. Voll	Shuo Zhang
Michael Mancuso	Krishna V. Patel	Christian R. Shepley	William A. Wade	Weiwei Zheng
Michael A. Manos	Gretchen E. Paulson	Dmitriy Sherman	Christopher B. Walendin	Yanming Zheng
Susan N. Mason	Joseph R. Pelle	Walter Sherman	Michael J. Walerius	Shan Zhu
Maureen E. McClain	Lindsey J. Peniston	Fang Shi	Kacy B. Wallace	Rong Zhuang
Clayton E. McFerran	Alan Percal	Richard P. Shrewsbury III	Dapeng Wang	Joel J. Zwygart
Quinn L. McGinnis	Nicole M. Perilstein	Mickelle D. Shults	Dickson Wang	
Sydney L. McIndoo	Jordan A. Pettibon	Derek M. Shupe	Huiwen Wang	



Casualty Practice Council Comments on Proposed Changes to Flood Insurance Program

THE CASUALTY Practice Council [sent a letter](#) Aug. 23 to the U.S. Senate Committee on Banking, Housing, and Urban Affairs urging reauthorization and reform of the National Flood Insurance Program (NFIP), which is set to expire at the end of September.

A separate [letter sent to House leadership](#) in late August noted that Hurricane Harvey, which has caused widespread flooding in Houston and the Gulf Coast region, has brought into sharper focus the importance of the NFIP.

“From a public interest standpoint, there are two essential tasks facing lawmakers: first, renewing the program before a lapse causes disruptions; and second, improving the flood insurance framework and not just extending it in its current form,” [said Rade Musulin](#), the Academy’s vice president, casualty.

The letter, which follows the Flood Insurance Committee’s [NFIP monograph](#) released in April, urges consideration of NFIP improvements that:

▲ Encourage growth of the private flood insurance market by

making clear that private market insurance will satisfy mortgage lending requirements and by sharing NFIP historical flood loss data with private insurers.

- ▲ Protect against the creation of artificial price disparities between the NFIP and privately issued policies.
- ▲ Realistically address the NFIP’s \$24.6 billion debt (pre-Harvey) and the need to plan financially to manage future losses from mega-storms.
- ▲ Take steps to reduce future storm damage through expanded risk mitigation.
- ▲ Modernize flood mapping to reflect technological improvements and current insurance practices.
- ▲ Account for special conditions and observed differences affecting urban multifamily properties and repetitive loss properties.
- ▲ Anticipate the physical effects of rising sea level and its likely financial impact on the NFIP, particularly with regard to how the NFIP informs building code and land use decisions. ▲

Be Ready for Opinion Season: Registration Open for P/C Loss Reserves Seminar

REGISTRATION IS OPEN for the [2017 Seminar on Effective P/C Loss Reserve Opinions](#). This two-day seminar, Dec. 7–8 in Chicago, will prepare you for opinion season by enhancing your expertise on the latest regulations with reviews of actuarial qualification standards and interactive case studies. [Register today](#). ▲

HEALTH BRIEFS

- ➔ **Derek Skoog** joined the Medicare Subcommittee.
- ➔ **Yekaterina Bogush** joined the Medicaid Subcommittee.
- ➔ **Ken Avner, Daniel Becker, David Berry, Brad Dirks, Matt Judd, Shuaiqing Liu, Cathy Quock, Josh Reinstein**, and **Nilabh Sanat** joined the Health Care Delivery Committee.

EARN CE.
ACQUIRE NEW SKILLS.

DECEMBER

Effective P/C Loss Reserve Opinions Seminar

DEC. 7–8, 2017 | CHICAGO

Deepen your expertise on the latest standards necessary for preparing or signing statements of actuarial opinion on P/C loss reserves for NAIC annual statements.

ACADEMY SEMINAR

Register Today.
www.actuary.org/calendar


AMERICAN ACADEMY OF ACTUARIES
Objective. Independent. Effective.™



Work Group Submits Comment Letter to LATF on Exposed VM-20 APF

THE LIFE RESERVES WORK Group (LRWG) submitted a [comment letter](#) to the NAIC’s Life Actuarial Task Force (LATF) on term insurance riders regarding VM Maintenance Agenda Item 2017-40.

The work group proposed to LATF that the term rider be separated from the base policy if three conditions are present: the terms of the base policy are not modified by the rider; the terms of the rider are not modified by the base policy; and the term insurance rider has a separately identified premium.

If the term rider does not meet at least one of the three conditions, then the term rider must be treated as part of the base contract, and the term rider and base policy should both follow the same reserve calculation requirements as the base

contract, since the two can’t be separated, and a separate reserve for each can’t be determined, the LWRG wrote. ▲

LIFE BRIEFS

- ➔ **Brian Wagner** joined the AG 43/C3 Phase II Work Group.
- ➔ **Ben Slutsker** is chairperson of the new PBR Assumption Resource Manual Work Group, and the following actuaries are members of the committee: **Arnold Dicke, Mary Bahna-Nolan, Mike Boerner, Donna Claire, Brandon Dwyer, Jennifer Frasier, Rachel Hemphill, Steve Krupa, Chanho Lee, Michael McCarty, Mike Santore, Lorne Schinbein, Martin Snow,** and **Brad Tucci.**

Annual Meeting, continued from page 1

political landscape means for major policy issues like retirement, health care, public programs, and financial and insurance regulation.

[Agenda highlights](#) and more details are available on the Academy’s website, including information about [keynote and plenary speakers](#). CE credit, including professionalism credit, is available in many sessions—look for additional

details in September on breakout sessions and speakers.

Shakespeare Theatre Company to Provide Dinner Entertainment

In addition to the policy and professionalism program at the Annual Meeting, the Nov. 14 dinner promises to be an evening of lively entertainment, with performances by the renowned Shakespeare

Theatre Company. Throughout dinner and closing with an after-dinner finale, a troupe of company actors will entertain and engage attendees with comedic and dramatic monologues and scenes drawn from the vast treasury of Shakespeare’s work. Don’t miss the escapades, surprises, and fun that this critically acclaimed theatre troupe is planning for attendees. ▲



Shakespeare Theatre Co.



Webinar Looks at Insurance Capital Standards

IN THE ACADEMY'S Aug. 23 webinar, "[International Insurance Regulatory Developments—An Update on the IAIS Insurance Capital Standard](#)," the NAIC's Ned Tyrrell looked at recent developments in the International Association of Insurance Supervisors' (IAIS) ongoing efforts to develop an international insurance capital standard (ICS).

Tyrrell, NAIC's international technical policy advisor and a member of the IAIS Capital Solvency and Field Testing Working Group, noted that there has been incremental development, leading to this summer's release of ICS version 1.0.

The webinar, moderated by Solvency Committee Chairperson Elizabeth Brill, was part of the [Capitol Forum Lunchtime Guest Webinar Series](#), and the third to focus on ICS. [Slides and audio](#) are available on the Academy's website.

"We find new issues all the time," Tyrrell said. "It takes time to get a capital

standard that makes sense, particularly when you're dealing with many different kinds of insurance products in many different insurance markets."

He highlighted a presentation slide that stated "the ultimate goal of a single ICS will include a common methodology" by which one ICS achieves comparable outcomes across jurisdictions. More work will "lead to improved convergence over time on the key elements of the ICS towards the ultimate goal ... [and] key elements include valuation, capital resources, and capital requirements."

ICS 1.0 has been in "extended field testing," Tyrrell said, adding that some important items have not been decided yet. As development progresses, there will be an ICS version 2.0, which may involve alternate methods of calculation, he said. In response to an attendee's question, he said that improving the data the IAIS gets will help lead to a better overall standard. ▲

FRC Comments on Proposed Amendments to Auditor's Use of the Work of Specialists

THE FINANCIAL REPORTING Committee (FRC) [submitted comments](#) to the Public Company Accounting Oversight Board on its proposed amendments to auditing standards for an auditor's use of the work of specialists.

The FRC noted that the current version of the document incorporates many of the comments the committee made to the document "Staff Consultation Paper No.2015-01: The Auditor's Use of the Work of Specialists" in May 2015.

The letter said that in the process of an auditor's evaluation of the methods and assumptions used by a specialist, an auditor will not have the same type or depth of expertise as the specialist, unless employing or engaging its own specialist, and that the description of what it means for the auditor to perform this evaluation should make clear the intent of the auditor's evaluation. ▲



Two Webinars to Explore IFRS 17—Insurance Contracts

Two September webinars will dive into International Financial Reporting Standard (IFRS) 17—*Insurance Contracts*, recently issued by the International Accounting Standards Board and effective Jan. 1, 2021. The [Sept. 19 webinar](#) will focus on long-duration contracts, while the [Sept. 25 webinar](#) will look at short-duration contracts. Both webinars will deliver an in-depth look at this standard, who will be affected, and what it does. ▲

RISK MANAGEMENT BRIEFS

- ➔ **Dorothy Andrews** is vice chairperson of the Big Data Task Force.
- ➔ **Jason Von Bergen** joined the Big Data Task Force.
- ➔ **Li Cheng** joined the Solvency Committee.
- ➔ **Doug Van Dam** is chairperson of the new IFRS 17 Work Group, and the following are members: **Rowen Bell, Ralph Blanchard, Katie Cantor, Rodrigo Careaga, Dawn Fowle, Laura Gray, Sam Gutterman, William Hines, Bill Horbatt, Adam Kallin, Laurel Kastrop, Gareth Kennedy, Darrell Knapp, Mike Lockerman, Angie Matthews, Marc Oberholtzer, Bill Odell, Lela Patrik, Lenny Reback, Craig Reynolds, Jeff Schlinso, Henry Siegel, Lisa Slotznick, and Darin Zimmerman.**



Actuarial Update

COMMUNICATIONS REVIEW COMMITTEE

Tom Campbell, Chairperson
Steve Alpert
Bob Beuerlein
Bill Hallmark
Jeff Johnson
Rade Musulin
Jeffrey Schlinsog
Shari Westerfield
Tom Wildsmith
Joeff Williams

EDITOR

Michael G. Malloy

ASSISTANT DIRECTOR OF COMMUNICATIONS | PUBLICATIONS

Eric P. Harding

DESIGN AND PRODUCTION

[BonoTom Studio Inc.](#)

DESIGNER

Christopher Specht

PUBLICATIONS AND MARKETING

PRODUCTION MANAGER

Laurie Young

American Academy of Actuaries

PRESIDENT

Bob Beuerlein

PRESIDENT-ELECT

Steve Alpert

SECRETARY-TREASURER

Tom Campbell

VICE PRESIDENTS

Bill Hallmark
Jeff Johnson
Rade Musulin
Jeffrey Schlinsog
Shari Westerfield
Joeff Williams

EXECUTIVE DIRECTOR

Mary Downs

DIRECTOR OF COMMUNICATIONS

David J. Nolan

EXECUTIVE OFFICE

The American Academy of Actuaries
1850 M Street NW
Suite 300
Washington, DC 20036
Phone 202-223-8196
Fax 202-872-1948
www.actuary.org

Statements of fact and opinion in this publication, including editorials and letters to the editor, are made on the responsibility of the authors alone and do not necessarily imply or represent the position of the American Academy of Actuaries, the editors, or the members of the Academy.

©2017 The American Academy of Actuaries. All rights reserved.

Pension Committee Comments to Congress on Incentives for Annuities

THE PENSION COMMITTEE sent a [comment letter](#) to Rep. Devin Nunes (R-Calif.) regarding incentives to provide annuity payouts from qualified plans.

The committee notes that failure to set aside sufficient resources for use in retirement is a common problem in retirement planning—exacerbated when the retiree lives beyond his or her life expectancy. An annuity provides retirees with guaranteed income for life, so the committee supports efforts to provide incentives for retirees to choose these vehicles. In particular, the committee offers two suggestions that Congress may wish to consider as it examines proposals made in The Retirement Security Needs Lifetime Pay Act of 2009:

1. It would be most equitable if all money from qualified plans were treated equally—specifically, if the tax incentive for annuities purchased from defined contribution plans and individual retirement accounts were extended to also include defined benefit plans; and
2. Consider making the cap on the tax incentive the same for both qualified and nonqualified annuities.

The letter concludes: “Any proposal to ensure adequate retirement security should seek to make defined benefit plans more attractive to employers and participants, rather than decreasing their efficiency at providing retirement income to participants.” ▲

Intersector Group Releases Meeting Notes With PBGC and Treasury, IRS

THE INTERSECTOR GROUP released the notes of its May meetings with the [Pension Benefit Guaranty Corporation](#) (PBGC), and the [Treasury Department and the IRS](#).

The Intersector Group—with representatives of the Academy, the Society of Actuaries, the

Conference of Consulting Actuaries, and the ASPPA College of Pension Actuaries—meets twice a year with representatives of the IRS/Treasury Department and with the PBGC to discuss regulatory and other issues affecting pension practice. ▲

PROFESSIONALISM WEBINAR:

The Great Assumptions Debate

Assumptions lie at the heart of actuarial work. Late last year, the Actuarial Standards Board (ASB) approved an exposure draft of a proposed actuarial standard of practice (ASOP) that would provide guidance to actuaries setting assumptions. Join us for “The Great Assumptions Debate,” a webinar that will examine key issues raised in comment letters during the exposure process. Speakers include ASB member Barbara Snyder, ASB Assumptions Task Force Chairperson Maria Sarli, and ASB General Committee member Ralph Blanchard. Attendees will have the opportunity to earn up to 1.8 continuing education (CE) credits and JBEA CPE credits.

Oct. 26, 2017; Noon–1:30 p.m. EDT
Register today; www.actuary.org