

Going Virtual—The Academy Is Bringing the Annual Meeting and Public Policy Forum to You

THE “FOREMOST actuarial meeting on public policy” is coming directly to you. After much discussion, the Academy has decided it is in the best interests of our attendees to offer our 2020 [Annual Meeting and Public Policy Forum](#) as a virtual event. We are confident, as we commit to providing our virtual meeting, that you will have an engaging online experience that delivers the highest-quality content in a format that’s safe, efficient, and easy for your participation—and now, exceptionally cost-effective. **We’ve lowered registration fees by 50% off the original published rates for this year’s meeting.** Daily and Group registration is also available.

Our virtual event will still be held Nov. 5–6. It will feature truly topical keynote addresses that

explore the results of the national election—held days before—and possible consequences: Day 1 will start with Charlie Cook of the *Cook Political Report*; Day 2 will start with noted presidential historian and author Michael Beschloss. As always, the Annual Meeting includes practice-specific breakout sessions that offer depth and expertise not easily found elsewhere; plenary sessions that provide perspective on cross-practice issues and insights on top public policy and professionalism issues—and a chance to earn valuable continuing education (CE) credit, including professionalism CE credit. See the practice-area breakout session lineup [here](#), and the full agenda [here](#).

The meeting is also your annual opportunity to virtually celebrate



and honor this year’s recipients of the Academy’s 2020 service and volunteerism awards and the transition of Academy presidential leadership. It’s never been easier to attend—[register today](#) and join us in November. ▲

Professionalism Webinar—‘In Times of Uncertainty, Professionalism Is Certain’

MORE THAN 2,000 PEOPLE attended the Academy’s Aug. 20 professionalism webinar, “[In Times of Uncertainty, Professionalism Is Certain](#).”

Presenters—Academy past presidents Shawna Ackerman, Bob Beuerlein, Tom Terry, and Tom Wildsmith, and past Actuarial Standards Board chairperson and president-elect nominee Maryellen Coggins—took a look at the Code of Professional Conduct through the lens of the uncertainty surrounding the COVID-19 pandemic and the global economic slowdown. Academy President D. Joeff Williams moderated.

They set the stage by discussing the uncertainty currently facing actuaries in each practice area, the resilience of the Code, and the tools actuaries have to manage risk. “The Code is an excellent foundation to give the practicing actuary

support in times of uncertainty,” Williams said.

Terry noted this is not the first time that the actuarial

profession has faced a national crisis; in fact, the current Code was adopted after the “dot-com” bubble burst in the early 2000s. Other moments of great uncertainty were precipitated by 9/11, and later the Great Recession. “Our professionalism infrastructure was exactly built for times like this,” he said. “People can look to actuaries for a degree of certainty in the face of all the uncertainty we’ve been talking about.”

Ackerman spoke to Precept 1 of the Code, professional integrity. “The key aspect of fulfilling our responsibility to the public is, quite simply, do good

work,” she said. “Part of the reason Precept 1 is so often cited in alleged violations and the subject of nearly half



Williams

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‘Professionalism Counts’—Applicability Guidelines

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Coming in September—Health Equity Webinar

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Capitol Forum Webinar Looks at Social Security

2020

SEPTEMBER

14 Health Capitol Forum webinar: [“Exploring Health Equity in a Time of COVID-19 and Beyond”](#)

14–17 [Virtual PBR Boot Camp](#)

15–17 [Virtual Casualty Loss Reserve Seminar & Workshops \(CLRS\)](#)

17 Health/Pension Webinar: [“ASOP No. 6 Practice Note”](#)

NOVEMBER

5–6 [Annual Meeting and Public Policy Forum](#) (virtual event)

9–12 [Life and Health Qualifications Seminar](#) (virtual event)

DECEMBER

9–10 & 14–15 Seminar on Effective P/C Loss Reserve Opinions (virtual event; registration opening soon)

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

Review Your Membership Profile

To continue receiving *Actuarial Update*, *Contingencies*, and other Academy publications on time, please make sure the Academy has your correct contact information. Academy members can update their member profile, subscribe to Academy alerts, pay their dues, and review archived professionalism and public policy webinars at the [member login page](#).

Academy NEWS Briefs

Volunteer Survey Draws Large Response

NEARLY 400 MEMBERS participated in the Academy’s annual volunteer survey this month, which members use to indicate their interest in volunteering for an Academy committee.

By the end of the year, volunteer leadership and staff will contact survey participants whose skills and interests meet a committee’s needs. Volunteers are essential to the Academy’s work—many thanks to all who completed the survey. ▲



In Two Weeks: Virtual PBR Boot Camp

THE ACADEMY’S [Virtual PBR Boot Camp](#) is just two weeks away. Participants will benefit from the depth of experience of the presenters for this highly regarded seminar and will have the opportunity to earn valuable continuing education credit, all in a convenient format. The program will provide you with the knowledge you need to understand PBR requirements and to effectively operate within the now fully implemented PBR framework. Visit the [PBR Boot Camp website](#) to learn more about the Sept. 14–17 event. Daily and group rates are available—[register today](#). ▲

‘Actuary Voices’ Podcast Features Life VP Laura Hanson



THE ACADEMY’S LATEST “[Actuary Voices](#)” podcast is an interesting and wide-ranging conversation with Academy Life Vice President Laura Hanson, who took the VP position last November and will hold the post through November 2021. She talked about her experience with unconscious bias, how art influenced her career, and how the profession can continue to grow with new actuaries.



Recently Released

THE SUMMER [Life Perspectives](#) showcases the Academy’s Virtual PBR Boot Camp, set for Sept. 14–17; highlights the life practice-area sessions for the Academy’s Annual Meeting and Public Policy Forum in November; and reports on recent life-related legislative and regulatory activity.

The Spring/Summer [ASB Boxscore](#) covers revisions to ASOPs No. 27 and No. 35, which are effective for actuarial reports issued on or after Aug. 1, 2021. It also covers the Actuarial Standards Board’s revision of ASOP No. 32, *Social Insurance*, which underwent two exposure periods and received eight comments, and is effective for work commenced on or after Sept. 1, 2021. ▲

LIFE PERSPECTIVES

Academy NEWS

Online Election of Academy Regular Directors Ends Sept. 4

A REMINDER THAT the two-week online voting period for Academy regular directors runs through Friday, Sept. 4. Members should have received an Aug. 7 email from our election vendor, Intelliscan (academy2020@intelliscaninc.net); those without an email address should have received their ballots by regular mail. If you need help with or have questions about your

ballot, send an email to Keith Wier (kwier@intelliscaninc.com).

The nominees are [Margaret Berger](#), [Chris Carlson](#), [Jason Russell](#), and [Pete Weber](#). We encourage members to take part in electing the newest leaders of the Academy who will help us fulfill our mission to serve the public and the U.S. actuarial profession. Visit the Academy's [Board Election Center](#) for more information. ▲



Now Virtual—Life and Health Qualifications Seminar

THE ACADEMY'S LIFE and Health Qualifications Seminar is a highly engaging basic and continuing education offering for those seeking qualification requirements to sign statutory statements of actuarial opinion for NAIC life and health filings. With expert faculty, up-to-the-minute study materials, and opportunities for case

studies, this opportunity is coming to you virtually this year. Join us in November for an engaging online experience that delivers the highest quality content in a format that's safe, efficient, and easy for your participation—and now at a lower rate for Academy members.

You'll also have the opportunity to take the optional exam if you

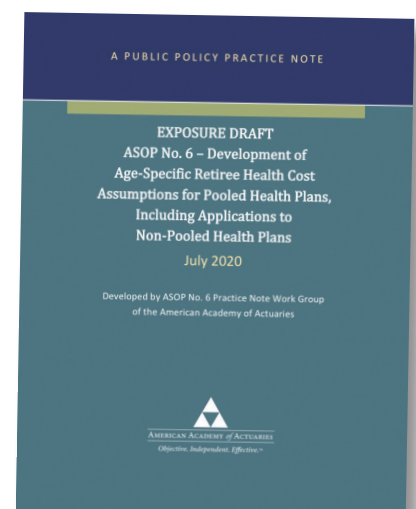
need to obtain the basic education requirements of Section 3 of the U.S. Qualification Standards to issue actuarial opinions for the NAIC Life or Health Annual Statements. Continuing education (CE) credit is available—earn up to 27 hours of CE credit, including up to 2.7 professionalism hours. Join us for the Nov. 9–12 virtual event. [Register today.](#) ▲

Health/Pension Webinar From ASOP No. 6 Practice Note Work Group Set for September

JOIN THE ACADEMY IN SEPTEMBER for a public policy work group webinar, “[Practice Note on ASOP No. 6: A Discussion of the Exposure Draft](#).” The webinar provides the work group's perspectives on the ASB's July exposure draft of a practice note on ASOP No. 6, [Development of Age-Specific Retiree Health Cost Assumptions for Pooled Health Plans, Including Applications to Non-Pooled Health Plans](#), to provide information for actuaries valuing retiree health benefit plans. The webinar will be held Sept. 17 from noon to 1:30 p.m. EDT.

The presenters who helped prepare the practice note—James Rizzo, chairperson of the ASOP No. 6 Practice Note Work Group; and work group members John Bartel; Colleen O'Malley Driscoll; Piotr Krekora; John Schubert; Jim Whelpley; and Dale Yamamoto—will provide their perspectives on the exposure draft, and there will be ample time for questions.

Please note: This is not a professionalism webinar sponsored by the Council on Professionalism or the Actuarial Standards Board, but rather a from-the-trenches public policy webinar designed to give attendees valuable information on this challenging area of practice. Continuing education credit will be available. [Register today.](#) ▲



Academy Presents at NAIC Virtual Summer Meeting

ACADEMY LEADERSHIP and volunteers presented at the NAIC's Virtual Summer 2020 National Meeting in late July and early August, including professionalism presentations to several NAIC task forces.

Immediate Past President Shawna Ackerman, Actuarial Standards Board (ASB) Chairperson Kathy Riley, and Actuarial



National Association of Insurance Commissioners

Board for Counseling and Discipline (ABCD) member Godfrey Perrott gave professionalism briefings to NAIC's Casualty Actuarial and Statistical (C) Task Force (CASTF), Life Actuarial (A) Task Force (LATF), and Health

Actuarial (B) Task Force (HATF). Their presentations included highlights of recent and upcoming Academy and ASB and ABCD activity, including the Aug. 20 professionalism webinar, "[In Times of Uncertainty, Professionalism is Certain](#)."

Practice-area presentations included:

- ▲ Lisa Slotznick, the Academy's vice president, casualty, and Kathy Odomirok, chairperson of the Academy's Committee on Property and Liability Financial Reporting, gave overviews to CASTF of recent Academy efforts on COVID-19 and related economic issues. Slotznick also outlined the Casualty Practice Council's engagement with Congress on a proposed Pandemic Risk Reinsurance Act and with the Government Accountability Office on potential cyber risk coverage under the Terrorism Risk Insurance Act.

- ▲ Individual and Small Group Markets Committee Chairperson

Barb Klever gave an update on Academy Health Practice Council activity to HATF, and the Academy's Long-Term Care (LTC) Valuation Work Group [gave a presentation](#) to NAIC's LTC Actuarial (B) Working Group.

- ▲ Life Practice Council (LPC) groups presenting to LATF included the Life Experience Committee Mortality Improvement Subgroup's [presentation on the 2020 Life MI Scale Recommendation](#); the PBR Governance Work Group's [update on Academy PBR resources](#); an update of the Yearly Renewable Term (YRT) Field Test led by the LPC's Jason Kehrborg; and an update from the Annuity Reserves Work Group Chairperson Ben Slutsker and Vice Chairperson John Miller.
- ▲ Steve Jackson, the Academy's assistant director for research (public policy), presented an overview of new Academy research requested by the ERM/ORSA Committee on responses to the NAIC Climate Risk Disclosure survey before the NAIC's Climate Risk and Resilience (C) Working Group.
- ▲ Lauren Cavanaugh, chairperson of the Academy's Property & Casualty Risk-Based Capital Committee and an Academy Board member, gave a status report to the NAIC's Property and Casualty Risk-Based Capital Working Group, describing several research projects that the Academy is doing at the request of the working group.
- ▲ Derek Skoog, chairperson of the Academy's Health Solvency Subcommittee, presented an update to the NAIC's Health Risk-based Capital Working Group regarding comment letters submitted on health bond factors and to address questions raised regarding investment income and the time horizon used in the development of the factors. ▲

Jackson Presents to NAIC on Scalars Project

STEVE JACKSON, the Academy's assistant director for research (public policy), presented the Academy's plan to produce a technical paper on a key element of aggregation methods applied to group capital on Aug. 12 at the NAIC's International Insurance Relations (G) Committee. Commissioner Gary Anderson (Wash.), chair of the committee, welcomed the project on scalars and indicated that he expected it to be very helpful to the NAIC both in its development of a group capital calculation, and in its dealings with the International Association of Insurance Supervisors (IAIS) as that body evaluates an aggregation method for comparability to the International Capital Standard.

The essential element of the aggregation method is that the required capital for each entity within a group, established by its regulatory authority, is the basic building block for



Jackson

the calculation of the group's required capital. However, if different jurisdictions set their required capital to different risk or safety levels, then some adjustment of the individual required capital is needed to bring them to a common level of safety. These adjustments are called scalars. As the Federal Reserve Board noted recently: "Scaling has not previously been the subject of academic research, and industry practitioners don't agree on the best methodology."

Jackson reported that it was the Academy's intention to produce a technical paper that begins to remedy this gap in academic research and, perhaps, provide a basis for practitioners to more closely agree. The paper is expected in the first half of 2021. This effort was undertaken as a result of Academy leadership's interactions with insurance commissioners since late 2019 and our desire to be helpful to the NAIC's own work on its group capital calculation. ▲



Member Spotlight

Susan Pantely

EACH MONTH, the Academy will introduce you to an actuary who shares a glimpse about their professional lives, as well as some insight into their personal lives. Visit the [member spotlight page](#) on the Academy's professionalism page. This month we profile Susan Pantely, a health actuary and chairperson of the Health Practice Council's Prescription Drug Work Group and a member of the Telehealth Work Group.

Why did you become an actuary?

I graduated college with a mathematics degree without a clear plan. Searching for a career, I saw an advertisement in the local paper for an actuarial analyst (listed under math or I may have never seen it!). I answered it and was offered the job.

I accepted the offer and after a few weeks realized that the combination of business and mathematics was not only challenging but fulfilling.

Describe a challenge you have overcome.

At a board meeting for my largest client, the board asked the director to leave the room and called me in. The director hired me and was my primary point of contact. I knew she had told the board her recommendation, which did not agree with mine. The board questioned me on my analysis and what I would recommend.

It was difficult to be placed between the board and the director. However, I explained objectively the analysis I had performed that led to my recommendations. The board

ultimately followed my recommendation. It did put tension in the relationship with my client; however, the director left several months after and I still have the client 20+ years later.

What do you enjoy the most about being an actuary?

I like solving problems that will help my clients and hopefully contribute to making health care more affordable in the future.

Share something about yourself.

I love to travel—I've been to all 50 states and 68 countries. I'm also a diehard Pittsburgh Steelers fan. I also enjoy wine-tasting and golf.

What advice would you share with young actuaries?

Be curious and ask questions. Learn to understand the analysis and interpret the results, rather than focusing only on formulas and coding.

IN THE NEWS

The [RetirementRevised.com](#) podcast, [Plan Sponsor](#), [Plan Adviser](#), and [InvestmentNews](#) reported on the Academy's Aug. 13 Capitol Forum webinar, "[Social Security Reform Options](#)," in which guest panelists offered their own perspectives on system reform options, financial challenges, and uncertainties introduced by the COVID-19 pandemic.

[North Carolina Health News](#) covered the Academy's April 28 [cross-practice webinar](#)

on the potential impacts of the COVID-19 pandemic and quoted Senior Health Fellow Cori Uccello on health care costs.

A subscriber-only [Life Annuity Specialist](#) story quoted Andy Ferris, member of the Data Science and Analytics Committee, on a new underwriting tool for life insurers. A separate story quoted Noel Abkemeier, co-chairperson of the Lifetime Income Risk Joint Committee, on variable-design products.

[Health Affairs Blog](#) reported on the 5th U.S. Circuit Court of Appeals' reversal

of a district court decision regarding a U.S. Department of Health and Human Services regulation on actuarially sound Medicaid payments to managed care organizations that had [mischaracterized the role of the Actuarial Standards Board](#).

A subscriber-only [A.M. Best](#) article quoted Assistant Director for Research (Public Policy) Steve Jackson on the Academy's analysis of the NAIC's annual climate risk disclosure survey.

Reporting on the NAIC's Accelerated Underwriting (A) Working Group's July 31 call,

[Lexology](#) and [Company News HQ](#) noted the Academy's input to the working group.

[Insurance Journal](#) and subscriber-only [Insurance ERM](#) reported on the [Actuaries Climate Index](#), jointly sponsored by the Academy and other actuarial organizations, which provides five-year average and seasonal measures of changes in extreme weather events and sea levels.

A [Next Avenue](#) retirement planning column pointed readers to the [Actuaries Longevity Illustrator](#) co-sponsored by the Academy as a useful resource. ▲





Ackerman



Beuerlein



Coggins



Terry



Wildsmith

the requests for guidance [the Actuarial Board for Counseling and Discipline receives] is because it's just fundamental and broadly encompasses professional ethical behavior—be honest, act with integrity, do your work with skill and care. These are broad directives that apply to all of our professional activities,” she added. Ackerman also discussed disclosures, conflict of interest, and confidentiality.

Examining competence and control of work product, Wildsmith said, “There are two things in this area an actuary can never do: We can't take on a job we're not competent to do properly and we can never allow our work to be misused to deceive the public. If we, as a profession, can't uphold these two basic ethical principles, there's no reason for the public to trust us.”

He discussed current challenges, such as being asked to take on new responsibilities in a downsizing organization, communicating the level of uncertainty in assumptions and results, and dealing with pressure to present results in a more positive light than may be appropriate.

Responding to a question about continuing education (CE) requirements

in 2020, Wildsmith said, “There are so many things that are changing that CE is more important now than it's ever been before. Keeping up to date with what's going on is so central to what we do, we can't just jettison it, cut corners, or catch up in 2021.”

Coggins turned to actuarial standards of practice (ASOPs), communications, and cooperation. She named three guiding principles in precepts 3, 4, 5, and 10: 1.) Actuaries must satisfy applicable actuarial standards of practice; 2.) Actuarial communications should be clear and appropriate to the intended audience; and 3.) Actuaries have a professional obligation to be courteous to, respectful of, and cooperative with other actuaries.

“These seem like very simple principles on their face, but when you consider each of the precepts in turn, you'll see that they provide a great framework for how we perform our actuarial services and work with others, particularly useful guidance given these times of uncertainty.”

Discussing the need for actuarial communications to be clear and appropriate for the intended audience, she said, “I would certainly recommend that you put

yourself in the shoes of your intended audience and use your professional judgment to consider what they need to know when relying on your results.”

Discussing counseling and discipline, Terry said that Precept 13 is an integral part of the Code. Monitoring other actuaries is perhaps the most difficult aspect of self-regulating profession, but it is of utmost importance, he said.

When Beuerlein asked whether we shouldn't be more lenient at this time of stress and uncertainty, Terry responded, “No. That's one of our key messages today—that there's one thing that's certain in this time of uncertainty, and that's professionalism. That's not to say that maybe I don't approach it a little bit differently. ... Perhaps there are unusual circumstances that are influencing the behavior or the work product that I'm not aware of. So no, we don't cut corners. ... We may bend in our interactions with each other, our clients, and our employers. But where we don't bend is with respect to our professionalism responsibilities.”

[Slides and audio](#) are available free to logged-in Academy members. ▲

Federal Reserve Seeking IPAC Members

THE FEDERAL RESERVE BOARD is soliciting statements of interest from individuals who wish to be considered for membership on the Insurance Policy Advisory Committee (IPAC). The IPAC provides information, advice, and recommendations to the Fed on international insurance capital standards and other insurance issues. Additional information about the selection process, including instructions for submitting a statement of interest, can be found in the Board's [Federal Register notice](#) and its [press release](#). The Fed will consider statements of interest submitted to IPAC@frb.gov by Monday, Sept. 14. ▲





Academy Continues Discussion on Diversity and Inclusion

ACADEMY IMMEDIATE PAST President Shawna Ackerman gave a virtual presentation as a participant in an Aug. 11 diversity and inclusion panel at the 2020 Actuarial Research Virtual Conference hosted by the University of Nebraska.

She described the Academy's role as the U.S. national actuarial profession and noted the Academy's ongoing support of several years of the International Association of Black Actuaries (IABA); the Academy's interest in the NAIC's new initiative focusing on race and insurance; and the Academy-sponsored children's book *The Magic School Bus Takes a Risk: A Book about Probability*, free copies of which were given (with teacher aids) to all grade 3-6 students in public schools in Washington, D.C.

"Discussion in the Academy about diversity and inclusion is ongoing at the leadership level and in our practice councils," Ackerman said, adding the Academy is also looking at

health equity issues. "Health equity and public health concerns are an important area for the Academy to engage in the public debate," she said, and the Academy hopes to soon offer a webinar on health equity and public health, with work continuing on such issues under the auspices of the Academy's Health Practice Council, including an [upcoming webinar](#) on the subject, set for Sept. 14 (see p. 13).

She also noted that as public and public policy scrutiny has been brought to bear on the debate over whether and what disparities exist in insurance marketplaces and access to retirement plan options, the Academy is monitoring actuarial data sources and methods to:

- ▲ Assess the extent to which they might contribute to disparities;
- ▲ Explore options for addressing those disparities; and
- ▲ Identify areas in which actuarial methods can contribute to the public dialogue over these issues. ▲

IABA Offers Actuarial Diversity Resources

THE IABA has published a comprehensive series of recommendations for employers on hiring and retaining black actuaries. It provides recommendations on sourcing, recruiting and hiring, and workplace culture, as well as compensation and development. "Recommendations for Employers in North America to Increase the Number of Successful Black Actuaries" is available for download [here](#). ▲

This Month in Social Media



On Facebook, we asked "Did You Know" when the last substantive changes to Social Security were made and pointed to the Social Security Committee's annual Social Security Trustees Report issue brief that examines the long-term solvency of the program and possible solutions.



On Twitter, we tweeted about a recent *Contingencies* article that discusses actuaries' potential to improve decision-making during uncertainty.



On LinkedIn, we shared the latest update to the Actuaries Climate Index, which shows that the five-year moving average reached a new high.

Make sure you're a part of the conversation online by following us on [Facebook](#), [Twitter](#), and [LinkedIn](#). Like what you see? Help spread us the word by liking and sharing our updates.

The Applicability Guidelines—A Tool to Help Determine Which ASOPs Apply

DO YOU EVER WONDER which actuarial standards of practice (ASOPs) apply to your current assignment, or worry that you may have overlooked an ASOP that does apply?

If so, you may want to check the [Applicability Guidelines for Actuarial Standards of Practice](#).

The Academy provides the Applicability Guidelines as a tool to help actuaries determine which ASOPs apply to an assignment. Coordinated by the Council on Professionalism, they are regularly updated with input from the Academy's life, health, casualty, and pension practice councils when the Actuarial Standards

Board (ASB) adopts a new or revised ASOP. Most recently, they were updated for ASOP No. 56, *Modeling*, which takes effect for work commenced on or after Oct. 1, 2020. Last fall, they were updated for ASOP No. 55, *Capital Adequacy Assessment*.

This fall, they will be updated for three recently revised ASOPs:

- ▲ ASOP No. 27, *Selection of Economic Assumptions for Measuring Pension Obligations*;
- ▲ ASOP No. 32, *Social Insurance*; and
- ▲ ASOP No. 35, *Selection of Demographic and Other Noneconomic Assumptions for Measuring Pension Obligations*.

As the guidelines are not standards of practice published by the ASB, they are not binding guidance, and you are not required to follow them. Nevertheless, they can be helpful in determining which ASOPs apply to an assignment. Taking the form of a downloadable Excel file, the Applicability Guidelines contain a tab for each practice area.

On the last tab, exposure drafts are listed as of the date of the last update, to give you an idea of what changes the ASB is considering.

The top of each practice area tab reminds

actuaries that three ASOPs apply to every assignment: ASOP No. 1, *Introductory ASOP*; ASOP No. 23, *Data Quality*; and ASOP No. 41, *Actuarial Communications*. After that, each tab lists common actuarial tasks in that area of practice and the ASOPs that might apply for each task. Each ASOP listed is linked to that ASOP on the ASB website for easy reference.

For example, if you are a health actuary

performing a trend analysis, you can look at task 5.7, Perform trend analysis, and see that ASOP Nos. 5, 25, 42, 45, and 56 might apply. If you are working on an assignment that involves more than one practice area, you may want to take a look at the tab for each practice area involved. So, if you are working on an assignment related to retirement health benefits, you would review the tabs for pension and health, for example.

Precept 3 of the Code of Professional Conduct states that “[i]t is the professional responsibility of an Actuary to observe applicable standards of practice ... and to keep current regarding changes in those standards.” The Applicability Guidelines, available to all actuaries on the Academy website, helps you meet this requirement by providing an up-to-date resource to help you determine which ASOPs apply to the task at hand. As always, it is ultimately the responsibility of you, the actuary, to determine which ASOPs apply. ▲

The Academy
provides the Applicability
Guidelines as a tool to
help actuaries determine
which ASOPs apply to an
assignment.



ANNUAL MEETING AND PUBLIC POLICY FORUM 2020 NOVEMBER 5-6

Just days after the
November elections,
gain insights on
the results with
keynotes by

Political analyst delivering hard data
on election forecasts and political
trends, known for his encyclopedic
knowledge and quick wit

CHARLIE
COOK



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MICHAEL
BESCHLOSS

Noted presidential historian and
author of eight books that provide
historical expertise and insights on
leadership and business

ALSO ON THE AGENDA:

- Sessions will explore the overall and practice-specific impacts of COVID-19, as well as top casualty, life, health, and pension public policy issues.
- Dynamic speakers will share their perspectives on the key professionalism challenges facing actuaries today.

NEW Academy Members

IN THE FIRST HALF OF 2020, the Academy welcomed 337 new members. The new members' average age is just over 30 years old, and one-third are women.

The majority of the new members, 215 (almost 64 percent), are employed by an insurance organization or an organization serving the insurance industry. There are 111 (almost a third) working as consulting actuaries. Five work in some form of government service, with two listed as "miscellaneous," two with a broker, and two did not specify.

Health was the most predominant area of practice at 134 (40 percent); followed by property/casualty with 83 (almost 25 percent); life with 69 (about 20 percent); pension with 31 (9 percent); and risk management with seven (2 percent). Ten listed "other," and three did not identify a practice area.

Congratulations to the following new members who have taken the next step in their careers to demonstrate their commitment to professionalism and serving the public through the Academy.

Grant S. Aamodt	Megan E. Brown	Nicholas U. D'Orazio	Clayton D. Finck	Benjamin J. Hanley
Anthony M. Abbazia Jr.	Olivier Brown	Katherine Dalis	Timothy E. Fischer	Gail N. Hardin
Mary K. Adomshick	Rebecca S. Butler	Jaime L. Danko	Michelle K. Fish	David P. Hardison
Oliver D. Allen	Agatha S. Caleo	Isaac Davidson	Casey L. Fleming	Blake M. Harris
Richard S. Allen	Joseph H. Call III	Jeremy R. Davis	Christian A. Fonseca	Hamna Hasan
Ashley A. Anderson	Clay S. Callahan	Robison C. de la Cruz	Abby E. Ford	Qi He
Diane S. Anderson	Joaquin J. Camara	John R. Dean	Michael C. Forster	Anders O. Hendrickson
Eve P. Anderson	Lisa M. Cameron	Arthur J. DeGraw	Justin A. Fountain	Peter J. Henningsen
Elizabeth C. Arment	Michael T. Cathcart	Brigh N. Desjardins	Molly A. Frantz	Michael P. Henry
Claire M. Armstrong-Hann	Matthew E. Caverly	Christopher S. Dickerson	Matthew Fry	Brent A. Hepokoski
Yekaterina Aronova	Li Lin Chang	Yajie Ding	Samuel A. Futterman	Marc A. Hildebrand
Jeff R. Attl	Michelle H. Chang	Christopher J. Donnelly	Katherine Garner	Jason S. Hill
Andrew J. Avina-Reed	Kaihua Chen	Samuel P. Driscoll	Kyle S. Genteman	Nathan T. Hoellman
Samantha Bader	Joy E. Chou	Tanisha A. Duwearatchi	Daniel T. Gerber	Guan Huang
Jeffrey L. Balinnang	Lauren N. Chrisman	Alison M. Dyn	Zachary Gerth	Brett M. Hunter
Jenna K. Beckley	Joshua A. Cleary	Christina M. Dziedzic	Alexander Giordano	Roland M. Hutchins
Roman Belostotskiy	Daniel R. Coast	Ian S. Ehrlich	Jill A. Goettel	Ismet Ibadullayev
Zachary F. Bergstrom	Andrew A. Colella	Jacob F. Eilerman	Teresa M. Goldstein	Shea M. Ingram
Kayla A. Berkowitz	Marcus A. Connally	Enxhi Elezi	Devin J. Goodman	Richard J. Isherwood
Paul N. Bistolarides	Sergio Cornejo Jr.	Alexander C. Esche	Paras P. Gosalia	Bobby J. Jaegers
Joseph W. Blandford	William N. Cornell	Nicole L. Esquivel	David E. Granger	Rahat Jain
John M. Blaser	Adrian Couceiro Rodriguez	Kelli D. Faust	Melissa A. Green	Alissa Jangula
Sophia R. Bolle	Derrick J. Coughlin	Samantha P. Federbush	Caitlynn M. Greenfield	Michael P. Jennings
Anthony M. Bongiorno	Victoria Coussa	Alvin Fedha	Andrew P. Grunauer	Scott A. Jensen
Jordan C. Bonner	Michael A. Croxton	Patrick G. Fennell	Benjamin I. Guskiewicz	Eric Jin
Quentin A. Bradford	Leonel Cuandon	Lucas T. Ferraguti	Kyle R. Gutowski	Mitch A. Johnson
Conner D. Brake	Matthew Cuculic	Thomas J. Ferrigno	Nicolette A. Haddock	Jessica E. Joyce
John Bravo	Bradley J. Cullen	Jordan L. Fike	Charles K. Hagedorn	Stephen P. Kallenbach
Erin M. Bretzman	Aaron G. Curtis		Michael L. Halsey	Robert W. Kalteux

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ACI Continues Its Upward Trend

THE [Actuaries Climate Index](#) (ACI) continued a multiyear trend of increasing climate condition measurements from the United States and Canada, reaching a new high in winter 2019–20, according to the latest ACI quarterly data released Aug. 26.

The ACI's key metric of a seasonal five-year moving average presents a composite measure of long-term changes across an array of observed weather extremes and sea levels in the two countries. It has steadily climbed from its most recent cyclical low of 0.70 in 2015 to a new

high of 1.17 for the moving average in winter 2019–20.

Although the latest increase in the moving average is marginal, it is 0.07 above the previous winter and reflects that the extreme climate conditions tracked by the index—high and low temperatures, heavy rain, drought, high wind, and sea level—continue to move away from the reference period norms since inception in 1961.

“The ACI's five-year moving average is a composite value reflecting the consistently growing change in measured values for the heavy rainfall, sea level,

and extreme high and low temperature components that are fueling the overall trend toward extreme conditions seen in the latest data,” said Doug Collins, chair of the Climate Index Working Group. “While we should not expect the five-year average to always increase, if changes in climate indicators continue on their current course, the general trend in the ACI is likely to be upward.”

The ACI is sponsored by the Academy, the Canadian Institute of Actuaries, the Casualty Actuarial Society, and the Society of Actuaries. ▲

Virtual Seminar on Effective P/C Loss Reserve Opinions

THE ACADEMY'S annual Seminar on Effective P/C Loss Reserve Opinions is coming to you virtually this year.

The seminar, designed for your convenience and needs during these challenging times, will deepen your understanding of the latest requirements through reviews of actuarial qualification standards and case studies.

Seminar sessions—to be held on Dec. 9–10 and 14–15—will begin at 1 p.m. EST each of the four days and run through the afternoon. Each day will conclude with a Q&A session.

Seminar participants will have the option of registering for the entire program or for individual days, and continuing

education (CE) credit will be available.

The agenda will cover:

- ▲ **Dec. 9**—A review of qualifications, responsibilities, record keeping, and practice notes.
 - ▲ **Dec. 10**—A focus on reserve ranges and risk of material adverse deviation.
 - ▲ **Dec. 14**—An overview of actuarial standards of practice (ASOPs) and a session on report writing.
 - ▲ **Dec. 15**—A regulatory overview and an opinion writing workshop.
- Mark your calendars—registration will open soon. ▲

Academy Highlights Hurricane Season, Looming NFIP Extension

WITH HURRICANE ISAIAS and Hurricane Laura causing widespread damage in the U.S. this month, the Academy has called attention to the sunset of the National Flood Insurance Program (NFIP), which is scheduled to expire in September, and highlighted reform options outlined in the Academy's June *Essential Elements* paper, “[Plugging Holes in U.S. Flood Insurance](#)” and the [NFIP monograph](#) released a year ago.

“An active hurricane season like the one that this year's is shaping up to be brings flood risk to the forefront of many people's minds, and ensuring that flood insurance remains available is vital,” said Academy Senior Casualty Fellow Rich Gibson. “Reauthorization of the NFIP offers an opportunity for Congress not only to extend the program, but also to consider reform options to expand coverage, better align the risks and costs of flood insurance, and address the NFIP's debt and financing.” Read the Academy [press release](#). ▲

CASUALTY BRIEFS

➡ **David Evans** joined the P/C Extreme Events and Property Lines Committee.

COPLFR Comments on Financial Examiners Handbook

THE COMMITTEE on Property and Liability Financial Reporting (COPLFR) [submitted comments](#) to the NAIC's Actuarial Opinion Working Group, suggesting changes to the wording in the *Financial Examiners Handbook*. The comments related to the handbook's items Nos. 1 and 3, including that part of item No. 3 is outdated. ▲



Health Equity Webinar Set for September

THE ACADEMY WILL HOST a Capitol Forum webinar next month on health equity issues. “[Exploring Health Equity in a Time of COVID-19 and Beyond](#)” will feature a panel of experts who will describe what health equity is and the drivers of health disparities.

The COVID-19 pandemic has exposed significant differences in health outcomes by race and ethnicity, with Black and Latino people being more likely to contract and die from the virus than white people. Such disparities are not new, but rather reflect persistent long-term patterns.

The experts will also share their insights and activities related to data and quality measurement, innovative provider and payer models designed to meet individual- and community-level

medical and nonmedical needs, and opportunities for cross-sector collaboration.

Presenters will be Paula Braveman, director of the center on social disparities in health and professor of family and community medicine, University of California San Francisco; David Nerenz, director emeritus of the center for health policy and health services research, Henry Ford Health System; Tamarah Duperval-Brownlee, senior vice president, and chief community impact officer, Ascension Health; and Sandeep Wadhwa, chief health officer and senior vice president of market innovation, Solera Health. Academy Senior Health Fellow Cori Uccello will moderate.

The webinar will be held on Monday, Sept. 14, from noon to 1 p.m. EDT. [Register today.](#) ▲

Health Groups Present at NAIC

TWO ACADEMY HEALTH PRACTICE COUNCIL work groups presented to the NAIC this month.

The Long-Term Care (LTC) Valuation Work Group [gave a presentation](#) to the NAIC's LTC Actuarial (B) Working Group on the work group's progress on the NAIC's requests that the work group develop a replacement mortality table for LTC active life reserves, develop a replacement lapse table, and consider developing tables for valuation on total lives basis as well as active lives basis.

Health Care Receivables Work Group

Kevin Russel, chairperson of the Health Care Receivables Factors Work Group, presented to the NAIC's Health Risk-Based Capital Working Group on the Exposure of Health Care Receivable Guidance. ▲

LTC Report Cites Academy Comments

A [report](#) from the Federal Interagency Task Force on Long-Term Care (LTC) Insurance cited the Academy's comments regarding regulation of LTC insurance. The Academy was also invited to meet with the task force during its deliberations. ▲

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Capitol Forum Webinar Looks at Social Security's Reform Options, COVID-19 Implications

A PANEL OF EXPERTS looked at the financial challenges of the Social Security program in the Academy's Aug. 13 Capitol Forum webinar, "[Social Security Reform Options](#)." Presented a day before the landmark program's 85th anniversary of being signed into law by President Franklin D. Roosevelt, they offered insight on the current state of Social Security finances, potential ramifications of the ongoing coronavirus pandemic, and reform options to strengthen the system. The recent presidential action on deferral of payroll taxes was also discussed.

Presenters were Social Security Administration (SSA) Chief Actuary Stephen Goss; Rachel Greszler, economics research fellow, Heritage Foundation; Bill Hoagland, senior vice president, Bipartisan Policy Center; and Nancy Altman, president, Social Security Works. Academy Senior Pension Fellow Linda K. Stone moderated.



Goss outlined the program's current status. Social Security pays benefits to about 65 million recipients, or almost one in five Americans, and current projections outlined in the latest [Social Security Trustees Report](#) show that the program's combined trust fund will be depleted by 2035, which reflects neither the pandemic's effects nor delayed payroll-tax contributions.

The primary reason for the impending shortfall is demographics—the number of beneficiaries compared to workers paying into the program will go up over time. Potential solutions would be to raise scheduled revenue after 2034 by about one-third, reduce scheduled benefits after 2034 by about one-fourth, or some combination of the two, Goss said, adding that potential cuts to the program “have always motivated Congress” to take action.

Greszler offered the perspective the program is a “bad deal for younger workers,” and that allowing people to contribute some of their money currently being paid into Social Security into private retirement accounts would offer better rates of return over time. “If there's going to be a program that's as large as 12.5 or potentially 15.5 percent of workers' paychecks, there should be some level of ownership there, or the ability to access it,” she said.

Hoagland noted the work several years ago of a politically diverse bipartisan commission that attempted to ensure that Social Security was “actuarially sound for the next 75 years,” in line with the program's mission. He highlighted three of 12 potential reforms offered by the commission, including

increasing the progressivity of the benefits formula, and establishing a basic minimum benefit for low-income beneficiaries. Tying the recommendations together would help the program's “long-range actuarial balance” from a negative to a positive balance over 75 years, he said.

Altman, coming from a divergent perspective than Greszler, cited President Dwight D. Eisenhower's 1953 quote that Social Security as a retirement system is part of an American heritage of “sturdy self-reliance.” She said the program's “end is to provide basic economic security,” and is extremely secure and backed by the U.S. government. “It seems to me the right answer is to make Social Security adequate to everyone,” she said.

Panelists took questions from attendees, several of which were about COVID-19's long-term effects on the program's solvency. While Goss said the Social Security Administration does not yet have projections—because the economic effects and extent of the pandemic are still not fully known—the SSA estimated in the spring the depletion date could move from mid-2035 to early or mid-2034, excluding a second pandemic wave. If the pandemic continues, “the trust fund reserve depletion could indeed be moved to earlier than 2034,” although SSA has not yet developed explicit projections for that, he said.

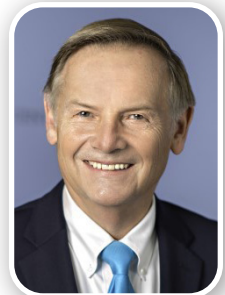
There was also quite a bit of discussion about the action to defer payroll taxes and what that could mean to Social Security financing, especially if the elimination of these dedicated taxes became a permanent change. [Slides and audio](#) are available to logged-in Academy members. ▲▲



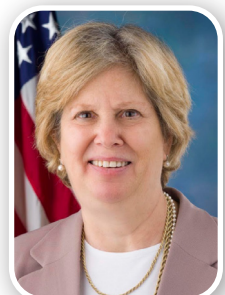
Goss



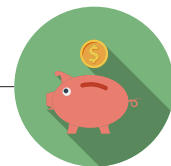
Greszler



Hoagland



Altman



Pension Webinar Covers ASOP No. 51 Practice Note

THE ACADEMY HOSTED an Aug. 20 webinar, “[Practice Note on ASOP No. 51: Risk Assessment in Practice](#),” covering the July [practice note](#) about Actuarial Standard of Practice (ASOP) No. 51. Referencing the practice note, the presenters—Paul Angelo, a member of the Public Plans Committee; Tammy Dixon; and Julie Ferguson; with Pension Committee member Grace Lattyak moderating—shared perspectives from corporate, public, and multiemployer plans.

The practice note offered information on current or emerging practices in which actuaries are engaged that may be affected by ASOP No. 51, *Assessment and Disclosure of Risk Associated with Measuring Pension Obligations and Determining Pension Plan Contributions*. Dixon remarked that the practice note could “help us along the way” as the profession continues to incorporate the new standards. One recurring theme was the centrality of professional judgment in the identification, assessment, and communication of risk to plans.

The presenters put forth various considerations that actuaries may typically take into account when working to identify risk, and discussed possible effects of the interplay that can arise between two or more risk factors. “The answers can be very

different, depending on the plan type,” Ferguson said. They discussed investment risk, asset/liability mismatch, interest rates, demographics, and contribution volatility in detail, and covered others such as inflation and covered employment.

Presenters also covered the four common approaches to quantitative risk assessment listed in the standard. In some instances, they said, a general risk assessment may be conducted along purely qualitative lines, without further quantitative calculation or detail, while noting that conditions specific to a plan may play a role in determining what form a general assessment takes. Presenters addressed what circumstances lead an actuary toward recommending a more detailed assessment and how the actuary makes the determination of whether such further assessment would be significantly beneficial.

The panelists took questions, providing opportunities to dig deeper into the “gray areas” that actuaries must navigate in identifying risk. “All of this relies on the actuary’s professional judgment,” Angelo said—a key takeaway for an engaging session that covered many considerations.

[Slides and audio](#) are available for logged-in Academy members. ▲▲

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PENSION NEWS



Committee Comments on Proposed Form for Multiemployer Plan Actuarial Certification

THE MULTIEMPLOYER PLANS COMMITTEE [submitted comments](#) to the IRS about a proposed form for reporting the annual actuarial certification for multiemployer defined benefit plans.

The comment letter's suggestions included:

- ▲ evaluating whether the proposed collection of information is necessary for the proper performance of the functions of the agency, including whether the information will have practical utility;
- ▲ evaluating the accuracy of the agency's estimate of the burden of the proposed collection of information, including the validity of the methodology and assumptions used; and
- ▲ enhancing the quality, utility, and clarity of the information to be collected. ▲

LIFE NEWS



C3 Life and Annuities Work Group Presents to NAIC

LINK RICHARDSON, chairperson of the C3 Life and Annuities Work Group, [gave a presentation](#) to NAIC's Life Risk-Based Capital Working Group on the Work Group's progress on an update to the current C-3 Phase I or C-3 Phase II methodology to include indexed annuities. ▲

LIFE BRIEFS

➔ **Bruce Friedland** joined the Asset Adequacy Task Force.

RISK MANAGEMENT & FINANCIAL REPORTING NEWS



IMF Issues Financial Sector Assessment Program

THE INTERNATIONAL MONETARY FUND (IMF) issued the [Financial Sector Assessment Program](#) (FSAP) for the United States on mid-July, which was made public on Aug. 11. Last October, the [Academy met with IMF representatives](#) as part of the FSAP review, discussing issues pertaining to long-term care, [climate risk](#), principle-based reserves (PBR), and capital adequacy assessment. ▲

RISK MANAGEMENT BRIEFS

➔ **Jill Garofalo** joined the Financial Reporting Committee.