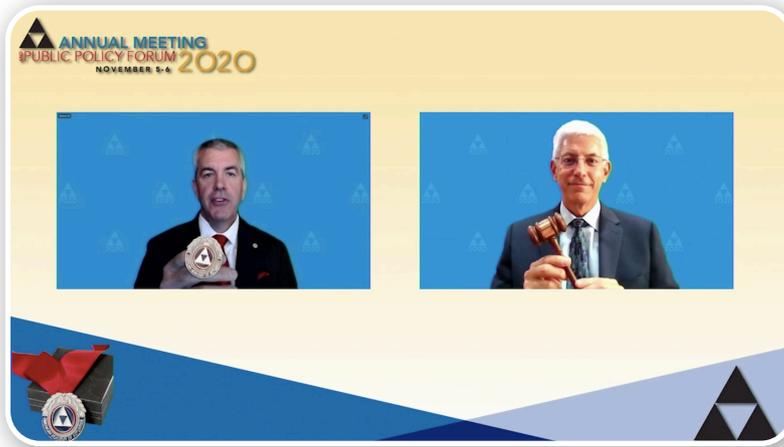


Academy Concludes Successful Virtual Annual Meeting and Public Policy Forum

THE ACADEMY had another engaging and interactive Annual Meeting and Public Policy Forum this month, virtually for the first time, covering a range of timely topics to bring insights and information to our uncertain times. Tom Campbell became the Academy's 56th president, succeeding D. Joeff Williams, at the Nov. 5–6 event. Maryellen Coggins became president-elect, and several new members of the Academy Board of Directors were installed.

Attendees heard two prominent speakers give a political and historical perspective fresh off the presidential and congressional elections (see story, below). Other plenary speakers gave an overview of the COVID-19 pandemic response, an update of the National Association of Insurance Commissioners' (NAIC) race and insurance initiative, and ethical considerations that preceded the



Campbell (right), succeeds Williams as Academy president

professionalism session on the topic of uncertainty. Breakout sessions covered a range of current key topics in the casualty, health, life, and pension practice areas, and the Academy virtually bestowed its annual service awards on its very extraordinary volunteers (see story, p. 8).

In his [inaugural address](#), Campbell cited his passion as a cyclist, likening the “pull”—the person leading a biking group—to his following Joeff Williams presidency, with the goal of leaving the Academy in a similarly strong position when
SEE **ANNUAL MEETING**, PAGE 5

Plenary Sessions Cover the Election, Race and Insurance, COVID-19, and Professionalism

THE ANNUAL MEETING AND PUBLIC POLICY Forum included five plenary sessions in which high-profile speakers talked about—and interacted with attendees on—key topics including the national elections held just days earlier, issues of race and

insurance that have risen to the forefront as a result of the events of this year, the COVID-19 pandemic and the public health response, and professionalism in a time of uncertainty.

2020 Election From Political, Historical Perspectives

Charlie Cook and Michael Beschloss each gave an overview of the November presidential and congressional elections, held just days before the meeting. In his first public engagement since the election Cook, a nonpartisan political analyst and the editor and founder of the respected *Cook Political Report*, discussed the early stages of the presidential vote count. He noted that since World War II, all incumbent presidents seeking re-election who have had a favorable rating over 50%

SEE **PLENARY SESSIONS**, PAGE 5

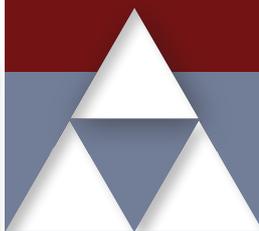


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Academy Hosts Successful LHQ Seminar

8
Annual Academy Service Awards

9
Annual Meeting Breakout Sessions

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'Professionalism Counts'—Winter Is Coming ... Have You Completed Your CE?



2020

DECEMBER

9–10 & 14–15 [Seminar on Effective P/C Loss Reserve Opinions](#) (virtual event)

10 Pension webinar: “[Setting Investment Return Expectations in an Evolving Capital Market Environment](#)”

14 Professionalism webinar: “[Clear as a Bell: Professionalism Aspects of Communication](#)”

15 Pension webinar: “[The Impact of COVID-19 on Retirement Plans](#)”

Academy NEWS Briefs

Membership—Dues, Directory, and Mailing Update

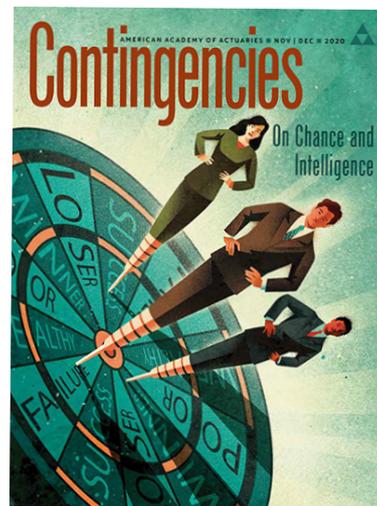
ACADEMY PRESIDENT TOM CAMPBELL sent a [Thanksgiving message](#) to Academy members, wishing them well and thanking them for their membership. This communication also reminded Academy members of last month’s opening of the annual membership renewal period and includes a link to “[The Meaning of Your Membership](#),” which highlights the many mission-critical aspects of the Academy’s work in 2020. To pay your annual dues directly, you [may log in to the Academy’s website](#).

Also, with many currently working from home, members can and should update their mailing address to receive [Contingencies](#) magazine when it is mailed. To do so, simply change your primary address via your member login.

Members are also encouraged to visit the Academy’s new [Membership Directory](#), where you can review and update your contact information. If you have questions about your account, how to update your membership profile, or anything else, please contact the Membership Department at 202-785-6925 or membership@actuary.org. ▲

Recently Released

IN THE NOVEMBER/DECEMBER issue of [Contingencies](#), the cover story, “On Chance and Intelligence,” asks whence success comes—by merit or by luck? This feature dives deep into the question. Other features include “Black Warrior: A Buffalo Soldier Looks Back”—a visit to the archives for this excerpt from Ivan Houston, who died this year at age 94; and “Stress”—a work of original fiction takes place within the confines of an actuarial exam. Plus, a President’s Message from Academy President D. Joeff Williams on asking the right questions; meet contributor Daniel Skwire’s first boss in Commentary; and sharpen your No. 2 pencils for a pop quiz in Up to Code. ▲



Professionalism Webinar to Cover Actuarial Communications

CLEAR AND APPROPRIATE communication is an essential and fundamental component of actuarial work—so much so that it is emphasized throughout the various elements of our professionalism infrastructure. Communication can also come into play in discussions of qualifications and often arises in cases that come before the Actuarial Board for Counseling and Discipline (ABCD). In this webinar—“[Clear as a Bell: Professionalism Aspects of Communication](#)”—experts from

the Committee on Qualifications, the Actuarial Standards Board, and the ABCD will discuss communication across the professionalism spectrum.

Presenters will be Tom Campbell, Academy president; Maryellen Coggins, Academy president-elect; and Ken Kent, ABCD member. Brian Jackson, Academy general counsel and director of professionalism, will moderate. The webinar will take place from noon to 1:30 p.m. EST on Monday, Dec. 14. [Register now](#).

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

Sold-Out Virtual LHQ Seminar a Success

THE ACADEMY HOSTED a successful and sold-out Life and Health Qualifications Seminar on Nov. 9–12. Hosted virtually this year, the seminar was held for its 20th year and its interactive case-study breakout sessions have long been highly valued by attendees, with many returning every few years to brush up on skills. Breakout “Zoom rooms” also allowed for interactive discussions with session leaders.

Attendees gained required basic education and continuing education to be qualified to sign NAIC Life and Health annual statements of actuarial opinion (SAOs), and a range of topics were discussed, including principle-based reserving, risk adjustment data validation, risk-based capital, and actuarial professionalism. Incoming Actuarial Standards Board Chairperson Darrell Knapp, who presented and moderated several sessions, chaired the committee that organized this year’s seminar. ▲



Dave Neve, a former Academy Life VP, leads a session

Academy Comments to NAIC Special Committee on Race and Insurance

ACADEMY CASUALTY Vice President Lauren Cavanaugh addressed the NAIC’s Special Committee on Race and Insurance on Nov. 12, speaking to her [prepared comments](#) previously submitted, covering actuarial guidance, disparate impact, and data quality. Cavanaugh recommended

consideration of independent organizations to examine and certify third-party data for hidden biases, accuracy, and relevance. She also described for commissioners and regulators several actuarial standards of practice (ASOPs) relevant to actuarial practice in areas being looked at by the special committee. ▲

This Month in Social Media



On Facebook, the Academy wished our members, friends, and followers a Happy Thanksgiving.



On Twitter, we shared updates from our first Virtual Annual Meeting and Public Policy Forum, featuring some of the high-profile speakers who joined us for the event.



On LinkedIn, we shared our newly updated monograph on the National Flood Insurance Program and related issues, including new data from the 2019 hurricane season.

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.



Member Spotlight

Steve Malerich

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 Steve Malerich, a member of the Risk Management and Financial Reporting Council (RMFRC) and chairperson of its Financial Reporting Committee, who has been instrumental in the committee's work on long duration targeted improvements (LDTI).

Why did you become an actuary?

In June 1975, I met a former math teacher while working on a spring supplement to my high school yearbook. He described the profession and found brochures from some actuarial organizations in the school's counseling office. That was the first time that I found an intriguing connection between my interest in math and a real occupation.

Describe a challenge you have overcome.

My boss—the CEO, not an actuary—told me, “You just get me the numbers; let me worry about what they mean.”

I continued to worry about the meaning in my numbers. When I saw serious meaning that I knew the CEO would not like, I drafted a lengthy memorandum explaining the concern and the analysis I had done leading to it and sent it to the CEO—and the chairman. (ASOPs were new at the time and ASOP No. 41, *Actuarial Communications*, did not yet exist.)

What do you enjoy the most about being an actuary?

Understanding the dynamics of the business I work with and the standards by which we evaluate and report their performance, then finding ways to improve the integrity and clarity of the message about results of actual performance.

Share something about yourself.

I love to read, run, and explore nature.

What advice would you share with young actuaries?

When you think you understand how something works, check yourself by doing the math and testing to be sure it produces the results that you expect.

When you grow to the point that you're helping others to learn, teach the way they learn; don't expect them to learn the way you teach.

IN THE NEWS

An opinion piece published by the [Associated Press](#) cited the [Actuaries Longevity Illustrator](#), jointly sponsored by the Academy and the Society of Actuaries. The article was reprinted by more than 160 media outlets.

Workers' Compensation Committee Chairperson Dave Heppen discussed the uncertainties surrounding the COVID-19 pandemic's impact on workers' compensation claims and costs in a [Best's Review](#) story on presumptive benefits and recent state legislative activity. A subscriber-only [WorkCompCentral](#) article also cited comments from Heppen on the uncertainty about what kind of impact presumptions of benefits will have on current workers' compensation costs.

Senior Pension Fellow Linda K. Stone

spoke with [Plan Sponsor](#) for an article that also cited the Pension Committee's [issue brief](#) detailing Pension Benefit Guaranty Corporation (PBGC) single-employer premiums and considering their impact on pension plan sponsorship.

[Fierce Healthcare](#) and [AIS Health](#) quoted Donna Novak, member of the Individual and Small Group Markets Committee, on factors affecting health premium rates for 2021.

[Retirement Income Journal](#) reported on a session from the Academy's Annual Meeting and Public Policy Forum in which experts discussed the implications of the SECURE Act on the life insurance industry. [Triple-I Blog](#) reported on another session on the impact of COVID-19 on auto insurance.

A [Forbes](#) column used the Academy's analysis of the National Flood Insurance Program and its exposure to loss to put flood insurance costs into perspective.

[Advisor Magazine](#), [PropertyCasualty360](#), and [Think Advisor](#) reported on Tom Campbell becoming the Academy's new president at the Annual Meeting and Public Policy Forum.

A [Salt Lake Tribune](#) article on 2021 health insurance premiums in Utah noted the Academy's analysis of the COVID-19 pandemic's complex effects on health care spending.

The [issue brief](#) *The 80% Pension Funding Standard Myth* was cited in an article from the [Oklahoma Council of Public Affairs](#). ▲



Annual Meeting, continued from page 1

the presidency transitions to Coggins a year from now. Often in biking, “no matter how carefully you map your route, there’s almost always a surprise—like a detour or a wrong turn—and you can find yourself on an unfamiliar road, or facing an unwelcomed headwind, or a steep hill you weren’t expecting,” Campbell said, adding that in those situations, it’s important to trust your training. [See the presidential transition video.](#)

Heading into 2021, Campbell said he looks forward to leading the Academy team from the foundation that previous Academy leaders and volunteers created to provide an objective actuarial perspective on major public policy issues, public programs, and emerging professionalism issues. Some of the issues and challenges of our time, Campbell said, include the uncertainties of the ongoing pandemic and its public health consequences, new initiatives to assess and address racial inequities in insurance, and adding to the understanding of climate risk and its financial security implications.

Extending his cycling analogy, Campbell concluded, “No doubt, new issues and challenges will emerge as we ride through the final days of 2020 and then begin to see what the new year holds in store.”

In his [farewell address](#), Williams noted the challenging times of 2020—a “year to remember”—while noting the recurring theme of “being effective” in his president’s messages throughout the year.



Coggins

“One lesson from 2020 is that remaining ‘effective’ means pivoting to adapt to change. To put it simply, when the world changes, what’s ‘effective’ changes,” he said, praising Academy volunteers for their continued work and the Academy’s efforts to make its events virtual in a time of social distancing.

New Board members welcomed

At the Annual Meeting and Public Policy Forum, the Academy also welcomed new members to its Board of Directors (see [Board photos](#), p. 15).

Maryellen Coggins, a past chairperson of the Actuarial Standards Board (ASB) and a former Academy vice president, risk management and financial reporting, began her term as president-elect. Lauren Cavanaugh, who was a regular director, became vice president, casualty; Al Schmitz is the new vice president, health; and Al Bingham became vice president, professionalism. Schmitz is a past regular director, and Bingham is a past regular director and past vice president, health.

Four regular directors also began their terms. They are Margaret Berger, former vice chairperson of the Pension Practice Council (PPC); Chris Carlson, a former ASB member; Jason Russell, vice chairperson of the PPC and former chairperson of the Multiemployer Plans Committee; and Pete Weber, a member of the Life Practice Council as well as several work groups focused on principle-based reserving (PBR). They each have three-year terms, with the exception of Carlson, who was elected to fill out the final year of Cavanaugh’s regular director term.

The outgoing members of the board were Penultimate Past President Steve Alpert; Audrey Halvorson, vice president, health; Lisa Slotznick, vice president, casualty; Art Panighetti, vice president, professionalism; Stu Mathewson, regular director; Tricia Matson, regular director; Bruce Cadenhead, regular director; and Past President Tom Wildsmith, a Board-selected director. ▲

Plenary Sessions, continued from page 1

won, while those below that level have not, with the exception of George W. Bush in 2004.

Beschloss, a presidential historian and author of numerous books about the presidency, discussed the 2020 election in the context of the history of contested elections—including a very close race in 1876, held during the Reconstruction period after the Civil War. Of the ongoing vote-counting that continued in the days following this year’s election, “I’d rather have an accurate result than a fast result,” he said. “I think those of you who are actuaries would feel the same way about what you do professionally.”

Putting things in a historical perspective, he offered that “anyone who is inclined to be pessimistic about a week like this—saying



Charlie Cook

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that America is more divided than it's ever been before, or we're going through a crisis that could break us because we've never been through anything like this ... you have to be an optimist. We've been operating for more than 200 years and have had some tremendous injustices to a lot of people, and still do. But, if you're talking about the country getting through crisis and roughly being unified, we do tend to muddle through. Anyone who bets against the United States in a time of crisis like this is crazy."

Attendees asked the speakers questions, including regarding the possibility of political compromise heading into the new year. Beschloss said, "Most important of all from my point of view is to elect a president who can deal with the other side."

Altmaier on NAIC's Race and Insurance Initiative

NAIC President-Elect and Florida Insurance Commissioner David Altmaier discussed the NAIC's diversity and equity initiative and other work in a challenging year, and took time to answer questions from attendees. Altmaier said he "welcomed the letter from the Academy [[sent in early September](#)] with your commitment to be part of this discussion" about race and insurance. "We look forward to the input and feedback from [Academy] members."

He noted that in addition to the race and insurance effort, the NAIC has worked on COVID-19 pandemic-related issues that have been in the forefront this year. That includes closely monitoring insurers' financial health. More broadly he said, "Collectively, insurance commissioners across the country have issued more than 1,000 different bulletins, requests, and actions focused on protecting consumers related to the pandemic".



The Special Committee on Race and Insurance has drawn widespread participation, with 51 of 56 insurance commissioners actively participating, and NAIC officers serving in key roles. "It's been incredible to watch over the summer ... during a period of significant social unrest," Altmaier said, adding that many conversations among commissioners on the issue led to the special committee's formation.

The special committee plans to offer findings by the end of the year, and based on data from those findings, the NAIC will develop a multiyear plan to address the findings that it is "committed to being very deliberate and thoughtful about," Altmaier

said. He said the NAIC has hired its first diversity, equity, and inclusion director, Evelyn Boswell, and that the special committee will also look at race and artificial intelligence (AI), to ensure that AI, Big Data, and analytics allow and ensure quality, fairness, and access.

COVID-19—Challenges and a Possible Vaccine



At the closing plenary session on Nov. 6, Anand Parekh, an M.D. and chief medical advisor at the Bipartisan Policy Center, provided observations and lessons learned on the public health response to the COVID-19 pandemic. Parekh outlined some promising vaccine work and said the time between now and Inauguration Day will be critical, with projections that the ongoing pandemic could cause more than 100,000 U.S. deaths in the colder months ahead.

He cited the latest figures from Johns Hopkins University's [COVID-19 pandemic map](#), and noted that (at that time) with the U.S. approaching 10 million cases and 235,000 deaths—but voiced concern over cases having not been confirmed or diagnosed because of inadequate testing.

Vaccines have been promising, he said, and he gave an overview of the Food and Drug Administration's approval process. "I expect one or two candidates to play out over the next four to eight weeks ... but that's really a 2021 proposition," he said, adding that once there is a vaccine, more questions will arise, such as how long they will be good for. "These are all important questions that we will be asking as we move forward," he said.

Professionalism in a Time of Uncertainty

Sheila Bair, who chaired the Federal Deposit Insurance Corporation (FDIC) during the 2007–08 financial crisis, delivered a keynote address leading into the professionalism plenary panel discussion. She shared her insights on weighing competing considerations when taking ethical action in times of disruption and uncertainty.

Speaking of her time at the FDIC, "My lodestar, if you will, was the public interest," Bair said. "I love the fact that your Code of [Professional] Conduct mentions responsibility to the public before anything else. At the end of the day, there are public

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responsibilities for private-sector entities. I appreciate the fact that [the Academy] recognizes that.” At the FDIC, taking actions that would have the most beneficial impact on the public “was always our guiding principle,” she added.

Following Bair, a panel of past Academy presidents—Shawna Ackerman, Bob Beuerlein, Tom Terry, Tom Wildsmith, and D. Joeff Williams—joined by President-Elect Maryellen Coggins, discussed actuarial professionalism.

In applying to the actuarial profession Bair’s message on responsibility to the public, “We have ethical obligations that go beyond our obligations to our employers and clients,” Wildsmith said. “When actuaries misbehave, real people get hurt. Sometimes it’s difficult to balance all these competing obligations, but the Code can help us think through that.”

Coggins spoke about the influence of actuaries on those around them. “What we do as individuals has a widespread impact on others. As a result, it’s important for every actuary to model professionalism,” she said.

The panel also talked about the importance of clear communication, especially in times of uncertainty. “If you can maintain professionalism in difficult times—while being very clear about what you do know and what you don’t know, which the Code and [actuarial standards of practice] require—and help people understand what’s knowable and what’s not, they will trust you when a crisis arises,” Wildsmith said.



“Our professionalism means even more” in times of stress like this year’s pandemic, Terry said. “We should never capitulate with our standards.” Employing Bair’s lodestar image, “The Code is our guiding star and doesn’t change,” Ackerman added. “It’s not practical to set it aside.”

Wildsmith urged actuaries to view the professionalism standards as a resource. “When we face a difficult ethical obligation, it’s important to recognize that the Code, the standards of practice, the qualification standards, represent the collective best thinking of several generations of actuaries on tough ethical issues,” he said. “So none of us need to face the tough questions alone ... we’ve got resources to lean on.” ▲

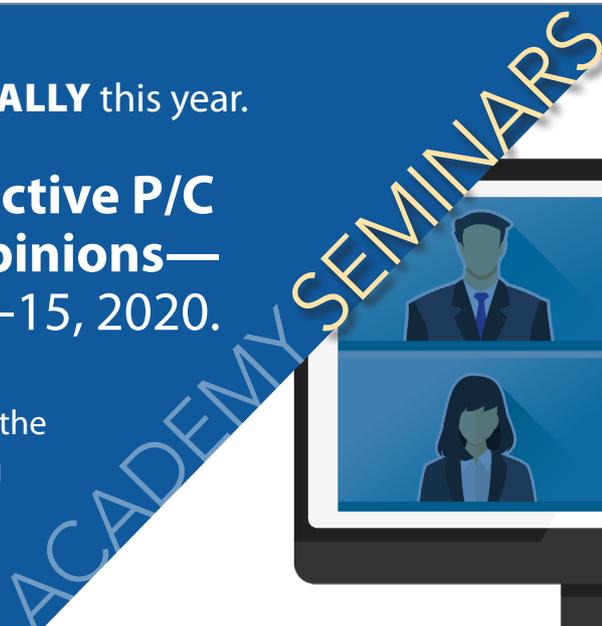
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Volunteerism, Service Award Recipients Honored

THE ACADEMY RECOGNIZED its annual service award recipients virtually at the meeting and forum. Arnold Dicke received the Jarvis Farley Service Award, which honors an actuary whose volunteer efforts on behalf of the Academy have made significant contributions to the advancement of the profession.

Dicke received the award for his nearly three decades of volunteer service in more than 35 roles that included vice president, life; a member of the Board of Directors and the Council on Professionalism; and chairperson or member of many other Academy committees and work groups.

“The opportunities offered by volunteering can be invaluable,” Dicke’s daughter Nora Gilbert said on his behalf, in accepting the award. [See the video.](#)

Katie Campbell received the Robert J. Myers Public Service Award, which honors an actuary for a single noteworthy public service achievement or a career devoted to public service. She received the award in recognition of her service at the Alaska Division of Insurance, where she advanced the cause of consumer interests. (She currently serves as actuary at the Interstate Insurance Product Regulation Commission.)



Dicke



Campbell

Campbell—whose work through the NAIC has been heralded for her conscientious contributions to the development of many life and health actuarial regulatory initiatives that have had application nationwide—thanked the Academy for its support of public service actuaries and for the opportunities given and encouragement to serve on Academy committees and to provide a regulatory perspective. “I would encourage other regulators to do so, as well,” she said. [See the video.](#)

Outstanding Volunteerism Awards

Four Academy members received the Outstanding Volunteerism Award.

- ▲ **Christian Benjaminson**, chairperson of the Multiemployer Plans Committee, for his diligent efforts as chairperson, which have been instrumental in making the Academy’s objective perspective on challenging multiemployer plan issues well-known and understood as Congress considers whether and how to craft legislative reform proposals.
- ▲ **Dave Heppen**, chairperson of the Workers’ Compensation Committee, who has played a central role in invigorating the Academy’s work on workers’ compensation issues especially in light of the COVID-19 pandemic, including effectively leading the effort to produce new papers and producing webinars.
- ▲ **Donna Megregian**, chairperson of the Life Practice Council’s Illustrations Work Group, who has played a pivotal leadership role, as the NAIC’s Life Actuarial Task Force has been undertaking the task of revising Actuarial Guideline XLIX to address the illustration of Indexed Universal Life policies.
- ▲ **Jim Whelpley**, a member of the Health Practice Council’s ASOP No. 6 Practice Note Work Group, whose efforts were integral to the Academy producing this practice note exposure draft that, once complete, is intended to provide useful information regarding current and emerging practices of actuaries in the development of age-specific retiree health claims cost assumptions. ▲



Benjaminson



Heppen



Megregian



Whelpley



Breakout Sessions Cover Key Practice-Area Issues

Practice-area breakout sessions at the Annual Meeting and Public Policy Forum covered a range of current issues in casualty, health, life, and pension practice. Following are summaries of the sessions.

CASUALTY

Presumptive Benefits in Workers' Compensation: Emerging Issues Before and During COVID-19

Presumptive benefits were already an area of focus of policymakers with workers' compensation coverage, and then came the pandemic. In response to the COVID-19 outbreak, states and local jurisdictions have been extending benefits to first responders, health care professionals, and other essential workers.

This session explored the immediate effect of this shift and discussed the long-term implications. Panelists included Steve DiCenso, member of the Academy Workers' Compensation Committee, and Ann Gergen, executive director of the Association of Governmental Risk Pools. Dave Heppen, chairperson of the Workers' Compensation Committee, moderated.

In a session filled with relatable stories, DiCenso kicked off by level-setting—describing what presumption of benefits is and to whom it applies: “The injured worker must demonstrate that his or her injury arose out of and in the course of employment.” From there, both panelists and Heppen discussed how the COVID-19 pandemic had altered the landscape for workers' compensation.

Front-line and essential workers—including health care, grocery, restaurant, and hardware supply employees—have begun to be covered in some states under presumption laws. As of the time of the Annual Meeting and Public Policy Forum, 29 state governments had either issued executive orders or enacted or at least proposed legislation that pertains to presumptive coverage of COVID-19-related claims, DiCenso said. These orders or laws stem from concern over workers potentially being denied workers' comp benefits if exposed to COVID-19 on the job.

Gergen, giving attendees a ground-level look at workers' comp experience, said the assessment based on what she



Cyber Risk session presenters, clockwise from top left: Maxwell, Niemi, Krebsbach Davis, Alpin, and Loza

is hearing from a number of pools “is that they’re getting very, very high rates of exposure, but relative low rates of infection, or of actual COVID-19.” DiCenso concurred with that view, adding that “high rate of incidence, low rate of claims.”

Cyber Risk

Cyber coverage continues to grow, and the threat of cyber attacks or breaches continues to evolve. Our panelists—Laura Maxwell, Taylor Krebsbach Davis, and Eduard Alpin, all members of the Academy's Cyber Risk Task Force (CRTF), and Christopher Loza, Academy senior research analyst—gave an overview of cyber risk threat and possible solutions thereto. Norman Niemi, chairperson of the CRTF, moderated.

After a thorough background by Maxwell that laid out the size of the cyber coverage marketplace, coverage definitions, and typical policy characteristics, Krebsbach discussed “silent cyber,” or “unintentional, non-affirmative coverage of losses caused by cyber perils.” She discussed two major types of silent cyber risk: unintentional coverage and unpriced coverage. Krebsbach concluded by laying out recent, nascent developments

intended to curtail the silent cyber threat.

After Alpin discussed some of the solutions and services that carriers and reinsurers use to price, underwrite, and manage exposure, Loza unveiled the Academy's new report—[Cyber Breach Reporting Requirements: An Analysis of Laws Across the United States](#). A project of the CRTF, this report provides a systematic comparison of the existing regulations with respect to data breaches involving personally identifiable information across the states. No uniform national standards exist for notifying consumers and authorities of data breaches, Loza said. The report concludes that variability among jurisdictions' statutes may make mitigation and prevention more difficult, raising losses due to cyber risk, requiring higher cyber coverage premiums—actuaries, insurers, regulators, and the public might benefit from increased harmonization.

Automobile Insurance: Recent Developments

Because of COVID-19, millions of workers stayed home, others were laid off, miles driven fell dramatically, the number of accidents dropped sharply, and insurers

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gave billions of dollars in rate rebates. Are these just temporary adjustments due to the pandemic or will we see long-term changes to the automobile insurance business? Panelists in this session—including Alex Carges, former chief actuary, Root Insurance Company; Mark Jones, leader of the Advanced Analytics Team at PwC; and Jim Lynch, chief actuary with the Insurance Information Institute—offered their perspectives, with Greg Frankowiak, chairperson of the Academy’s Automobile Insurance Committee, moderating.

Structured as an open exchange of ideas, panelists began with the obvious most pressing topic of COVID-19. Carges

noted that while people are driving fewer miles as a result of the pandemic, that means there are fewer cars on the road as well, “and that is combining to shift the types of accidents we see.” Lynch reported that while nearly 100% of consumers had received a premium break as a result of the pandemic-spurred reduction in miles driven, something on the order of 30% to 40% of them did not notice—perhaps indicating a communications issue.

Turning to telematics and usage-based insurance (UBI), Jones said that during this lockdown period, some carriers have shelved various initiatives—but “the projects that involved UBI and telematics are

accelerating.” Carges agreed, speaking of the ease on the consumer side in adopting the technology now, as opposed to even in the recent past.

Another important topic of the day is the potential for predictive model bias and disparate impact. Jones opined that “The biggest challenge to detecting disparate impact and model bias is that insurers typically don’t capture most of the protected features to evaluate on vulnerable segments. ... We capture relatively few protected features as insurers, so it makes it much harder to detect bias and to apply the methods that are known to the market.”

Health

A Tour of Health Care Funding Around the World

The Academy’s Health Practice International Committee (HPIC), the SOA International Section, and the International Actuarial Association Health Section (IAAHS) have compiled schematic diagrams to capture the main features of health financing systems for more than 30 countries, as detailed in the [International Health Care Funding Report](#). Presenters at this session who were involved in developing the report, were Shereen Sayre, ; Lisa Morgan, ; Stuart Rodger; Mitchell Momanyi, a member of the HPIC; and Jonathan Callund. HPIC Chairperson Joe Allbright moderated.

They presented some of the report’s findings and reviewed how national health care systems differ and are similar, by looking at some specific examples. Sayre gave an overview of the report and classification of health funding schemes, citing the World Health Organization’s statement that “universal health coverage means that all people have access to the health services they need, when and where they need them, without financial hardship. It includes the full range of essential health services, from health promotion to prevention, treatment, rehabilitation, and palliative care.”

Rodger presented on Singapore’s system, Momanyi gave an overview of

Kenya’s, and Callund looked at Chile’s, where he lives and works. Each discussed the varying roles of the private and public sectors, and different tiers of health services and funding in those countries. Allbright gave an overview of the U.S. health care funding system, which he described as “complex, but understandably complex. ... I think the story of the U.S. is managed complexity.” He said that “in a way, we have a tour of health care systems around the world just by looking at different aspects of the U.S. system.

COVID-19 and the Future of Health Care Delivery and Payment

Whether COVID-19 will result in long-term changes to health care delivery and payment, and if such changes could include an increase in the use of telehealth, greater provider openness to capitation, and provider consolidation were examined in this session. Speakers were Mark McClellan, director and professor of business, medicine and policy at Duke University’s Duke-Margolis Center for Health Policy, and former commissioner, U.S. Food and Drug Administration, and former administrator, Centers for Medicare & Medicaid Services; Ateev Mehrotra, associate professor of health care policy, Harvard Medical School, and associate professor of medicine and hospitalist, Beth Israel Deaconess Medical

Center; A. Mark Fendrick, director of the University of Michigan Center for Value-Based Insurance Design; and Aadaeze Enekwechi, former president of IMPAQ International. The session was moderated by Julia Lerche, member of the Academy’s Health Care Delivery Committee and chairperson of the Medicaid Subcommittee.

The pandemic and related economic downturn have affected the health care system in numerous ways, including increased financial challenges for providers and magnification of health inequities, Lerche said in setting up the discussion. Panelists focused on value-based purchasing, telehealth, and value-based insurance design, including in the context of health equity.

McClellan noted that fee-for-service provider admissions declined at the start of the pandemic in the spring, but had rebounded back to about 95% of predicted admissions by July, although preventive measures such as mammograms and colonoscopies had not, and were about 30% below previous levels. “That’s not the kind of health care system you want to have, and a lot of providers are trying to focus on getting back to normal,” he said.

In discussing telehealth/telemedicine, Mehrotra noted an increase of its usage early in the pandemic, followed by a

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COVID-19 and the Future of Health Care panelists; clockwise from top left: Enekwechi, Lerche, Fendrick, and Mehrotra.

gradual decline in recent months. He said the issue of certain patients being left behind because they don't have a smartphone with data or broadband internet is important in the context of health equity and from a policy and clinical perspective. Some of the challenges going forward uncertainty about plans for long-term usage that has deterred providers from investing in the technology; reticence over covering telemedicine visits permanently by health insurers or coverage requirements by government; and a concern that in a fee-for-service system there will be overuse of telemedicine.

Fendrick, who addressed value-based insurance design, said that with costs and affordability a top U.S. health care concern, almost everyone agrees there is enough money in the system, but the question is how best to spend it. "I think it's important particularly for actuaries to understand that the movement from volume to value will require not only the supply side or

provider-facing initiatives, but also engage a bit more on the demand side regarding the allocation of high- and low-value care," he said. "Most Americans have taken financial hits from the pandemic, only likely to get worse—people are not buying and going to appointments to get the care they need, and are speaking out quite publicly that out-of-pocket costs are altering their behaviors. This will only get worse when deductibles kick in in January again." He added that "the key takeaway is we need to work with actuaries to create cost-neutral payment designs."

Enekwechi presented on health equity, offering a definition that "health equity is achieved when everyone has a fair opportunity to achieve their full health potential." She said health disparities are vast, persistent, and increasing, and "it's hard to be healthy without proper access to health care," which is exacerbated by lack of good quality jobs or affordable homes. Enekwechi outlined social determinants

of health, "which affect multiple disease outcomes through multiple mechanisms," adding that "it's nice to see [health equity] become a key part of the conversation."

Regulating the Health Insurance Markets: What's New for 2021

Each year federal and state regulations are revised to reflect changes in the Affordable Care Act (ACA) and other policy changes. This year includes additional changes precipitated by the COVID-19 pandemic. Panelists in this session provided updates on regulations governing ACA marketplace coverages, and how COVID-19 has affected Medicaid and Medicare. Presenters included Center for Consumer Information and Insurance Oversight (CCIIO) officials: Brent Plemons, director of the Office of Special Pricing Initiatives; Jeff Wu, deputy director for policy; Christina Whitefield, director of the Medical Loss Ratio Division; Lina Choudhry Rashid and Michelle Koltov, senior policy advisers; Allison Yadsko, health insurance specialist; as well as Allison Orris, counsel with Manatt, Phelps & Phillips, LLP and former associate administrator at the Office of Management and Budget and senior policy advisor at the Centers for Medicare and Medicaid Services (CMS). The session was moderated by Barb Klever, chairperson of the Academy's Individual and Small Group Markets Committee.

The presenters covered how risk corridors affect medical loss ratios, ACA Section 1332 State Innovation Waivers, and new, updated methodology. Orris covered some of the key considerations in Medicaid and Medicare as the pandemic continues.

Life

Implications of the SECURE Act

The *Setting Every Community Up for Retirement Enhancement Act* (SECURE Act) was passed by Congress and signed into law in December 2019. This

far-reaching bill provides significant opportunities that could increase access to tax-advantaged accounts as a way of helping preclude older Americans from outliving their assets. Presenters discussed

the implications of the SECURE Act on the life insurance industry and explored how the new law will impact defined contribution plans and annuities. Presenters were Gregory Fox, Aon; J. Mark Iwry,

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nonresident senior fellow at the Brookings Institution; and Kerry Pechter, *Retirement Income Journal*. The moderator was Noel Abkemeier, co-chairperson of the Academy's Lifetime Income Risk Joint Committee.

Noting the SECURE Act was passed in December 2019, Iwry said "the aim of this legislation is to promote more retirement income in our system by encouraging 401(k)s to include annuities as an option that participants could choose".

The bill reflects a longstanding consensus that this is an important issue, confirmed with the bipartisan introduction of SECURE 2.0, which was released days prior to session. Sponsors of SECURE 2.0 are seeking to reinforce the goal to encourage more Americans to think ahead and invest for retirement, while addressing some of the issues that came to light in the original act.

Beyond bipartisan support in Washington, the initiative has backing from both employees and employers, Fox observed. He also said that not surprisingly, most employees desire a way to save for retirement and that employers want to offer one, but several hurdles prevent them from acting, including fiduciary concerns, cost, complexity, and usage turnaround.

The panelists focused in on key issues they see as priorities, known as the lifetime income trio: ERISA fiduciary safe harbor for selection of annuity providers, lifetime income estimate disclosure requirement for 401(k) and other DC plans, and improved portability for annuities in 401(k) plans.

Panelists said the conversations happening now, both for employers and employees, are moving in the right direction but that it will likely take a couple of years to see the anticipated positive side effects. In the meantime, they opined, COVID-19 has taken the spotlight—and with it the willingness of employers to increase risk and employees to "give up their paycheck."

Effects of COVID-19 on the Life Insurance Industry

The COVID-19 pandemic has impacted nearly every aspect of global business. While the long-term effects of this pandemic will take some time to reveal themselves, this session focused on what is currently known of the impacts to the life insurance industry. Speakers were Eric Berg, Lehman; and George Hansen, AM Best. Tricia Matson, a member of the Academy's Life Practice Council, moderated.

Despite companies improving their enterprise risk management (ERM) programs in recent years, the ongoing pandemic has exposed certain weaknesses in companies' programs, panelists said. Given the global nature of the virus, combined with many high-density cities with international travel, companies are being challenged in all aspects of operational risk management. The pandemic further shows the need for strong capital, improved liquidity, and regular stress testing.

Along with operational risk, they discussed mortality concerns. Mortality from an insurance perspective is not a simple concern. Insurers expected the pandemic to hit everyone equally, but this has not been the case. There have been pockets of increased mortality, primarily among older age groups and the uninsured. Further complicating the issue, many people put off elective procedures, perhaps causing their general health to decline.

One of the biggest concerns that panelists stressed watching is commercial real estate loans. Other issues or areas to monitor include interest rates, exiting businesses, and the leisure and hospitality industry. The panelists noted the pandemic is not near its conclusion and that there remains much uncertainty.

Regulation Best Interest and Annuity Suitability Model

In recent years, the Securities and Exchange Commission (SEC) adopted the new Regulation Best Interest rule, the NAIC has adopted changes to the Suitability in Annuity Transactions Model Regulation (#275), and the New York State Department of Financial Services revised Insurance Regulation 187.

Panelists discussed the implications of these regulations on the life insurance industry and the actuary's role in complying with the regulations. Presenters were Skip Edmonds, LIMRA; and Deidre Downes, Prudential Financial. Linda Lankowski, vice chairperson of the Academy's Life Practice Council, moderated.

Both the SEC'S Regulation Best

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Matson (top left), Berg (top right), and Hansen take in Q&A at the COVID-19 & Life Insurance session



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Interest (Reg BI) and the NAIC's Annuity Suitability Model (NAIC Model Reg) raise duty of care concerns. Until these recent regulatory actions, the common practice was a suitability standard.

Panelists agreed these regulations are meant to protect consumers while

also encouraging them to invest more and are especially important with more consumers investing on their own. They also opined that with the rules imposing more paperwork, they may prove to be the opposite of consumer-friendly.

DOL's Employee Benefits Security

Administration resurrected its proposed rule, and after a comment period this summer, panelists said they expected a quick turnaround and for the rule to be implemented. (Note: [The rule was finalized](#) on Nov. 13, and becomes effective Jan. 12, 2021.)

Pension

PBGC—A Tale of Two Funds

The Pension Benefit Guaranty Corporation's (PBGC) multiemployer and single-employer funds came into 2020 in vastly different positions, and the short- and longer-term economic effects of the coronavirus pandemic have created uncertainties for the future of both funds. This session gave an update on the forecasted solvency of both funds, the potential participant impact of the funds' circumstances, and potential legislative efforts that could affect the PBGC.

Presenters were Ted Goldman, the PBGC's director, policy research and analysis; and Andy Banducci, the PBGC's chief policy officer. Jason Russell, vice chairperson of the Academy Pension Practice Council, moderated.

Goldman provided highlights and projections of single and multiemployer plans from the 2019 *PBGC Projections Report*. He reported three main takeaways—that the expected year of insolvency year of the multiemployer program is 2026; that multiemployer plans are projected to decline in value over the next 10 years; and that single-employer plans are projected to increase in value over the next 10 years.

Banducci discussed the outlook on Capitol Hill for legislation to address the PBGC. He said that this year, the PBGC used the disaster relief authority in the *CARES Act* to allow plan sponsors “breathing room” in regard to filing requirements. When asked whether any legislative proposals or provisions during the lame duck session is anticipated, he added that legislators could use the end-of-year funding bill or potentially a next COVID-19 relief bill as vehicles for additional relief.

Goldman shared the breakdowns and

trends available in the annual *Pension Insurance Data Book*; the details on single-employer risk transfer activity in the *Partial Pension Risk Transfer Report*; and the detailed breakdowns in the *Multiemployer Pension Plan Benefit Provisions Report* that illustrate variations across industries.

Retirement in the 21st Century—Individual Responsibility in the Age of the 401(k)

This session looked at the how the U.S. retirement landscape has changed dramatically over the past three decades. Presenters were Kara Getz, chief counsel, U.S. House Ways & Means Committee; Chantel Sheaks, executive director, retirement policy, U.S. Chamber of Commerce; Michael Sinacore, economic policy advisor for Sen. Rob Portman; and Richard Jones, an Academy member and senior partner, national retirement practices,

Aon. Academy Pension Vice President Tim Geddes moderated.

Presenters looked at the *SECURE Act* and follow-up legislation making its way through Congress and the regulatory process that aims to improve the retirement system for both industry and beneficiaries.

Jones gave background on the SECURE Act provisions he is most focused on—the pooling of 401(k) plans, or pooled employer plans (PEPs). PEPs remove two historical issues with retirement plans, the common nexus requirement and the “one bad apple” rule. He said he looks forward to the passage of the SECURE Act 2.0 as it contains a provision allowing 403(b) plans to be pooled into PEPs as well.

Sheaks agreed that both bills from her perspective are steps in the right direction but said that much of her



Presenters at the Retirement in the 21st Century session; clockwise from top left: Geddes, Getz, Sinacore, Sheaks, and Jones

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time and attention has been focused on the SECURE Act as its provisions have begun to move through the regulatory process. She said that while the IRS did provide some guidance on the *SECURE Act*, more is needed, including the need to identify the administrative duties and other actions required by a pooled plan provider, and to identify what happens when an employer doesn't take actions to meet the new qualification requirements.

Social Security—Reinforcing the Foundation of U.S. Retirement in a Time of Uncertainty

This session looked at proposed changes to Social Security and discussed projections of the program's solvency, the impact that select proposals could have on solvency, and other potential paths forward.

Presenters were Amy Shuart, Republican staff director, U.S. House Committee on Ways & Means' Subcommittee on Social Security; Tom Klouda, senior domestic policy advisor, U.S. Senate Finance Committee; and Karen Glenn, deputy chief actuary, Social Security Administration. Ron Gebhardtshauer, chairperson, Academy Social Security Committee, moderated.

Glenn gave an overview of the outlook for Social Security and an explanation of the insolvency crisis. She stated that conclusions in the 2020 Trustees Report showed that the disability insurance reserves are expected to be depleted by 2065, the old-age & survivors insurance reserves are expected to be depleted by 2034, and the combined reserves are expected to be depleted by 2035. She provided a disclaimer that these

projections do not take into account the changes in the workforce caused by the COVID-19 pandemic.

Klouda and Shuart talked about congressional legislation that has been proposed to address insolvency and other issues. Gebhardtshauer addressed the issue of immigration and Social Security, considering whether increased immigration levels are sufficient to raise taxable income in the U.S. enough to provide relief to depleting reserves.

Higher levels of immigration would mean more workers paying into the system and with immigrants tending to have higher fertility rates. He cited data to show that an immigration rate four times higher than it is currently would decrease the projected payroll deficit, but not nearly enough to adequately fully address the solvency issue. ▲▲

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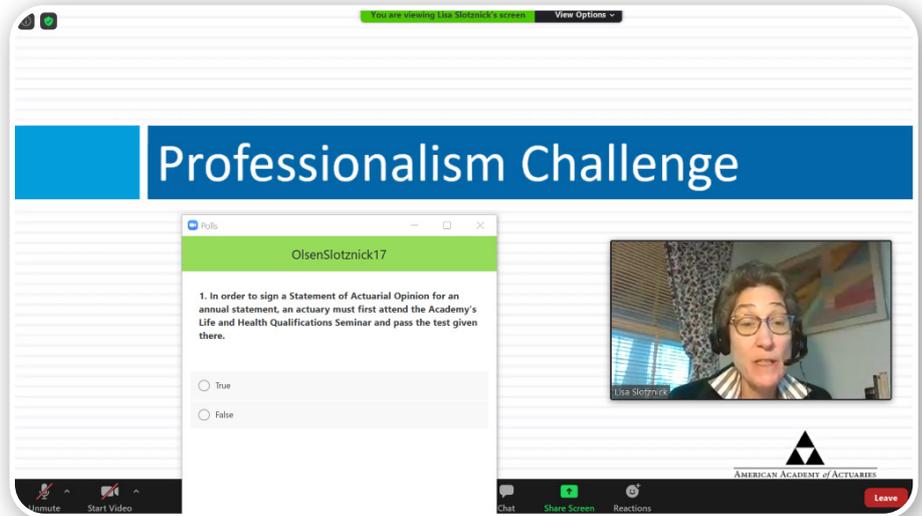
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Professionalism Outreach

ACTUARIAL BOARD for Counseling and Discipline (ABCD) member and incoming Chairperson David Driscoll provided an overview of the ABCD and its activities and processes to the Actuaries Club of Nebraska’s virtual meeting on Nov. 4. The presentation included a look at the precepts of the Code of Professional Conduct and how actuaries can request guidance from the ABCD on actuarial matters they believe may affect their obligations under the Code.

Committee on Qualifications member Lisa Slotznick and Actuarial Standards Board member Cande Olsen kicked off the Southeastern Actuaries Conference/ Actuaries’ Club of the Southwest Joint Virtual Meeting with a pre-meeting professionalism seminar on Nov. 18. They reviewed the professionalism framework housed in the Academy and key developments with life, health, and cross-practice actuarial standards of practice. The session concluded with an interactive “Professionalism Challenge,” putting more than 20



Slotznick polls audience members in her Nov. 18 presentation

professionalism multiple-choice poll questions to the audience followed by an interactive discussion.

Academy Past President Tom Terry presented the general session, “Shining a Light Onto the Grey Areas: Being a Professional in Uncertain Times,” at the Actuarial Society of Greater New York’s

virtual Annual Meeting on Nov. 23. Terry explored the question of why and how actuaries shine in the face of uncertainty, walking the audience through what it means to be an actuary, what it means to be a professional, and how the web of professionalism housed in the Academy is actually built for times like this. ▲

ASB Approves Exposure Draft of ASOP No. 3 Proposed Revision

THE ACTUARIAL STANDARDS BOARD approved an exposure draft of a proposed revision of Actuarial Standard of Practice (ASOP) No. 3 now titled *Continuing Care Retirement Communities and At Home Programs*.

The standard, last revised in 2008, applies to actuaries when performing actuarial services, including giving advice, in connection with Continuing Care Retirement Communities



(CCRCs) (including nonprofit and for-profit entities) or At Home Programs that are not regulated as insurance entities. These actuarial services may be performed for owners, operators, financing entities, current or prospective residents or members, as well as for other

professionals or regulatory bodies. The standard does not apply to actuaries when performing actuarial services with respect to At Home Programs regulated as insurance entities. When performing actuarial services with respect to such organizations, the actuary should review ASOP No. 18, *Long-Term Care Insurance*, for applicability.

The comment deadline for the exposure draft is Feb. 1, 2021. Information on how to submit comments using the new comment template can be found in the [exposure draft](#). Information on how to submit comments using the new [comment template](#) can be found in the exposure drafts. ▲

PROFESSIONALISM BRIEFS

➔ **Nancy Behrens** is chairperson of the Committee on Professional Responsibility.

Winter Is Coming ... Have You Completed Your CE?

AS THIS UNUSUAL YEAR DRAWS TO A CLOSE, it's time to make sure you are on track to meet the continuing education (CE) requirements of the U.S. Qualification Standards (USQS) by the end of the year.

The USQS require actuaries issuing statements of actuarial opinion (SAO) in the United States to earn 30 hours of relevant CE each year. "Relevant" is defined as CE that broadens or deepens your understanding of one or more aspects of your work, expands your knowledge of practice in related disciplines that bear directly on your work, or facilitates your entry into a new area of practice.

Of the 30 hours, 6 must be "organized" and 3 must be "professionalism." This year, with so many in-person conferences and other meetings canceled or going virtual, some actuaries have expressed concern about being able to meet the requirements for organized activity. The good news is that although organized activities require interaction with actuaries or other professionals from outside your organization, that interaction can take place virtually for purposes of meeting the USQS requirements.

Thus, a webinar or other online CE event where you have the ability to ask questions—even if it is through a web interface—may count as "organized" CE. If you are still short of organized activity hours, the Academy has several more events lined up in December—a professionalism webinar, "[Clear as a Bell: Professionalism Aspects of Communication](#)"; two pension webinars, "[The Impact of COVID-19 on Retirement Plans](#)," and "[Setting Capital Market Assumptions and the Current Environment](#)"; and the "[2020 Seminar on Effective P/C Loss Reserve Opinions](#)."

Now let's turn to professionalism CE. Actuarial professionalism is generally concerned with the Code of Professional Conduct, the USQS, the actuarial standards of practice (ASOPs), and ethics. So, for example, reviewing new or revised ASOPs in your area of practice or commenting on ASOP exposure drafts would count as professionalism CE.

Any webinars or other offerings focusing on these topics would also count as professionalism CE, as would time spent serving on a professionalism committees, such as the Actuarial Standards Board or one of its committees and the Actuarial Board for Counseling and Discipline. Academy members may also access the [professionalism webinar archive](#) free of charge—a great way to make

up a few professionalism CE hours if you find yourself short. (Watching recorded webinars does not count as "organized" activity because it lacks the opportunity to ask questions.)

Speaking of organized and professionalism hours, if you watch a live professionalism webinar worth 1.8 hours, you may count those 1.8 hours toward both the organized and the professionalism requirements, but you may count 1.8 hours only once toward your total of 30.

Those of you planning to issue SAOs for NAIC annual statements next year must complete 15 hours directly relevant to the topics identified in USQS section 3.1.1 for the SAO you intend to issue. At least 6 of those hours must be earned through experiences that involve interactions with outside actuaries or other professionals that is directly relevant to the topics identified in section 3.1.1. These hours may be included in the 30 hours required for all actuaries.

What if you cannot meet the requirements by Dec. 31? If you do not meet the requirements before the end of the year, you may not issue any SAO until you have earned the full 30 hours, including 6 organized and 3 professionalism hours. Say you are 3 hours short on Dec. 31. You may not issue any SAO until you have earned those 3 hours.

Once you have earned those hours, for a total of 30, you are qualified to issue SAOs in 2021, but you will need to earn another 30 hours before the end of 2021 to issue SAOs in 2022. And remember, the USQS defines an SAO very broadly, as "an opinion expressed by an actuary in the course of performing Actuarial Services and intended by that actuary to be relied upon by the person or organization to which the opinion is addressed." If you are working as an actuary in the U.S., you are almost certainly issuing SAOs.

What if, happily, you have earned more than 30 hours? In this case, the excess may be carried over one year. For example, if you earned 35 hours this year, you could carry 5 hours into 2021 and would need to earn only another 25 hours before the end of the year. You must earn 6 organized and 3 professionalism hours for each year, however.

Finally, be sure to keep good records of your CE. The USQS requires you to keep "appropriate and timely records" for at least six years from the date of the CE. Such records should include, at a minimum, the date of the CE, the credit hours obtained, and a brief description of the subject matter of the CE. Consider using the [Academy's TRACE tool](#) to do this in an efficient and easy way. ▲



CPC, COPLFR Update CASTF on Academy P/C Initiatives

THE CASUALTY PRACTICE Council (CPC) and the Committee on Property and Liability Financial Reporting (COPLFR) [presented updates](#) on their respective recent work to the NAIC's Casualty Actuarial and Statistical Task Force (CASTF), including comments made on pandemic risk insurance proposals, impact on workers' compensation and automobile insurance from COVID-19, and a new [cyber breach research report](#). A preview was also provided of December's [Seminar on Effective P/C Loss Reserve Opinions](#) and the forthcoming 2020 Practice Note on statements of actuarial opinion on P/C Loss Reserves (December) and the *P/C Loss Reserve Law Manual* (January). ▲

CASUALTY BRIEFS

- ➔ **David Traugott** is chairperson of the P/C Risk-Based Capital Committee and the following are members of the committee: **David Shleifer** and **Amy Waldhauer**.
- ➔ **Lisa Slotznick** and **Eric Xu** joined the P/C Extreme Events and Property Lines Committee.

Days Away—Seminar on Effective P/C Loss Reserve Opinions

THERE ARE JUST A FEW DAYS LEFT to register for the [Seminar on Effective P/C Loss Reserve Opinions](#), which is coming to you virtually this year. The agenda is designed for your convenience and needs during these challenging times with travel restrictions and stay-at-home remote work. 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. [See the full agenda here](#).

Have group of Academy members from your organization interested in attending? Make sure to take advantage of our discounted group rate.

This event is an excellent opportunity for you and your colleagues to learn the latest requirements including regulatory guidance and actuarial qualification standards through intensive presentations and case studies, and it will allow opportunities for open dialogue and Q&A. [Register now](#). ▲



Work Group Releases Memorandum Practice Note

THE HEALTH PRACTICE COUNCIL'S ACTUARIAL Memorandum Practice Note Work Group released the [Actuarial Memorandum Practice Note](#). The purpose of this practice note is to provide information that can be useful for appointed actuaries dealing with the challenges of producing an Actuarial Memorandum in support of the Actuarial Opinion filed as part of the Health Annual Statement Blank (often referred to as the Health Blank or the Orange Blank). ▲

HEALTH BRIEFS

- ➔ **Jason Karcher** is chairperson of the Risk Sharing Subcommittee.
- ➔ **Hans Leida** and **Erica Rode** joined the Health Equity Work Group.



Committee Comments to CCIIO on AV Calculator

THE INDIVIDUAL AND SMALL GROUP MARKETS COMMITTEE [sent comments](#) to the Center for Consumer Information & Insurance Oversight (CCIIO) expressing concerns on the claims data updates finalized in the 2021 Actuarial Value (AV) Calculator. The comments are for consideration in preparing the draft 2022 AV Calculator. ▲



Committee Releases Issue Brief on Social Security Assumptions

THE SOCIAL SECURITY COMMITTEE published an [issue brief](#) on actuarial assumptions used by the Social Security Administration to make projections for and evaluations of Social Security's financial condition.

The issue brief noted that:

Since the 1980s, Social Security trustees' reports have consistently indicated that, in the absence of corrective legislation, assets currently in the trust funds plus future payroll tax income will not be sufficient to finance all scheduled benefits over the 75-year valuation period.

In addition to the trustees, within the federal government the Congressional Budget Office makes its own projections, as do actuaries and other experts from think tanks, academia, and the private sector.

All such projections rely on assumptions about future demographic and economic trends because the future cannot be known with any certainty.

The annual Trustees Report describes in detail the assumptions used by the trustees and the rationale behind these assumptions. It is important that any report about Social Security's future include a description of the assumptions used in the calculations. ▲

Committee Comments to DOL on Interim Final Regulation

THE LIFETIME INCOME RISK Joint Committee [submitted comments](#) to the Department of Labor on an interim final regulation with request for comments regarding pension benefit statements and lifetime income illustrations.

The letter to DOL's Employee Benefits Security Administration (EBSA) addressed consideration of growth in account balance, retirement age, annuity conversion rates, inflation adjustment, spouse age, updating the EBSA lifetime income calculator, and additional disclosure information. ▲

Pension Webinar Covers Modeling Practice Note

THE PENSION COMMITTEE hosted a Nov. 17 webinar, "[Practice Note on ASOP No. 56, Modeling: A Discussion of the Exposure Draft](#)," which offered an overview of the recently released exposure draft of the practice note, [Modeling— for Pension Actuaries](#). The presenters—Pension Committee members Margaret Berger and Grace Lattyak, with Chairperson Bruce Cadenhead moderating—discussed their views of the implications

for pension actuaries, outlined by the draft practice note, of the new cross-practice ASOP. A robust case study section featuring all three presenters capped off the session, and they invited questions, which presenters said will help inform the committee as it works toward publishing a final practice note. Comments on the exposure draft are encouraged. [Slides and audio](#) are available free to logged-in Academy members. ▲

COVID-19, Capital Markets Webinars Set for December

THE PENSION PRACTICE Council will host two webinars next month:

- ▲ "[Setting Investment Return Expectations in an Evolving Capital Market Environment](#)," appropriate for actuaries with an interest in return forecasts, will present a variety of viewpoints and methodologies to raise your level of familiarity with developing and assessing investment return expectations. Pension benefit commitments, and the resources allocated to pay for them, depend on the expected rate of return on plan assets. But setting return expectations in continuously shifting capital market environments can be a challenge, as monetary policy is increasing in

importance as a driver of interest rates which impact the price of all financial assets. Presenters will be Jerry Mingione, a member of the Social Security Committee; Shaum Shrinivas, Mercer Investments; and Phil Kivarkis, Aon. Evan Inglis, a member of the Public Plans Committee, will moderate. The webinar will be held on Dec. 10 at noon EST. [Register today](#).

- ▲ "[The Impact of COVID-19 on Retirement Plans](#)" will cover the short- and long-ranging impacts of COVID-19 on pension plans and their sponsors, recognizing that much is still uncertain. Panelists will discuss the stress placed on certain plan sponsors and governments brought on by the current economic environment as a

result of the pandemic as a result of the pandemic and the actions taken (or not taken) in response. It will also examine how actuaries might reflect this current and expected experience in response to the financial and demographic considerations for each plan, which will vary widely. Presenters will be Eric Keener, chairperson of the Retirement System Assessment and Policy Committee; Todd Tauzer, chairperson of the Public Plans Committee; and Christian Benjaminson, chairperson, and Joe Hicks, vice chairperson, of the Multiemployer Plans Committee. Senior Pension Fellow Linda K. Stone will moderate. The webinar will be held Dec. 15 at noon EST. [Register today](#). ▲



PBR Task Force Posts VM-31 Templates

THE PRINCIPLE-BASED RESERVING (PBR) Analysis Templates Task Force [published six PBR templates](#) to assist users when performing PBR analysis or preparing PBR Actuarial Reports required by the NAIC's Valuation Manual (VM-31). ▲

Task Force Comments on ASOP No. 2 Proposed Revision

THE LIFE PRACTICE COUNCIL'S ASOP No. 2 Practice Note Task Force [submitted comments](#) to the Actuarial Standards Board on the second exposure draft of the proposed revision of ASOP No. 2, *Nonguaranteed Elements for Life Insurance and Annuity Products*. ▲

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LIFE BRIEFS

➔ **Greg Mateja** joined the C3 Life and Annuities Work Group.

PENSION BRIEFS

➔ **Todd Tauzer** is chairperson and **Andy Blough** is vice chairperson of the Public Plans Committee.

➔ **Amy Kemp** is chairperson of the Social Security Committee.

RISK MANAGEMENT & FINANCIAL REPORTING NEWS



Committees Comment to FASB

THE RISK MANAGEMENT AND FINANCIAL REPORTING COUNCIL's Financial Reporting Committee and Life Financial Reporting Committee [submitted comments](#) to the Financial Accounting Standards Board (FASB) regarding equity indexing and modified coinsurance embedded derivatives.

They wrote it is important for the FASB addressing these issues in order to improve the relevance and representational faithfulness of insurance companies' U.S. GAAP financial statements. ▲

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