MARY FRANCES MILLER, the 2011 president of the American Academy of Actuaries, received the presidential gavel from outgoing President Ken Hohman during the ceremonial transition at the Academy’s annual meeting and luncheon on Nov. 8. In remarks to the audience, Miller said that the Academy is the one actuarial organization that unites all actuaries—regardless of practice area—who work in the United States.

“By bringing together our individual talents and combining the expertise of all of our practice areas,” said Miller, “we maximize the ability of our small profession to work on behalf of the public interest.”

Miller, a consulting actuary with Select Actuarial Services in Nashville, Tenn., has more than 20 years of actuarial experience. She first served on the Academy’s board of directors from 2002 to 2004 during her tenure as president-elect and president of the Casualty Actuarial Society (CAS). She was elected unanimously by the Academy’s board of directors to the office of president-elect in October 2009.

See ANNUAL MEETING, Page 8

NAIC Fall Meeting Activity

AT THE FALL MEETING of the National Association of Insurance Commissioners (NAIC) in Orlando, Fla., on Oct. 18–21, Academy representatives briefed regulators on a number of current Academy projects.

Health Sessions

Shari Westerfield, chairperson of the Committee on State Health Issues, and Donna Novak, chairperson of the Health Solvency Work Group, updated the NAIC’s Accident and Health Working Group (A&HWG) on the Actuarial Standards Board’s recent health-related Actuarial Standards of Practice (ASOPs) and practice notes. The presentation focused on educating A&HWG members on the differences between ASOPs and practice notes, as well as on how these documents affect regulators. Brad Spenney, chairperson of the Academy’s Cancer Claims Cost Tables Work Group, briefed the A&HWG on the progress the Academy’s work group is making toward providing recommendations for a new cancer table. He also informed the working group about a survey going out to prospective companies that sell cancer products. Survey responses were due back by mid-November. The A&HWG also discussed the prospect of updating the Academy’s 2003 practice note on long-term care pricing and recommended creating a definition for the term “moderately adverse.” In addition, the group decided that the Patient Protection and Affordable Care Act (PPACA) Actuarial Subgroup would be disbanded and that a new group would be formed in its place.

The NAIC’s Health Insurance and Managed Care (B) Committee adopted a motion to expose the rate disclosure forms adopted by the Speed to Market Task Force for an additional 30-day comment period. It also adopted a motion to establish a joint working group of the “B” Committee and the Market Regulation and Consumer Affairs (D) Committee to examine issues related to limited benefit medical plans.

The NAIC’s Executive Committee/Plenary adopted the medical loss ratio provision (Regulation for Uniform Definitions and Standardized Methodologies for Calculation of the Medical Loss Ratio for Plan Years 2011, 2012, and 2013). This regulation was developed per Section 2718(b) of the Public Health Service Act. The committee rejected or tabled several amendments, including one to change the credibility factor from 50 percent to 80 percent and another on large-group aggregation. The committee also passed a resolution...
Academy NEWS Briefs

Dues Reminder

CURRENT ACADEMY members recently should have received information on renewing their Academy membership for 2011. The deadline for the 2011 dues is Jan. 1. You can pay online by logging in to the members-only page of the Academy website and following the instructions there. While logged in to the Academy website, you can update your contact information, change your password, or access any of the Academy’s members-only content. You also can subscribe to the Academy Alerts. These timely electronic bulletins about legislative and regulatory developments keep you informed about changes in your field and are offered free to all Academy members who provide an e-mail address.

If you have questions about your account or the website, or to how to make multiple payments in a single transaction, contact Mary McCracken, the Academy’s membership database administrator, at (202) 223-8196 or membership@actuary.org.

RECORD OF THE YEAR
The Academy’s 2010 Record provides a detailed review of how your investment in the profession performed during the past year. This year’s Record—greatly expanded from years past—shows how far-reaching the Academy’s 2010 work on behalf of the profession and the public interest has been.

ACADEMY VIDEO DEBUTS
The Academy launched a new video programming initiative to improve communications with and for members and the public the Academy serves. In the video, Academy 2010 President Ken Hohman, 2011 President Mary Frances Miller, and others share their views on the value of the Academy’s unbiased, objective public policy work—and how that work has evolved into the application of actuarial science to advocate for the public interest. This five-minute video, which premiered at the Nov. 8 annual meeting, is the first in a series of informational videos planned for 2011.

WEBINAR DRAWS CROWD
More than 500 registrants and an estimated 2,500 attendees took part in the recent Best of Up To Code webcast. The webcast was one of the quarterly webcasts on professionalism topics co-sponsored by the Council of Professionalism, the American Society of Pension Professionals and Actuaries, the Casualty Actuarial Society, the Conference of Consulting Actuaries, and the Society of Actuaries. A webcast on Actuarial Standard of Practice No. 35, Selection of Demographic and Other Noneconomic Assumptions for Measuring Pension Obligations, and other pension standards is scheduled for Dec. 3.

IN THE NEWS
Donna Novak, a member of the Academy’s Health Practice Council and the president and chief executive officer of Nova-Rest Consulting in Sahuarita, Ariz., discussed risk-based capital and surplus requirements for health insurers in the September issue of Managed Healthcare Executive. Novak helped to debunk a common misconception held outside the insurance industry that regulatory minimums are operational targets.

An article about health reform implementation published in the Sept. 2 issue of the New England Journal of Medicine cited the Academy’s Critical Issues in Health Reform paper on medical loss ratios. The

To continue receiving the Update and other Academy publications on time, remember to make sure the Academy has your correct contact information. Academy members can update their member profile at the member log-in page on the Academy website.

Links to documents underlined in blue are included in the online version of this issue at www.actuary.org/update/index.asp
that the Actuarial Standards Board was working on revised standards that, if adopted, would clarify actuarial assumptions and lead to more detailed descriptions of risk.

An Op-Ed by Rep. Charles W. Boustany Jr. (R-La.) published by Human Events on Sept. 20 cited concerns raised by the Academy regarding the Community Living Assistance Services and Supports (CLASS) Act. Boustany said that he will introduce legislation—the Fiscal Responsibility and Retirement Security Act (H.R. 5853)—that would require the Medicare actuary to report to Congress on the fiscal solvency of the administration’s final plan and require Congress to vote before it can be implemented.

Miller-McCune, a magazine covering academic research and policy, profiled the Academy’s efforts to urge policymakers to address Social Security’s long-term actuarial imbalance by increasing the program’s retirement age. Former Academy Senior Pension Fellow Frank Todisco was quoted in the Sept. 22 article. He discussed the Academy’s 2008 position statement. “People are living longer,” Todisco said. “When people live longer and you have a fixed retirement age, it means a program like Social Security is going to get more and more expensive.”

Academy Benefit and Eligibility Changes Work Group member Karen Bender, a principal for Oliver Wyman Actuarial Consulting in Milwaukee, was quoted by National Underwriter Life & Health on Sept. 27 from the work group’s letter to the U.S. Department of Health and Human Services commenting on interim final regulations regarding the elimination of pre-existing condition exclusions and the elimination of lifetime limits and restrictions on annual limits, as well as other patient protections. “The combination of pre-existing and guaranteed-issue rules may encourage a financially prudent family with healthy children to defer purchase of insurance until a child gets sick. As long as there is at least one carrier with an open-enrollment period available at any time during the year, and no penalty for deferral, then there is an economic incentive to defer purchase of insurance,” Bender wrote.

To find out about other activities in the news and for external links, visit the Academy’s newsroom.

Academy’s paper states that it could be difficult for some small-group and individual market insurers to satisfy the new medical loss ratio requirements. These insurers could exit the market, resulting in significant disruption.

An issue brief on longevity and retirement from the Academy Retirement Security Principles Task Force was cited in the Al- lentown, Pa., Morning Call on Sept. 12. According to the task force, Americans are spending more time in retirement than they did decades earlier. In 1940, workers spent on average 47 years working and 13 years in retirement. By 2006, workers spent approximately 40 years working and 20 years in retirement.

Noel Abkemeier, a member of the Academy’s Life Products Committee and a consulting actuary for Milliman in Williamsburg, Va., and former Academy Senior Pension Fellow Frank Todisco testified on behalf of the Academy to officials with the U.S. departments of Labor and the Treasury during a Sept. 15 public hearing on lifetime income options in tax-qualified individual retirement account plans. Abkemeier and Todisco’s testimony was quoted in several news reports on the hearing, including those by the Bureau of National Affairs and Investment News on Sept. 16 as well as Insurance & Financial Advisor on Sept. 20. Read the September 2010 Update for additional coverage of the hearing.

Former Academy Senior Pension Fellow Frank Todisco was quoted by the New York Times on Sept. 17 in an online article about public pension plans that also appeared in the print edition on Sept. 18. Todisco said
Addressing Vital Issues

By Ken Hohman

2010 has been a year of great progress for the American Academy of Actuaries, and we will begin 2011 with brighter prospects. As the Academy’s 2010 president, I take absolutely no credit for this—the credit is due to the Academy’s leaders, volunteers, and staff members. I want to thank each of you—it is your hard work, dedication, commitment, and professionalism that has made 2010 so successful.

A year ago, we identified the need for undertaking a top-to-bottom examination of the Academy’s governance and its role in helping the Academy fulfill its mission to the public and the profession through its work at home and abroad. I’m pleased to report that our Governance Task Force has delivered a comprehensive report, with specific recommendations, to the Academy board of directors. The report is posted on the Academy website—along with an online comment form. I encourage you to read the report and share your comments with us as the board begins considering these recommendations.

One of my commitments when I began my term as Academy president was to improve communications with our membership and the public. In working toward that goal, we’ve used a number of means during this past year to keep you informed about what is going on at the Academy—from our mainstay publications, Contingencies and the Actuarial Update, to new, timely e-mails from the president, videos, and Twitter. We have taken a huge step in communications this year, but there is still much more to be done.

A record number of Academy members responded to our annual volunteer survey; Academy members clearly are more aware of what we’re doing and voting with their keyboards in support of growing actuarial influence in the public policy arena.

We indeed have targeted public policy work aggressively during the past year as hundreds of volunteers have focused on a variety of issues with a level of intensity that I previously have not seen from the Academy. Within every practice area—at the state, federal, and international levels—we are addressing vital issues that significantly affect the public and that will, we believe, change the way actuaries practice in areas that are coming under ever-increasing regulatory scrutiny.

In an age of declining mainstream media where opportunities to earn media coverage are shrinking, Academy spokespeople continue to be featured in prestigious print, broadcast, and online media. As subject matter experts, they have provided the actuarial perspective on serious issues—from retirement and lifetime income to health reform implementation, from catastrophic risk to systemic risk, and countless others in between and beyond.

Engaging 17,000 members from different practice areas and with diverse experience can be seen as a challenge—or as an opportunity to be innovative. This year we launched the Academy Advisors, an online survey research panel with an initial enrollment of more than 300 Academy members willing to volunteer their time and provide valuable feedback. We also have created the Young Actuaries Committee to ensure that the next generation of actuaries is part of the dialogue as we determine how to move the profession forward.

The collaboration among the five U.S.-based actuarial organizations continues to be a priority. While the Academy is a member organization, we are something of a hybrid, because the leaders of the other four U.S.-based organizations sit on our board of directors. The leaders of the five organizations then form a committee of the board known as the Council of U.S. Presidents (CUSP). Among other initiatives, this group has worked to develop a proposal for an improved disciplinary process that will greatly benefit the U.S. profession. CUSP also has coordinated positions on international issues among the U.S. and North American organizations. We may not always agree, but we communicate well and collaborate wherever we can.

It has been a genuine honor to serve as the 2010 Academy president. I must thank the members of our Executive Committee and board of directors. These are smart, successful people who give up a great deal to serve the Academy and the profession. They truly deserve our respect and thanks. And I also am honored to thank our more than 1,000 volunteers. I simply am overwhelmed by the number of brilliant people who volunteer their time to make our profession stronger. Without you, the Academy could not function. I have full confidence that you will support 2011 President Mary Frances Miller as strongly as you have supported me—and that the Academy will reach new heights in 2011.

Ken Hohman became the Academy’s immediate past president on Nov. 8.

Academy Recruiting
Senior Pension Fellow

The American Academy of Actuaries seeks a Senior Pension Fellow to advance its work on issues relating to retirement income security.

The fellow will be responsible for connecting personally with policymakers, media, government officials, think tanks, academics, FASB/GASB, and other opinion leaders on issues of concern to the public and the profession. Candidates must be a member of the American Academy of Actuaries, Fellow of the Society of Actuaries, and an Enrolled Actuary. For complete details and to apply, click here.
SHELDON SUMMERS was presented the 2010 Robert J. Myers Public Service Award at the Academy’s November annual meeting. He received the award in recognition of his contributions to the public good through his 31 years of service during his tenure with the California Department of Insurance, where he served as chief actuary from 2002 to 2009.

“As chief actuary for the state, Sheldon was responsible for every significant life actuarial policymaking decision in California,” said 2010 Academy President Ken Hohman, who presented the award to Summers. “For more than 20 years, Sheldon provided actuarial leadership in the development of national insurance regulations through his involvement with the National Association of Insurance Commissioners.”

But when Summers was growing up in Puerto Rico, he wasn’t thinking about becoming an actuary. In fact, he didn’t know what an actuary was until he was runner-up in a math competition in 10th grade. His prize was a collection of books about the actuarial profession and actuarial mathematics. Even then, becoming an actuary wasn’t at the top of his list. After graduating from high school, Summers earned a business degree from Boston University and then enrolled in a Ph.D. program in industrial administration at Carnegie Mellon University. After a year of grad school, he decided to take a leave of absence and move to California.

Trying to find a way to support himself, Summers took the California civil service exam to become an insurance examiner. While waiting for the results, he accepted a job with a private firm that happened to be in the same office as the California Department of Insurance. Nine months after he had taken the civil service exam, Summers received a call from John Montgomery, the chief actuary for the California Department of Insurance and the first recipient of the Robert J. Myers Public Service Award. Montgomery hired Summers in 1979 at an entry-level position.

“John was a great boss,” said Summers. “He was devoted to improving state regulation by being highly influential at the NAIC meetings. He started taking me to meetings in the late 1980s, and that’s how I became involved with the NAIC.”

Over the past 20 years, Summers has served on many NAIC committees and task forces, including the Life RBC Work Group, the Capital Adequacy Task Force, and the Life Insurance and Annuities “A” Committee. As vice chairperson and as a member of the NAIC’s Life and Health Actuarial Task Force, he worked to improve actuarial contributions to statutory accounting and valuation.

“[Sheldon’s] contributions on actuarial issues involving life reinsurance, life insurance reserving standards, and statutory accounting are still admired to this day,” said Hohman.

When asked how volunteering on NAIC and Academy committees helped his career, Summers said, “My work with these organizations gave me the opportunity to listen to and participate in the discussions of new issues and the development of new regulations. This, in turn, helped me as a regulator understand and apply these regulations in my state. Plus, volunteering provided an opportunity to develop contacts, share ideas and opinions and enhance communications with my peers, and make friends.”

In his acceptance speech, Summers cited a number of past Myers Award recipients with whom he had worked. He noted that 2007 recipient Frank Dino was “always coming up with perspectives on issues that nobody else would think of” and that 2003 recipient Larry Gorski’s opinion was “the one that other regulators sought in order to decide what position to take on complex issues.”

Of his own award, Summers said, “Receiving this year’s Robert J. Myers Public Service Award is very meaningful to me because I now share something special with actuaries whom I have admired, with actuaries who were my mentors, and with actuaries who were my friends.”

Summers currently is a consulting actuary for Claire Thinking. He is a member of the Academy’s Life Practice Council and the Life Financial Soundness and Risk Management Committee. He also is the chairperson of the Academy’s Life Reinsurance Work Group. 

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Bell Honored with Farley Award

The 2010 Jarvis Farley Service Award was presented to Rowen Bell in recognition of his efforts to provide objective actuarial information to policymakers working on health care reform. In his comments at the annual meeting, 2010 President Ken Hohman said that Bell “has been instrumental in providing the actuarial perspective on financial elements in the health reform law, specifically the new medical loss ratio requirements.”

Bell is one of only a handful of health actuaries specializing in financial reporting matters. Over the past seven years, he has served on more than two dozen Academy committees, task forces, and work groups. Bell also served as a regular director of the board from 2007 to 2009. He currently chairs the Financial Reporting Committee and the Medical Loss Ratio Regulation Work Group, one of several work groups organized to coordinate the Academy’s involvement on health reform implementation matters.

“His efforts have extended beyond the health care arena as well,” Hohman said during the presentation. Bell has been a key contributor to the Risk Management and Financial Reporting Council and has made important recommendations on a variety of issues before the Financial Reporting Committee.

“I accept this award with immense gratitude but also with humility,” said Bell. “It frankly never occurred to me that I had done enough to merit the Farley Award.” While applauding the Academy’s recent accomplishments, Bell said that much work remains “to ensure that actuarial perspectives inform the many public policy debates our nation will need to face in the years ahead.”

Bell said that there were dozens of Academy members from across all practice areas for whose efforts he was grateful. “Indeed, one of the great benefits I have gotten from my service to the Academy has been to work with, and learn from, so many talented and committed actuaries practicing in different fields,” Bell said. “Our profession may be small, but I have learned through my service to the Academy just how mighty it is.”

Bell is the vice president of actuarial forecasting for the Health Care Service Corp. in Chicago. Before joining the company, he was a consultant in the Chicago office of Ernst & Young. During his career he has also worked for the Blue Cross Blue Shield Association and the Trustmark Insurance Co.

Farley Award recipient Rowen Bell with his wife, Academy member Roberta Harris, at the annual meeting luncheon.

Many Factors in P/C Insolvencies

Underreserving, by itself, is not the leading cause of insolvency for property and casualty insurance companies, according to a paper recently published by the Academy’s Financial Soundness/Risk Management (FSRM) Committee. The paper examines the effects of loss reserve development in the P/C industry and the role that the development of losses plays in the insolvencies of P/C insurance companies. Although deficient loss reserves/inadequate pricing, rapid growth, and alleged fraud are major causes of insolvency, the committee concluded that there does not appear to be one primary cause of property/casualty insurance company insolvencies.

The FSRM Committee’s study was partly motivated by the evolving science of enterprise risk management (ERM) and the risk-focused surveillance framework. The committee began its work with an examination of two studies conducted by the Committee on Property and Liability Financial Reporting (COPLFR) in the 1990s. The first study concluded that underreserving was cited the most often as a principal cause of insolvency. Mismangement, which was cited in 41 percent of the responses, was the second most frequently identified cause of insolvency. Many of the loss reserve opinions for companies subsequently declared insolvent were qualified or conditioned in some manner. In the majority of insolvencies studied, no loss reserve opinion was rendered. The second report similarly concluded that the most common principal cause of insolvency cited by the regulator was underreserving. Mismangement was the second most frequently identified cause of insolvency.

The FSRM Committee also reviewed the May 2010 A.M. Best annual report on company impairments. While an impaired company may not be declared insolvent necessarily, these studies and reports revealed that impairments are often precursors to insolvencies. In its examination, the committee revisited the companies that experienced the largest loss reserve development in the early 2000s to assess how they fared. The committee identified some of the distinguishing characteristics that allowed some companies to survive while others failed. It also researched recent insurer insolvencies to identify the underlying causes, including how well statements of actuarial opinion worked to distinguish these companies before insolvency.

Based on the results of these analyses, the FSRM Committee concluded that many different factors lead to P/C insurance company insolvencies. This finding is consistent with current ERM theory, which encourages each company to develop its own ERM culture using an individual assessment of all functional areas and determining how those areas relate to company solvency.

—Lauren Pachman
The Deferred Tax Asset Bridge Group submitted its final report to the National Association of Insurance Commissioners’ (NAIC) Capital Adequacy Task Force on Sept. 30 showing the appropriate treatment of the deferred tax asset (DTA) in the risk-based capital formulas for life, property/casualty, and health. The task force exposed the report for comments until Nov. 8.

Annual Meeting, continued from Page 1

Board Elections
Also at the annual meeting, five regular directors were elected to the Academy Board of Directors. All five candidates were elected unanimously and began their terms at the close of the meeting.

Marc Oberholtzer, a principal for PricewaterhouseCoopers LLP in Philadelphia; Jeffrey Peterril, an independent consulting actuary based in Oak Park, Ill.; and Stephen Preston, a life insurance actuary, who was formerly the U.S. chief insurance risk officer at ING Group and currently is on work sabbatical, were elected to three-year terms.

Catherine Murphy-Barron, a consulting actuary for Milliman Inc. in New York, was elected to serve the remaining year of a term that was vacated by Stephen Rosen on Oct. 5 when he was elected by the board of directors to the position of secretary. Shari Westerfield, an actuary for the Blue Cross Blue Shield Association in Chicago, was elected to serve the remaining two years of a term that was vacated by Tom Wildsmith on Oct. 5 when he was elected by the board of directors to be the vice president of the Academy’s Health Practice Council.

Academy Service Awards
The Academy also presented its two prestigious service awards at the meeting. Rowen Bell received the 2010 Jarvis Farley Service Award in recognition of his service to the Academy and his efforts to provide policymakers with actuarial information related to health care reform and financial reporting. (See story on Page 7)

The 2010 Jarvis Farley Service Award also was presented posthumously to Daniel J. McCarthy in recognition of his service to the Academy and the actuarial profession. McCarthy was a former president of the Academy and, until his untimely death in 2008, had served as the association’s first international secretary, representing the U.S. actuarial profession on the international stage. In this role, he made extraordinary contributions to the actuarial profession.

The service award was established in 1991 in honor of Jarvis Farley, a charter member of the Academy. Farley was a highly respected figure in the actuarial profession who gave tirelessly to the association. The Academy presents the award to individuals who continue Farley’s spirit of volunteer service to the actuarial profession.

Sheldon Summers received the 2010 Robert J. Myers Award for Public Service in recognition of his contributions to the public good through his 31 years of service with the California Department of Insurance, where he served as chief actuary from 2002 to 2009. (See story on Page 6)

The annual award is named after Robert J. Myers, who helped structure and fund the nation’s largest social insurance program in history during his tenure as the chief actuary of the Social Security Administration, from 1947 to 1970. The award was established in 1994 to honor Myers’ lifelong commitment to public service. The award is bestowed upon an actuary who has distinguished himself or herself through many years of service in the public sector.

Hollywood on the Potomac
Howard Fineman, senior politics editor at The Huffington Post and an analyst for NBC and MSNBC, entertained and informed the more than 1,000 actuaries in attendance as the luncheon’s keynote speaker. He opened his comments by welcoming the audience to “America’s largest theme park, otherwise known as Hollywood on the Potomac.” Fineman’s talk focused on the Nov. 2 midterm election and how the election results will affect the upcoming lame duck session and the 112th session of Congress. In his remarks, Fineman said that the role of actuaries is becoming more important as the flow of capital becomes more globalized, and he called on actuaries to “referee the numbers.”

“Somebody has to be dispassionate and disengaged enough to tell the corporations and companies, the investors, and the governments of the world what the numbers really are,” said Fineman. “If we can’t agree on the numbers in some reasonable way, then you not only have an Orwellian world; you have an ungovernable world.”

Alan Seeley, chair of the NAIC’s Solvency Modernization Initiative Risk-Based Capital Subgroup, reported on the subgroup’s activities during the Capital Adequacy Task Force meeting at the NAIC fall meeting in Orlando. In September, the subgroup requested the Academy’s assistance on risk-based capital issues. Then-President Ken Hohman responded to the subgroup’s request on Oct. 1.
regarding agent commissions that directs the NAIC to create a
subgroup to work with the Department of Health and Human Services
on agent commissions during the transition phase.

Life Sessions

The Academy’s Life Experience Subcommittee updated the NAIC’s
Life and Health Actuarial Task Force (LHATF) on the development
of new mortality tables. The Academy’s Nonforfeiture Improvement
Work Group provided an update on the general revision of Life and
Annuity Standard Nonforfeiture Laws. The Academy’s Variable
Universal Life Subgroup proposed an amendment to Valuation
Manual-20 relating to the valuation of variable products that was
exposed for comments after extensive discussion.

The Academy’s Annuity Illustration Subgroup wrote a letter to the
NAIC’s Annuity Disclosure Working Group with suggestions for changes
to the Annuity Disclosure Model Regulation. A version of the model was
adopted by the subgroup and sent to the Life Insurance and Annuities
(A) Committee for final approval. Rather than approve the model, the
committee exposed the draft for an additional 30-day comment period.

The “A” Committee also established a subgroup to draft a bulletin
that would help insurers detect and prevent stranger originated annuity
transactions. In addition, the “A” Committee charged the NAIC’s
Retained Asset Account Working Group with developing revisions to a
model that would include disclosure requirements for insurers and be
consistent with the findings of a recent survey by the working group.

Casualty Sessions

Joe Herbers, chairperson of the Committee on Property and Liability
Financial Reporting (COPLFR), reported on Academy activities at a
meeting of the NAIC’s Casualty Actuarial and Statistical Task Force.
Herbers said that the Model Audit Rule Practice Note is undergoing
the final stages of Academy staff review. He also noted that production
of the 2010 P/C Loss Reserve Law Manual is under way and it will be
distributed before January (see Page 10). The COPLFR subcommittee
responsible for annually updating the Practice Note for Statements of
Actuarial Opinion has completed a first draft. Changes include:

- Guidance on claims-made extended reporting reserves;
- Information about changes to Note 29 to the Financial Statement
  regarding premium deficiency reserves;
- Information about revisions to SSAP 62;
- Revisions to Appendix 3 (NAIC Guidance for Actuarial Opinions for
  Pools and Associations); and
- Inclusion of the Academy paper, An Overview for Audit Committee
  Members of P/C Insurers: Effective Use of Actuarial Expertise,
  as an appendix.

Herbers also informed the task force that the Financial Sound-
ness/Risk Management Committee’s paper on causes of property
and liability insurance company insolvencies is now available. The
paper explores the role that the development of losses plays in the
insolvencies of property and liability insurance companies.

At the NAIC’s Capital Adequacy Task Force meeting, Anne Kelly,
chair of the NAIC’s Property and Casualty Risk-Based Capital (RBC)
Working Group, provided an update on the working group’s activi-
ties. In an effort to increase transparency, the Academy’s Property/
Casualty Risk-Based Capital (RBC) Committee has agreed to provide
regular updates on its progress during the NAIC working group’s calls.

Michael Mcraith, chair of the NAIC’s Property and Casualty
Committee, briefed attendees on the Sept. 30 auto insurance rate
classification hearing held in Kansas City, Mo. and the minutes from
the hearing were adopted by the committee as submitted. Regula-
tors now will develop hypothetical policyholders to use in surveying
insurers in an effort to determine the way they classify policyholders.

—Tim Mahony, John Meetz,
and Lauren Pachman

HEALTH BRIEFS

Warren Cohen, senior vice president actuarial for Reliance
Standard Life Insurance Co. in Philadelphia, and Ashish
Sondhi, an actuary for Aon Hewitt in Waltham, Mass., have
joined the Academy’s Extreme Events Work Group.

Joyce Bohl, actuarial director for Humana in Tahitassee, Fla.,
has joined the Academy’s Federal Health Committee.

Joining the Academy’s Long Term Care Task Force are
Chester Lewandowski, an actuary for the State of
Massachusetts in Boston; Ali Zaker-Shahrak, a senior
life actuary for the California Department of Insurance in
Los Angeles; and Clark Heitkamp, consulting actuary for
United Health Actuarial Services in Elkhorn, Neb.

Loretta Jacobs, vice president and actuary for CNA Insurance in
Chicago; Nancy Hubler, corporate actuarial director for Regence
Blue Cross/Blue Shield in Portland, Ore.; and Nilabh Sanat, health
care actuarial analyst for Ingenix Consulting in San Francisco, have
joined the Academy’s Health Solvency Work Group.

Paul Harmon, an actuarial manager for Regence in Portland,
Ore.; Susan Pantely, an actuary for Milliman in San
Francisco; Russell Willard, actuarial director for Humana in
Louisville, Ky.; and James O’Connor, principal and consulting
actuary for Milliman in Chicago, have joined the Academy’s
State Health Committee.

Pension Standards of Practice

Learn What’s New and What’s Changing

Registration is open for the professionalism webinar Pension Standards of Practice—
Today and Tomorrow. Attendees will learn what is current and what is changing with
the key elements for measuring pension obligations. Presenters will cover several
ASOPs relating to the standards designed to provide guidance on this matter.

Academy Webinar:
Pension Standards of Practice—
Today and Tomorrow
DEC. 3, 2010 / 12:00 – 1:30 P.M. EASTERN
CLICK HERE TO REGISTER.

WWW.ACTUARY.ORG
The Property/Casualty Loss Reserve Law Manual is designed to help appointed actuaries comply with the NAIC annual statement requirements for statements of actuarial opinion (SAO). It is updated annually.

New this year:
- 38 jurisdictions have updated entries;
- 21 jurisdictions have changed their laws on original signature requirements;
- 12 jurisdictions have changed their laws on Actuarial Opinion Summaries; and
- Nine jurisdictions have made significant changes to their Statement of Actuarial Opinion requirements.

The manual includes a summary of:
- SAO requirements and the laws and regulations establishing those requirements for every state in the United States (as well as the District of Columbia and Puerto Rico);
- The Annual Statement instructions for the SAO for property/casualty, title loss, and loss expense reserves; and
- Other pertinent annual statement instructions.

Available formats:
- Individual online subscription: single-user Web access that gives one person unlimited online access to the manual until Dec. 31, 2011;
- Group online subscription: multiuser Web access permitting a company and its affiliates to give employees unlimited online access to the manual until Dec. 31, 2011;
- Single-user CD-ROM subscription: permits one person to install the CD-ROM manual on a primary (workplace) and secondary (home or laptop) computer; and
- Group CD-ROM subscription: permits a company and its affiliates to reproduce and distribute the CD-ROM manual on a primary (workplace) and secondary (home or laptop) computer.

Preorder options:
- Online
- Mail/Fax

Questions
- For additional information, please contact Phillip Hafler at hafler@actuary.org.

The Life & Health Valuation Manual is designed to help appointed actuaries comply with the requirements of the NAIC model Standard Valuation Law and the Model Actuarial Opinion and Memorandum Regulation. It is updated annually.

The manual includes:
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