

Academy Announces Annual Volunteer and Public Service Award Recipients

THE ACADEMY announced the two distinguished members who will receive its highest annual awards. Katie Campbell will receive 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; and Arnold Dicke will receive 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.

The award recipients will be recognized at the Academy's [Annual Meeting and Public Policy Forum](#), which will be a virtual event this year on Nov. 5–6.

"Service is at the heart of the Academy's mission," Academy President D. Joeff Williams said. "The skill, dedication, and hard work of our volunteers is the lifeblood that enables us to produce our valuable public policy and professionalism work."

The [Farley award](#) honors an actuary whose volunteer efforts on behalf of the Academy have made significant contributions to the advancement of the profession. Through nearly three decades of dedicated volunteer



Campbell



Dicke

service to the Academy, Dicke exemplified volunteer service with prolific contributions in more than 35 roles that included vice president, life; a member of the Board of Directors and the Council on Professionalism; as chairperson and a member of many other committees and work groups; and for his accomplishments in and seminal contributions to such efforts as the

SEE **AWARDS**, PAGE 7

Capitol Forum Webinar Looks at Health Equity Issues

THE ACADEMY hosted a Capitol Forum webinar, "[Exploring Health Equity in a Time of COVID-19 and Beyond](#)," on Sept. 14. A panel of health equity experts described and defined health equity, spoke to the drivers of health disparities, and shared their insights and activities related to data and quality measurement, innovative provider and payer models designed to meet individual- and community-level medical and non-medical needs, and opportunities for cross-sector collaboration.

The presenters were Paula Braveman, founding director of the Center for Health Equity and professor of family and community medicine at the University of California San Francisco; David

Nerenz, director emeritus of the Center for Health Policy and Health Services Research at the Henry Ford Health System; Tamarah Duperval-Brownlee, senior vice president and chief community impact officer at Ascension Health, and president and CEO of Ascension Providence Health System in Washington, D.C.; and Sandeep Wadhwa, chief health officer and senior vice president of market innovation at Solera Health. Academy Senior Health Fellow Cori Uccello moderated.

Introducing the session, Uccello mentioned the Academy's new Health Equity Work Group, which will examine actuarial data sources and methods to assess whether they contribute to health disparities; the work group will recommend changes

when appropriate. The work group also will apply an "equity lens" to the Academy's health policy work and will educate actuaries on health equity issues. She cited statistics showing that people of color have been disproportionately affected by COVID-19 and that prior to COVID-19 fared worse across measures of coverage, access to care, and health outcomes. She also referenced a W.K. Kellogg Foundation and Altarum 2018 study highlighting the economic consequences arising from health disparities; an annual \$135 billion economic gain would be achieved if health disparities were removed.

In giving an overview of health equity definitions and the drivers of health disparities, Braveman cited

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[Social Security Voter Guides](#)

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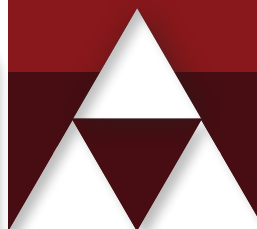
[NAIC President-Elect David Altmaier to Speak at Annual Meeting & Public Policy Forum](#)

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[Academy Letter Addresses Diversity & Inclusion](#)

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['Tales From the Dark Side' Professionalism Webinar Set for Oct. 30](#)



2020

OCTOBER

30 Professionalism Webinar: "Tales From the Dark Side" (registration opening soon)

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)

Academy NEWS Briefs

Reminder—USQS Exposure Draft Comments Due Oct. 30

A REMINDER of an important coming deadline: The Academy's Board of Directors has approved the release of an [exposure draft](#) of revisions to the currently effective Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States (USQS). The comment deadline for the exposure draft is Oct. 30. [Click here](#) for the Academy email sent to members, and for information on how to submit comments, [click here](#). ▲

As Election Nears, Academy Updates Social Security Issue Guides

AS THE RUN-UP to the November election intensifies, the Academy has updated its "[2020: Making Issues Count](#)" guides related to Social Security. The guides now reflect the latest data from the 2020 Social Security Trustees Report and also address the uncertainty brought about by the COVID-19 pandemic.

- ▲ [Social Security](#)
- ▲ [Changing Social Security Financing](#)
- ▲ [Social Security Benefit Changes](#)
- ▲ [Raising Social Security's Retirement Age](#)

The Academy hopes these guides help voters become better informed leading up to the 2020 elections, and that candidates for higher office will provide details on their proposals to address the challenges addressed by these guides and the positions they would support as duly elected public officials. ▲

SOCIAL
SECURITY

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](#).

Recently Released

THE [Retirement Report](#) summer issue includes a spotlight Q&A on the July asset allocation issue brief subtitled "Don't Put the Cart Before the Horse." Also, coverage of last month's two pension webinars on Social Security and the ASOP No. 51 practice note; pension issue briefs from the past few months; and recent legislative and regulatory activity, including that related to COVID-19.

The Fall [Casualty Quarterly](#) leads with a Q&A about wildfires, following the recent West

Coast wildfires and last year's Academy's issue paper on the topic. Also, a webinar on workers' compensation and COVID-19; the Academy's comments to the NAIC on an NAIC predictive models exposure draft; and the Actuaries Climate Index continues its upward trend.

A new *Essential Elements* paper on wildfires, "[Wildfire Risk in the United States](#)," covers where and when wildfires occur; rising damage and property/casualty costs, the importance of modeling, and offers some recommendations.

The Extreme Events and Property Lines Committee updated its flood insurance monograph, [The National Flood Insurance Program: Challenges and Solutions](#), which was originally released in April 2017. ▲

CASUALTY
QUARTERLY

Academy NEWS

NAIC President-Elect Altmaier to Speak at Annual Meeting

FLORIDA INSURANCE COMMISSIONER David Altmaier will be the speaker at the Academy's Annual Meeting and Public Policy Forum in the plenary session, "NAIC Race and Insurance Initiative and Outlook for NAIC in a Time of COVID-19." Altmaier was named the NAIC's president-elect in January. The Annual Meeting and Public Policy Forum will be held as a virtual event Nov. 5 and 6. [Register by Oct. 16](#) to take advantage of our early registration rates. ▲



Altmaier

PBR Boot Camp Covers a Range of Topics

MORE THAN 150 PEOPLE attended the Academy's seventh PBR Boot Camp Sept. 14–17, which was held for the first time as a virtual event. Presenters covered a range of aspects of specifically tailored issues relevant to the now-mandated principle-based reserving (PBR) framework for life insurance, including life insurance overviews and implementation of VM-20, mortality, and additional liability assumption; overviews of PBR life insurance assets, reinsurance, and model overview and model governance; variable annuities; and regulator and auditor reviews and updates.

The program included interactive Q&A sessions and updates, with attendees gaining targeted information and participating in intensive, focused discussion groups, sharing insights, and learning from others' experience of PBR in their practice. ▲



Donna Claire (top), Linda Lankowski (bottom left), and Dave Neve present at a session

Clockwise from top left: Rhonda Aherns, Mike Boerner, Pat Allison, Linda Lankowski, Bruce Sartain, and Vincent Tsang



Academy Letter to NAIC Addresses Diversity and Inclusion

ACADEMY PRESIDENT D. Joeff Williams [sent a letter](#) on behalf of the Academy to the National Association of Insurance Commissioners (NAIC) offering comments to NAIC's Special Committee on Race and Insurance.

"It is of the utmost importance for all stakeholders to engage in a public discourse on race, diversity, and inclusion in the insurance sector," the letter stated. "The Academy especially recognizes the need to acknowledge that there may be retrospective practices that could have a bearing on insurance-based disparities and to examine whether current practices perpetuate or exacerbate those disparities."

While noting the Academy fully shares the special committee's goals to examine the issues in its charges and work streams, with the committee's ambitious timeline to conclude its work by year-end, however, Williams wrote that it "may require more time to fully examine the range of issues involved."

He also cited the Academy's new initiative to study health equity—including this month's [webinar on the topic](#) (see story, p. 1)—especially those health and health insurance systems in which actuaries are involved, to determine whether they contribute to health disparities. ▲

Academy Board Election Concludes

THANK YOU to all Academy members who cast their votes in the online election for the four candidates for open regular director positions on the Academy Board of Directors. Voting wrapped up Sept. 4, with almost 2,500 total votes cast and a 12.28% participation rate. The percentage of online votes who rated their voting experience a 7/10 or higher was 90%. The newly elected directors will be Margaret Berger, Chris Carlson, Jason Russell, and Pete Weber. All of the terms will begin after the Academy's Annual Meeting of the membership on Nov. 5. For more, visit the [Board Election Center](#). ▲

Membership Dues—Reminder

FOR THOSE ACADEMY members who have not yet paid their 2020 membership dues, renew your membership today to continue to access your membership benefits, including subscriptions to *Contingencies* and other publications, Academy alerts, our free library of archived professionalism and public policy webinars, and your right to use the MAAA® designation.

You may pay the outstanding membership dues today by [logging in](#) to the Academy's website. (Some members also may qualify for a [partial or full dues waiver](#).) The Membership Department is available to assist members via phone or email—202-785-6925 or membership@actuary.org. The Academy appreciates all members for their membership and dedication to our mission. ▲

Webinar Looks at ASOP No. 6 Practice Note Exposure Draft

MEMBERS OF THE HEALTH PRACTICE COUNCIL'S ASOP No. 6 Practice Note Work Group presented at the Academy's Sept. 17 webinar, "[Practice Note on ASOP No. 6: A Discussion of the Exposure Draft](#)."

The presenters—Jim Rizzo, chairperson of the work group; and work group members John Bartel; Colleen O'Malley Driscoll; Piotr Krekora; John Schubert; Jim Whelpley; and Dale Yamamoto—offered perspectives on the 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.

Presenters noted that much of the practice note applies to all retiree group health benefit valuations, and not just pooled health plans, and that it provides examples of practical methods to develop age-specific health costs. They took questions and reminded attendees that comments on the exposure draft are due by Sept. 30.

Webinar [slides and audio](#) are available free to Academy members. ▲

Editor's note: Schubert did a deep-dive Q&A on the practice note in the summer issue of [HealthCheck](#).

Coming to you **VIRTUALLY** this year.

Seminar on Effective P/C Loss Reserve Opinions—Dec. 9-10 and 14-15, 2020.

Get an intensive review of the latest requirements during this virtual event.

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Member Spotlight

Mitchell Momanyi

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 Mitchell Momanyi, a member of the Health Practice International Committee, Health Care Delivery Committee, Medicare Subcommittee, and the Academy's new Health Equity Work Group.

Why did you become an actuary?

I decided to become an actuary in 2011. After trying several fields in college including mechanical engineering, mathematics, financial mathematics, and economics, I landed on actuarial science as a career. Actuarial science is a field that relies on several areas of knowledge and experience including mathematical/logical thinking, statistical methods, regulatory knowledge, as well as financial expertise. It uses experience in all these areas to solve problems related to risk management. The use of a variety of fields is what keeps the actuarial profession attractive to me.

Describe a challenge you have overcome.

Several years ago, I was working for a small organization as the only credentialed actuary. Although I had my ASA at the time, I did not have sufficient experience to issue actuarial opinions in the area in which I was working. Despite being pressured by the director of my department (who was not an actuary) to sign off on work that I was not qualified to do, I did not do so. I explained to him the reasons why it was unethical for me to give actuarial opinions when I was not qualified. This served as a good opportunity to educate others on what it is that actuaries do and the importance of proper qualification when serving the public.

What do you enjoy the most about being an actuary?

The opportunity to solve a wide range of problems involving risk. The health care field is always evolving and presenting those who participate in it with new challenges.

Share something about yourself.

I love running and reading (but not simultaneously!). Every morning, I run 5 miles prior to beginning my day. It is a chance to meditate and get my thoughts straight prior to getting my work started. Whenever I am not working, it is highly likely that you will see me behind a book. I am currently reading *Which Country Has the World's Best Health Care?* by Ezekiel Emanuel as well as *When We Do Harm* by Dr. Danielle Ofri. Reading widely was a discipline that was instilled in me by my father while growing up and I have always enjoyed it.

What advice would you share with young actuaries?

Try as many things as possible in your career and make relationships with as many people as possible as well. The best way to learn is by working on a variety of projects.

Academy Featured in Nationally Syndicated Story on Health Costs

HEALTH PRACTICE COUNCIL member Rebecca Owen shared comments on the costs of the COVID-19 pandemic in the nationally syndicated ["Spotlight on America"](#) TV segment.

In the story, which focused on a patient whose insurance to date covered all but \$3,000 of a \$1.1 million hospitalization, Owen shared that systemic cost impacts of COVID-19 are complex, potentially impacting not just premiums but also costs of publicly funded health insurance, while costs for longer-term conditions will also be a factor. More than 43 television stations and one radio station have aired the story. ▲



IN THE NEWS

Academy Health Practice Council member Rebecca Owen shared comments on the costs of the COVID-19 pandemic in the nationally syndicated “[Spotlight on America](#)” TV segment.

A [Washington Post](#) opinion piece cited David Fishbaum’s 2017 *Contingencies* [commentary piece](#) on longevity and how it affects Supreme Court appointments.

A [Morningstar](#) story reported on the Academy’s August Capitol Forum webinar, “[Social Security Reform Options](#),” in which guest panelists offered their own perspectives on the financial challenges of Social Security, including uncertainties introduced by the COVID-19 pandemic, and possible reform solutions.

The [Los Alamos Daily Post](#) (N.M.) reported on the Academy Pension Committee’s recently released issue brief on the

impact of COVID-19 on pension plans.

Senior Pension Fellow Linda K. Stone was quoted by [CNBC](#) on considerations for retiring workers who are deciding whether to take a lump sum or lifetime payments from their pension. It also highlighted the Academy’s [Pension Assistance List](#) (PAL) program and the jointly sponsored [Actuaries Longevity Illustrator](#). A [MarketWatch](#) story also cited the Actuaries Longevity Illustrator.

Subscriber-only [Bloomberg Law](#) quoted Joe Hicks, vice chairperson of the Multiemployer Plans Committee, on the PBGC’s recently released Projections Report. Hicks and Senior Pension Fellow Linda K. Stone also commented on the report in a [Pension & Investments](#) story. In a subscriber-only CQ News story, Stone commented on growth of the PBGC’s single employer plan fund.

[Advisor Magazine](#) and the Farmington, Conn., [Patch](#) reported on the recipients of the Academy’s 2020 awards.

Senior Casualty Fellow Rich Gibson discussed the challenges of insuring pandemic risk from an actuarial perspective in a subscriber-only [Bisnow.com](#) story on business interruption claims in the commercial real estate market.

[A.M. Best](#) cited the Individual and Small Group Markets Committee’s issue brief that outlines the major factors driving premium changes for 2021, including the impact of COVID-19.

[ThinkAdvisor](#) and [Life Health Professional](#) reported on Hank George’s [commentary](#) on life underwriting in the context of the COVID-19 pandemic and economic recession, published in the September/October issue of *Contingencies*. ▲

This Month in Social Media



On Twitter, we reminded our followers that it has never been easier—and more cost-effective—to attend this year’s Annual Meeting and Public Policy Forum, which will be a virtual event.

NOW VIRTUAL. REGISTER TODAY.



On Facebook, we shared Academy Health Practice Council member Rebecca Owen’s comments about the health costs of COVID-19 in the nationally syndicated TV segment, *Spotlight on America*.



On LinkedIn, we highlighted the latest “Actuary Voices” interview, featuring Academy Life Vice President Laura Hanson, who discussed her experience with unconscious bias, how art influenced her career, and how the profession can continue to grow with new actuaries.

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.

principle-based approach to life insurance, life reinsurance regulation, and standards development.

The [Myers award](#) honors an actuary who has made an exceptional contribution to the common good, either for a single noteworthy public service achievement or a career devoted to public service. Campbell is receiving the award in recognition of her extraordinary contribution to the public good through years of distinguished service at the Alaska Division of Insurance, where she advanced the cause of consumer interests, including the oversight of the financial conditions of insurers through fact-based analysis and with a deep commitment to actuarial professionalism. In addition, her work through the NAIC has also been heralded for her conscientious contributions to the development of many life and health actuarial regulatory initiatives that have had application nationwide. She currently serves as actuary at the Interstate Insurance Product Regulation Commission.

Outstanding Volunteerism Awards

The Academy will also bestow its annual [Outstanding Volunteerism Award](#) to four exceptional volunteers for their efforts during the past year:

- ▲ **Christian Benjaminson**, chairperson of the Multiemployer Plans Committee and a member of the Pension Practice Council, whose efforts have been instrumental in ensuring that the Academy's objective perspective on complex multiemployer plan issues has been well-represented and understood, especially as Congress considers whether and how to craft legislative reform proposals potentially impacting the plan sponsor community and millions of beneficiaries.
- ▲ **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**, a member of the Life Practice Council (LPC), who has been chairperson of the LPC's Illustrations Work Group as the NAIC's Life Actuarial Task Force has undertaken the task of revising Actuarial Guideline XLIX to address the illustration of Indexed Universal Life policies.

Webinar, continued from page 1

a Robert Wood Johnson Foundation definition of health equity that allows everyone a fair and just opportunity to be as healthy as possible. This requires removing obstacles to health such as poverty, discrimination, and their consequences—including powerlessness and lack of access to good jobs with fair pay, safe environments, and quality education, housing, and health care.

Nerenz offered an overview of data and quality measurement issues from the health care setting. He covered social determinants of health, which include individual- and community-level variables such as poverty, housing, and racial/ethnicity issues, as well as crime, pollution, and social services and public transportation. "It's not too tricky to imagine how these things ultimately affect health," he said.

Duperval-Brownlee discussed provider strategies to address individual and community needs. She talked about her experience with underserved populations in Washington, D.C., which included



Benjaminson



Heppen



Megregian



Whelpley

- ▲ **Jim Whelpley**, a member of the Health Practice Council's ASOP No. 6 Practice Note Work Group—and a presenter at this month's Academy's webinar on the practice note—whose efforts were integral to the Academy producing the draft document that is intended to provide useful information regarding current and emerging practices of actuaries in the development of age-specific retiree health claims cost assumptions.

Join us virtually at the [Annual Meeting and Public Policy Forum](#) Nov. 5–6 to honor the awardees' achievements. Register by Oct. 16 to take advantage of our early registration rates. ▲

factors ranging from affordable housing and economic opportunity to poverty, homelessness, and literacy. The nation's capital "is rife with beds for health care access and a lot of providers, but just not the accessibility for those who have been either historically made vulnerable, excluded, or disenfranchised," she said.

Wadhwa provided a payer perspective on social determinants of health and health equity, saying he was encouraged by a growing momentum to address root causes of disparities, which can lead to premature morbidity and mortality.

"I think there's been a recognition that insurers and payers can help advance healthy lifestyles that are structured and evidence-based," with the Affordable Care Act's emphasis on preventive measures helping to that end, he said. "We're discovering that other populations can benefit from a lot of these supportive services that had previously not been part of private insurance or

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the Medicare program,” Wadhwa said, adding that health systems are “really leaning into the providers, suppliers, and vendors to have equity plans and infuse their programs with expectations around addressing inequities.”

In the Q&A, the presenters addressed medical versus non-medical interventions. “I think what’s exciting now is there are a lot of health systems that are doing this now,” Braveman said, referring to addressing social determinants of health. Duperval-Brownlee described a “conundrum” of sorts, but said it is more a “both/and” than an “either/or” in terms of where to make investments on the individual or community level. In the COVID-19 pandemic, for example, government systems mobilized rapidly to help get people food. “The audience crossed all age groups, from the very young to super-elders where we saw these disparities,” she said. “It behooved us to do it, because the consequences if we hadn’t approached it immediately would have been rather tragic.”

Regarding measuring outcomes, Wadhwa said he applauded the Academy’s work on actuarial value around essential health benefits. Academy health groups “were leaders in that work, and I thought that assigning value associated with outcomes is a much more useful framework than [return on investment].”

Nerenz said “it’s really important to have a detailed debate about what we want the health care system and its component parts to do.” Part of that debate is what to expect from health plans and providers—“more carefully, or more definitely, than what we currently have,” he said, which will allow the setting of expectations and developing measures to meet them.

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



Braveman



Duperval-Brownlee



Nerenz



Wadhwa

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Professionalism Outreach

DIRECTOR OF PROFESSIONALISM and General Counsel Brian Jackson delivered a virtual presentation on ethics and professionalism to John Hancock on Sept. 24. Jackson's presentation focused on how ethical practice is rooted in adherence to the Code of Professional Conduct, how the Actuarial Board for Counseling and Discipline (ABCD) proceeds when potential violations of the Code are brought before it, and the important function of the ABCD in responding to actuaries' requests for guidance.

Council on Professionalism member Darrell Knapp delivered a professionalism presentation to the National Association of Supplemental Benefits Insurance's Virtual Fall Forum on Sept. 10. Knapp provided important reminders about actuarial standards of practice (ASOPs) applicable to all or nearly all engagements, as well as a review of selected ASOPs that apply to actuaries who estimate incurred claims for health benefit plans and to actuarial services with respect to estimating health insurance assets or liabilities. The presentation concluded with the audience providing interactive multiple-choice polling responses on two professionalism case studies. Knapp and several actuary panelists at the conference had a lively virtual discussion of each polling result and professionalism considerations relevant to the case studies. ▲

Save the Date: Fall Professionalism Webinar, 'Tales From the Dark Side,' Set for Oct. 30

GET READY FOR MORE "Tales from the Dark Side," as our popular professionalism webinar returns for its fourth iteration on Oct. 30. Speakers will explore examples of ethical problems based on cases that have been brought before the Actuarial Board for Counseling and Discipline. Registration will open soon. ▲

HEALTH NEWS



Uccello Presents at Brookings Health Panel

SENIOR HEALTH Fellow Cori Uccello participated in a Sept. 23 Brookings Institution webinar panel discussion, "Health Care Price Regulation and Public Options: Assessing Approaches to Increasing the Public Role." The webinar is available for viewing via the Brookings [website](#).



Uccello

Uccello talked about the key design issues of developing a public option, in the context of the panel's discussion of three commonly discussed approaches to expanding the government's role in determining health care prices in private insurance markets: limits on out-of-network prices, comprehensive price regulation, and creating a public option.

"A big issue for a public plan is whether it's going to be on a level playing field with private plans" under the Affordable Care Act, she said. ▲

NAIC Working Group Approves Request on RBC Formula

THE NAIC'S HEALTH Risk-Based Capital (E) Working Group [approved a request](#) to the Academy's Health Solvency Subcommittee for Analysis to Incorporate Investment Income into the Underwriting Risk Component of the health risk-based capital (RBC) formula. The working group requested a response from the subcommittee by Oct. 21. ▲

HEALTH BRIEFS

- ➔ **Corryn Brown, April Choi, Andrea Christopherson, Colleen Driscoll, Jo Erwin, Bela Gorman, Annette James, Barb Klever, Julia Lerche, Yi-Ling Lin, Mitchell Momanyi, Rebecca Owen, Susan Pantely, Tony Pistilli, Chris Schmidt, Enrique Schulz, Derek Skoog, Marty Staehlin, Sara Teppema, Mike Thompson, Jim Toole, Tammy Tomczyk, Cori Uccello, and Ugo Ukpewho** joined the new Health Equity Work Group.
- ➔ **Michelle Faust** joined the Individual and Small Group Markets Committee.

Your Professionalism Questions Answered

THE AUG. 20 professionalism webinar, “[In Times of Uncertainty, Professionalism Is Certain](#),” engaged the audience in a thoughtful discussion about how professionalism can help actuaries manage the uncertainties created by the COVID-19 pandemic and the resulting economic recession. As our presenters ran out of time to answer many of the audience questions during the webinar, they suggested that we answer some of them here.

Continuing Education

Will the Academy reduce the requirement to earn 6 hours of “organized” continuing education (CE) for 2020?

Because actuarial science is a constantly evolving discipline, meeting the Academy’s continuing education obligation is an essential component of actuarial practice in the United States, especially in these uncertain times. While social distancing practices aimed at decreasing the spread of COVID-19 have led to the temporary cessation of most in-person conferences or seminars, they have also increased the importance of maintaining continuing education by interacting with other actuaries. Consequently, the Academy has no current plans to relax the U.S. Qualification Standards (USQS) requirement that actuaries earn 6 hours of “organized” activity each year, which involves interaction with actuaries or other professionals working for different organizations. The good news is that you can get the needed “organized” activity CE by participating in live webinars where there is an opportunity to submit questions to the presenter. The Academy, as well as other actuarial organizations, regularly offer such events.

How far back should one keep documentation of compliance with CE requirements?

Section 6 of the USQS requires actuaries to keep records of their CE compliance for at least six years. These records should contain, at a minimum, the date of the CE, the credit hours obtained, and a brief description of the subject matter of the CE.

If an actuary recently became a member of one of the five U.S.-based actuarial organizations, when does that actuary need to comply with the requirements of the USQS? Does CE earned prior to becoming credentialed count toward this requirement?

Once an actuary becomes a member of any of the five U.S.-based actuarial organizations (not just the Academy), he or she must comply with all of the requirements of the USQS before issuing any Statement of Actuarial Opinion (SAO) to be relied upon in the United States. It is wise for candidates to plan ahead when they are close to qualification if they

intend to issue SAOs shortly after receiving their credential.

CE earned during a calendar year typically qualifies the actuary for opinions issued during the subsequent calendar year. There are no CE “grace periods” for new members in the USQS. Section 2.2.4 specifies that an actuary may count hours earned before being credentialed, as long as the time was earned since the beginning of the prior calendar year. Section 2.2.2 further allows time spent in the current year to be “carried back” one year to make up for shortfalls, as long as the total 30 hours is earned before issuing an SAO. An example will clarify the implications of this (sections 2.2.2 and 2.2.4).

An actuary receives her first actuarial practice credential (in this example, becomes an Associate of the Society of Actuaries [ASA]) in July 2020. She meets the basic education and experience requirements to issue an SAO in October 2020. She wants to ensure her compliance with the CE requirement as well.

When calculating her CE hours, she is allowed to count all the hours earned in 2019, and in 2020 up until the date of the October 2020 opinion, in determining his qualification to issue that opinion. This time can be earned before or after her qualification, but not before 2019. As per section 2.2.7, time spent studying (reasonable allocated time) for relevant actuarial exams can also be included in this count as “Other Activities.” Time that this ASA spends in September 2020 studying for a fellowship exam can also be counted, even if the studying did not result in a passing grade (section 2.2.7).

However, any 2020 CE time that the actuary uses to qualify for her 2020 opinion cannot also be used for her 2021 opinions. She will need to earn another 30 hours of CE—normally during the remainder of 2020—to issue opinions in 2021.

Conflict of Interest

If two principals acknowledge a conflict of interest, can an actuary perform pricing or other services for each respective party where they may be on opposite sides of a transaction?

Precept 7 of the Code of Professional Conduct sets out what an actuary should do in such a case. First, the actuary’s ability

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to act fairly must be unimpaired. Second, the actuary must disclose the conflict of interest to both principals. Third, the principals must expressly agree to the performance of such actuarial services by the actuary. If any one of these three conditions is not met, the actuary may not perform the services.

ABCD

What proportion of alleged violations of the Code of Professional Conduct was brought to the attention of Actuarial Board for Counseling and Discipline (ABCD) by other actuaries?

Between 2014 and 2019, the ABCD closed a total of 123 inquiries. One-quarter of those inquiries had been initiated by people other than credentialed actuaries. About 10 percent of ABCD inquiries were initiated by the ABCD itself, and 64 percent were initiated by credentialed actuaries.

Precept 10

With more business meetings going online, there is an increased temptation to “multi-task” during meetings. Would such behavior be considered a violation with respect to Precept 10?

Precept 10 requires the actuary to perform actuarial services with courtesy and professional respect and to cooperate with others in the principal's interest. It seems unlikely that occasional inattention during meetings, while rude and frustrating to other participants, would rise to the level of a Precept 10 violation. However, if the multitasking led to sloppy work and errors in the provision of actuarial services, this could constitute a Precept 1 violation. Precept 1 requires the actuary to act with integrity and competence and to perform actuarial services with skill and care.

When an actuary is handing off work to a successor actuary, can the actuary bill for time spent to prepare the information? Must the actuary provide data for which the actuary incurred costs to obtain? What about proprietary information that is important to gaining a full understanding of the work?

When a Principal has given consent for a new or additional actuary to consult with the Actuary, Precept 10 requires the actuary to cooperate in furnishing relevant information, subject to receiving reasonable compensation for the work required to assemble and transmit pertinent data and documents. So, yes, the first actuary can bill for time spent to prepare the information. On the second question, Precept 10

does require the actuary to provide the data, even if costs were incurred to obtain it. However, given that Precept 10 allows the actuary to bill for time spent preparing information, it may be reasonable for the actuary to request some sort of compensation for costs incurred for data that the actuary is now handing over to another actuary in the principal's interest. With respect to proprietary information, Precept 10 states that the actuary need not provide any items of a proprietary nature, such as internal communications or computer programs. That said, the actuary should make sure information truly is proprietary before declining to supply it to the new actuary.

Documentation

Some may say that documentation is time-consuming. How would you respond to that?

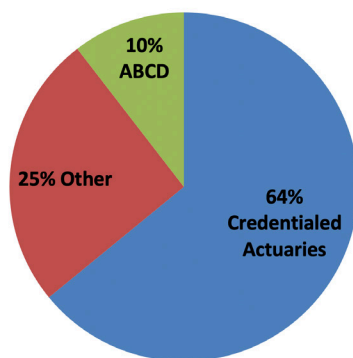
Documentation may be time-consuming, but it is an essential part of providing actuarial services to a Principal. ASOP No. 41, *Actuarial Communications*, states that the actuary should consider retaining the supporting information that was not included in the report. In

addition, ASOP No. 41 also says the actuary should consider retaining sufficient information for any recurring project so that another actuary could assume the assignment. Many new and recently revised ASOPs contain more detailed language on documentation, such as the following, from ASOP No. 56, *Modeling*:

The actuary should consider preparing and retaining documentation to support compliance with the requirements of section 3 and the disclosure requirements of section 4. If preparing documentation, the actuary should prepare such documentation in a form such that another actuary qualified in the same practice area could assess the reasonableness of the actuary's work. The degree of such documentation should be based on the professional judgment of the actuary and may vary with the complexity and purpose of the actuarial services. In addition, the actuary should refer to ASOP No. 41, section 3.8, for guidance related to the retention of file material other than that which is to be disclosed under section 4.

That the Actuarial Standards Board believes documentation is important enough to include such language in every new and revised ASOP indicates the importance of documentation to the profession as a whole. ▲

Who Initiated ABCD Cases 2014-19?





COPLFR Paper Addresses Audit Committees and P/C Loss Reserve Expertise

THE COMMITTEE ON PROPERTY AND LIABILITY FINANCIAL REPORTING (COPLFR) issued a new public policy paper, [An Overview for P/C Insurers' Audit Committees: Effective Use of Actuarial Loss Reserve Expertise](#). The document, which replaces an earlier publication on the same subject, is offered primarily for members of audit committees and boards of directors of P/C insurers subject to NAIC regulation.

The NAIC annually mandates requirements for loss reserve opinions. While most of the considerations apply as well to other insurance entities, including non-U.S. insurance companies, captive insurance companies, corporate self-insurers, etc., some of the references contained therein are specific to the NAIC's requirements regarding the recording of loss reserves in insurers' financial statements. ▲

Register for December's Virtual Seminar on Effective P/C Loss Reserve Opinions

THE ACADEMY'S 2020 [Seminar on Effective P/C Loss Reserve Opinions](#) is coming to you virtually this year. The agenda for this year's seminar is designed for your convenience and needs during these challenging times with travel restrictions and stay-at-home remote work. Our experienced presenters will cover the latest requirements including regulatory guidance and actuarial qualification standards through intensive presentations, case studies, and opportunity for open dialogue and Q&A.

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) 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 and [register today](#). ▲

COPLFR Comments on Financial Examiners Handbook

THE NAIC'S Actuarial Opinion Working Group met Sept. 10 to consider the Committee on Property and Liability Financial Reporting's [recently submitted comments](#) on proposed changes to the Financial Examination Handbook (FEH). The proposed changes to the FEH are being voted on. ▲

Australian Report Mentions Academy Comment Letter

A PANDEMIC RISK INSURANCE [report](#) prepared for the Insurance Council of Australia cites a Casualty Practice Council [letter](#) sent to Congress in June on the issue of pandemic risk insurance. ▲

CLRS Features Academy Presentations

AT THIS MONTH'S Virtual Casualty Loss Reserve Seminar and Workshops (CLRS), jointly sponsored by the Academy and the Casualty Actuarial Society. Academy-specific content presentations at the Sept. 14–16 event included:

- ▲ A professionalism presentation on the Actuarial Standards Board and the Actuarial Board for Counseling and Discipline delivered by Al Beer;
- ▲ John Gleba and Michelle Iarkowski presented in a session on report documentation;
- ▲ Volunteers including Lise Hasegawa and Brenda Hebert presented on the recently updated [audit paper](#); and
- ▲ Committee on Property and Liability Financial Reporting Chairperson Kathy Odomorik participated in a roundtable discussion on reserving issues. ▲

CASUALTY BRIEFS

- ➔ **Jeff Clinch** joined the Automobile Insurance Committee.

Actuarial Update

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PENSION NEWS



Issue Brief Addresses COVID-19's Effect on Pension Plans, Mortality, Assumptions

THE PENSION COMMITTEE published an [issue brief](#) considering the near-term and long-term effects of COVID-19 on pension plans, including mortality and other assumptions. The issue brief's key points include:

- ▲ There is much uncertainty about the impacts of COVID-19 on both near-term and assumed long-term future mortality;
- ▲ The effects of the pandemic on the economy, on workforce patterns, and on plan sponsors' budgets are likely to be far more financially

significant to most pension plans, at least in the near term, than the effect on mortality. There is expected to be wide variance among the plans themselves, regardless of whether they are private sector, multiemployer, or public plans; and

- ▲ As plan experience and medical research unfold, actuaries will be able to incorporate this information as they consider both short- and long-term effects on actual plan experience and future economic and demographic assumptions. ▲

New 'AGES' Assessment Released

THE RETIREMENT System Assessment and Policy Committee released a new assessment as part of the "[Retirement for the AGES](#)" initiative. The Australian Superannuation Guarantee Program received a grade of B. The initiative is intended to focus attention on the U.S. retirement-income system, which needs to be strengthened to improve financial security for retired Americans. ▲

LIFE NEWS



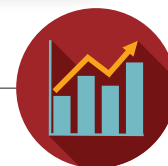
C-2 Work Group Updates NAIC

THE C-2 MORTALITY Work Group [presented an update](#) to the NAIC's Life Risk-Based Capital (E) Working Group reviewing the C-2 overall approach and current risk-based capital (RBC) factors. The presentation reviewed the C-2 overall approach and current risk-based capital (RBC) factors; noted the work group was seeking regulator feedback on adding a new catastrophe component for a sustained mortality increase from an unknown risk, and differentiating factors for individual life products; and outlined the next steps. ▲

LIFE BRIEFS

- ➔ **Robert Eaton** is chairperson of the new LTC Combo Product Valuation Practice Note Work Group and the following are members: **Rhonda Ahrens, Curt Clingerman, Kevin Healy, Jeff Johnson, Kyle Kalmbach, Karen Rudolph, Ethan Wang, Pete Weber, and Deyu Zhou.**
- ➔ **Nancy Bennett, Dale Hall, Louri Karpov, Jason Kehrberg, Leonard Mangini, Linn Richardson, Stephen Strommen, Connie Tang, Yuan Tao, and Bill Wilton** joined the new Economic Scenario Generator Work Group.

RISK MANAGEMENT & FINANCIAL REPORTING NEWS



FRC Submits Comments to AICPA

THE FINANCIAL REPORTING COMMITTEE [submitted comments](#) to the American Institute of Certified Public Accountants (AICPA) regarding Long-Duration Contracts Implementation Issue 11AC (ceded reinsurance), to be included in the *Audit and Accounting Guide: Life and Health Insurance Entities*. The letter offers suggested clarifications about several paragraphs in the guide. ▲

2020

OCTOBER

30 Professionalism Webinar: "Tales From the Dark Side" (registration opening soon)

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)

Academy NEWS Briefs

Reminder—USQS Exposure Draft Comments Due Oct. 30

A REMINDER of an important coming deadline: The Academy's Board of Directors has approved the release of an [exposure draft](#) of revisions to the currently effective Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States (USQS). The comment deadline for the exposure draft is Oct. 30. [Click here](#) for the Academy email sent to members, and for information on how to submit comments, [click here](#). ▲

As Election Nears, Academy Updates Social Security Issue Guides

AS THE RUN-UP to the November election intensifies, the Academy has updated its "[2020: Making Issues Count](#)" guides related to Social Security. The guides now reflect the latest data from the 2020 Social Security Trustees Report and also address the uncertainty brought about by the COVID-19 pandemic.

- ▲ [Social Security](#)
- ▲ [Changing Social Security Financing](#)
- ▲ [Social Security Benefit Changes](#)
- ▲ [Raising Social Security's Retirement Age](#)

The Academy hopes these guides help voters become better informed leading up to the 2020 elections, and that candidates for higher office will provide details on their proposals to address the challenges addressed by these guides and the positions they would support as duly elected public officials. ▲

SOCIAL
SECURITY

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](#).

Recently Released

THE [Retirement Report](#) summer issue includes a spotlight Q&A on the July asset allocation issue brief subtitled "Don't Put the Cart Before the Horse." Also, coverage of last month's two pension webinars on Social Security and the ASOP No. 51 practice note; pension issue briefs from the past few months; and recent legislative and regulatory activity, including that related to COVID-19. ▲

Issue Brief

Asset Allocation and the Investment Return Assumption

JULY 2020

THE
RETIREMENT
REPORT

