



Academy Spreads Social Security Message

Public Interest Statement Advocates Raising Retirement Age

BEFORE THE GRAVITY-DEFYING DISPLAY that lit the Olympic torch in Beijing, actuaries were the ones commanding airwaves throughout the U.S. for igniting a fire under policymakers to fix Social Security.

The Academy successfully reached hundreds of print, radio, and television news outlets around the country as it offered its professional advice to raise Social Security's retirement age as a critical step toward addressing the program's long-term actuarial imbalance. The message was contained in the Academy's first public interest advocacy statement, which Academy leaders introduced at an Aug. 4 news conference at the National Press Club in Washington.

Tom Terry, Academy vice president for pension issues, presented the statement on behalf of the U.S. actuarial profession, citing increased U.S. life expectancy as the primary factor in the Social Security program's "permanent imbalance" under current law.

"The program is facing a demographic problem that demands a demographic solution," Terry said. "Long



Tom Terry and Bruce Schobel present the Social Security statement at the Academy news conference.

See **RETIREMENT AGE**, Page 4

Inside

Annual Meeting Keynote

Award-winning business journalist will address attendees **PAGE 2**

Valedictory Remarks

Two retiring Academy vice presidents discuss progress in their councils **PAGES 4-5**

Enterprising Developments

Bringing ERM education to Kenya **PAGE 6**

Regulatory Reform

Hill insurance activity spurs new task force **PAGE 7**

Setting Guidelines

Academy responds to medical malpractice model law **PAGE 8**

Academy Tabs Todisco as Pension Resource

AFTER TWO DECADES OF ADDRESSING RETIREMENT ISSUES IN THE PRIVATE SECTOR, Frank Todisco will now turn his full-time focus to public policy as the Academy's new senior pension fellow. Todisco begins his work with the Academy on Sept. 8.

Todisco, most recently a principal at Mercer Human Resource Consulting, comes to Washington via New York, where he spent 18 years as a retirement expert at Mercer. During that time, Todisco led projects related to some of the key retirement issues of the day, including those surrounding the financial economics debate and pension accounting, the health and future of defined benefit plans, and the increased role of defined contribution programs. He says this focus was by design, as his personal



interests gravitated toward intellectual capital development and policy issues more than traditional consulting work.

"I've been involved in policy work in different ways over the years both at Mercer and as a volunteer for the actuarial

See **PENSION FELLOW**, Page 8

Actuarial Update

SEPTEMBER

- 4 Academy public pension plan forum
- 9 Academy credibility theory webcast
- 15-16 ASB meeting, Washington
- 18-19 Casualty Loss Reserve Seminar (Academy, CAS, and CCA), Washington
- 22-24 NAIC fall meeting, Washington
- 24 PBA case study seminar (Academy, SOA), Washington
- 25-26 SOA valuation symposium, Washington

OCTOBER

- 2-4 NAAC meeting, Sedona, Ariz.
- 5 CUSP meeting, Paradise Valley, Ariz.
- 6 Joint orientation for U.S. boards, Paradise Valley, Ariz.
- 7 Academy Board of Directors meeting, Paradise Valley, Ariz.
- 19-22 SOA annual meeting, Orlando, Fla.
- 19-22 APPA annual meeting, Washington
- 26-29 CCA annual meeting, Bonita Springs, Fla.
- 27 Academy annual meeting, Bonita Springs, Fla.

NOVEMBER

- 1-4 IAA meeting, Limassol, Cyprus
- 10-13 Academy Life and Health Qualifications Seminar, Arlington, Va.
- 13-14 CIA general meeting, Toronto
- 16-19 CAS annual meeting, Seattle
- 20-23 NCOIL annual meeting, Duck Key, Fla.

DECEMBER

- 3-4 Academy Casualty Effective Loss Reserve Opinion Seminar, Baltimore
- 6-8 NAIC winter meeting, Grapevine, Texas
- 8-9 ASB meeting, Washington

FEBRUARY

- 26-March 1 NCOIL spring meeting, Washington

MARCH

- 14-16 NAIC spring meeting, San Diego

APRIL

- 1 Enrolled Actuaries Meeting (Academy, CAA), Washington

MAY

- 3-6 CAS spring meeting, New Orleans

JUNE

- 13-15 NAIC summer meeting, Minneapolis

JULY

- 9-12 NCOIL summer meeting, Philadelphia

WEB INTERFACE

Links to documents underlined in blue are included in the online version of this issue at www.actuary.org/update/index.asp

Academy NEWS Briefs

Fox Anchor to Speak at Annual Meeting

Stuart Varney, Peabody Award-winning financial journalist for FOX Business News, will be the featured speaker at the Academy's annual meeting luncheon Oct. 27 in Bonita Springs, Fla.

Varney anchors the network's afternoon news coverage and appears on other shows for FOX Business News, where he has worked since 2007. He first joined FOX News in 2003 as a contributor to a variety of financial news shows. Before that, he was a founding member of the award-winning business team at CNN, where he worked since its launch in 1980.

A graduate of the London School of Economics, Varney brings an economist's perspective as he addresses rapidly shifting domestic and global economic trends. He won a Peabody Award for excellence in journal-

ism for his coverage and analysis of the stock market crash of 1987.

The noon annual meeting luncheon will take place at the Hyatt Regency Coconut Point Hotel in conjunction with the Conference of Consulting Actuaries (CCA) annual meeting. It is open to all Academy members and will feature the presidential transition ceremony and inaugural address of incoming President John Parks, the vote for new regular members of the Academy Board of Directors, and the presentation of the Jarvis Farley Service Award and the Robert J. Myers Public Service Award.



You can [register](#) through the CCA's website. For additional information, contact Stephanie Blanding at the Academy (blanding@actuary.org; 202-223-8196). ▲

Public Plan Forum

The Academy's Public Interest Committee is hosting a public forum in Washington on Sept. 4. The purpose of the forum is to hear the views of stakeholders in the debate over the disclosure of the market value of assets and liabilities in public pension plans. Look for coverage of the forum in the next *Update*.

member volunteers to help carry out its new mission. To volunteer, please contact Diana Pell (pell@actuary.org; 202-785-6924).

IN THE NEWS

Wired magazine's July cover story looked at how advances in data crunching are changing science, medicine, business, and technology. Included in the feature was an anecdote on how actuaries and the Academy used catastrophe models and "terabytes of data" to calculate estimated insured losses stemming from terrorist attacks. The estimate cited came from the Academy's [report](#) on terrorism risk insurance that was submitted to the President's Working Group on Financial Markets in 2006.

Tom Wildsmith, member of the Academy's Committee on Federal Health Issues and a consulting actuary with the Hay Group in Arlington, Va., was extensively quoted on the effects of the Genetic Information Nondiscrimination Act in the July issue of *Managed Care Magazine*. Wildsmith's remarks reflected comments published in the Academy's [letter](#) to policymakers on the legislation.

Sam Guterman, a director and consulting actuary with PricewaterhouseCoopers in Chicago, was quoted in a July 10 Accounting Web article from his presentation on behalf of the Academy during a July 9 Securities and Exchange Commission round-table on fair value accounting

standards. Guttermann emphasized the need to educate corporate officers, boards, auditors, and the investment community on the issue.

A July 13 BNA article covering the Academy's Capitol Hill **briefing** on actuarial equivalence quoted both Academy Senior Health Fellow **Cori Uccello** and **John Bertko**, a member of the Academy's Medicare Steering Committee and a consulting actuary based in Flagstaff, Ariz. Both Uccello and Bertko explained how the term is used and warned the audience that only rarely will plans that are actuarially equivalent have the same premium.

A July 15 *National Underwriter* web article discussed the Academy's **letter** to congressional leaders on a proposed federal Office of Insurance Information (OII). Risk Management and Financial Reporting Vice President **James Rech**, a consulting actuary with AmeRisk Consulting LLC in Phoenix, who signed the letter on behalf of the Academy's Financial Regulatory Reform Task Force, requested that the legislation "explicitly define the role of the actuary" and include an actuary on the staff of the OII. (See [Page 7](#).)

KUDOS

Mark L. Schreier, executive vice president for finance and treasurer of Woodmen of the World Life Insurance in Omaha, Neb., is the recipient of Luther College's Jacobson-Rugland Award for his contributions to the actuarial profession.

The American College has announced **Frederick**

Actuaries' Open Process

Pensions & Investments' June 23 issue contained an opinion piece ("Market valuation non sequiturs," Other Views) that addressed, among other things, the topic of market-value disclosures for public pension plans. That article contained some misrepresentations about the role of actuaries in the debate on this issue. I'd like to clarify the role of both Academy volunteers and the Academy itself as it relates to this issue.

Our profession — and those who volunteer their time and support for it — operate with a high degree of professionalism. The Academy adheres to policies designed to assure that our work on this issue, as well as all other issues, is conducted in an environment where the public interest is paramount. We have no reason to question the professionalism of the volunteers involved in this matter, whose role has been simply to raise the issue for discussion. That discussion has been both internal and external to the Academy and is still under way.

The Academy's board of directors has recognized that the issue of market-value disclosures has important public policy implications and deserves serious discussion. The board has referred the issue to its public interest committee, which will manage the Academy's process. Public input will be sought as an appropriate part of that committee's process.

The Academy takes very seriously its role in representing the actuarial profession to the American public and in the need to serve the public good. The board of directors believes this is an issue that deserves discussion and potential action.

William F. Bluhm

President, American Academy of Actuaries
Washington

The above letter ran in the July 21, 2008, issue of Pensions & Investments.

Sievert of Stamford, Conn., former president of New York Life Insurance Co., as the recipient of its Huebner Gold Medal. The medal is the college's highest honor, given for support of the college and dedication to education and professionalism. ▲

LIFE BRIEFS

- The Academy's Modeling Efficiency Work Group has released a **bibliography** of recent research applicable to insurance companies as they prepare for a transition to the principle-based approach to statutory reserves and capital.
- The National Association of Insurance Commissioners' Life and Health Actuarial Task Force unanimously voted to adopt Actuarial Guideline VACARVM. The Life and Annuities Committee is scheduled to vote on it during a Sept. 10 conference call.

Working for Retirement Security

Academy volunteers Tom Terry and Bruce Schobel were in high demand in the days before and after the Academy's news conference. The pair fielded calls and conducted interviews to help put the spotlight on Social Security reform while establishing the Academy as an important resource in the national conversation.

With the help of an Associated Press exclusive story that was published in

hundreds of print outlets, the Academy's statement was introduced to millions of Americans through print, online, and broadcast reports on media like the *San Francisco Chronicle*, CNN Headline News, and "Wall Street Journal This Morning."

For more information on press coverage or to watch/listen to some of the broadcasts, visit www.actuary.org/briefings/socsec_aug08.



Setting a Referendum for Health Reform

BY JOHN SCHUBERT

WHEN I ACCEPTED THE CHALLENGE to be the next vice president for the Health Practice Council (HPC), I thought a lot about what I wanted to accomplish during my term. Looking back, I think the council's accomplishments have exceeded my expectations, and I am honored and humbled to have been a part of such an exciting period for the profession in terms of its contributions to the national dialogue on health care reform.

These past two years have coincided with national preparations for the 2008 presidential election as health care reform has emerged as a priority. The HPC has had the opportunity to enhance the Academy's profile as an objective resource to policymakers, the media, and the general public. Seizing that opportunity, we developed content for an Election 2008 [website](#) designed to break down certain aspects of the health care and Medicare reform debate into succinct explanations for public consumption.

In the past two years, the HPC has also released no fewer than 30 policy statements of various forms on issues ranging from Medicare to premium deficiency reserves. But that hasn't been our only objective. In 2008 alone, at the request of congressional staff, we put together a series of educational Capitol Hill briefings on a variety of critical issues.

We are well known and in demand on the Hill, but it is important to note that we are continuing to expand our outreach to include external health policy organizations, which has



resulted in invitations to participate in new conferences. Similarly, our outreach efforts on the state level in the past two years have resulted in recent invitations to testify to the National Association of Insurance Commissioners and National Conference of Insurance Legislators. Some of this has been done in conjunction with the Society of Actuaries' Health Section as we move toward greater cooperation within the actuarial profession.

None of these accomplishments would have been possible without an incredibly dedicated group of volunteers, including the efforts of Cori Uccello, the Academy's senior health fellow. Similarly, I want to express appreciation for the Academy staff past and present. Finally, I have had great vice presidential role models during my years on the HPC, and I want to thank them all for their time and commitment to the actuarial profession.

As I relinquish my duties as VP, I know that together we have helped guide the HPC as it continues to engage policymakers in anticipation of what promises to be a momentous presidential election in which health care reform has rivaled Iraq and the economy for national attention. My parting challenge to incoming Academy leadership is to take full advantage of new opportunities, allowing the profession to continue to build on its reputation as an objective resource and expand its efforts to serve the public interest.

John Schubert completes his term as the Academy's vice president for health issues next month.

RETIREMENT AGE, continued from Page 1

after all the baby boomers have departed, Social Security's income will cover only about three-fourths of its costs."

Americans continue to live longer and collect additional Social Security benefits with each passing year. In 1940, when monthly Social Security benefits were first paid, 65-year-old males lived on average 11.9 additional years and 65-year-old females lived on average 13.4 additional years. As of 1983, when the normal retirement age was raised from 65 to 67 for those born after 1960, those figures had increased to 14.3 and 18.6 years, respectively. As of last year, they are estimated at 16.7 and 19.2 years and

are projected to keep rising.

Bruce Schobel, chairperson of the Retirement Security Principles Task Force, explained to news conference attendees the latest statistics that predict longevity to continue to increase as it has since Social Security was first enacted into law. Though the Academy statement does not endorse any particular proposal, Schobel explained several approaches that policymakers may consider to raise the retirement age, depending on when increases might first be effective and how quickly the age is raised.

"If implemented right, increasing the retirement age could play a very signifi-

cant role in eliminating Social Security's long-range deficit," he said.

According to the Social Security trustees' 2008 annual report, the trust fund will begin paying out more than it collects in taxes sometime in 2017 and will be completely exhausted in 2041. Though Terry and Schobel explained that a solution to Social Security must involve comprehensive changes, they maintained that any package should include raising the retirement age.

The Academy also insisted that Social Security legislation be enacted as soon as possible, so that policymakers have a greater range of options and flexibility in how to implement changes. The issue could be

THOUGHTS

Continuing the Commitment

BY ROBERT MICCOLIS

WHEN I FIRST ACCEPTED THE CHALLENGE of becoming the Casualty Practice Council's (CPC) vice president, I knew that following my predecessor Mary D. Miller would be a daunting task. Nonetheless, it has been a privilege to serve my profession these past two years. Shortly after my appointment, the Casualty Actuarial Society (CAS) decided to permit its board to elect additional members, including giving a spot to the Academy CPC vice president. I was honored to be elected to the CAS board and to represent the Academy in this fashion.

As vice president, I witnessed dramatic policy developments in the property/casualty insurance environment, including the passage of terrorism risk insurance renewal legislation at the end of 2007 and a number of bills intended to meet the challenges presented by the hurricanes of 2005. It's been rewarding to see a number of CPC groups meet on Capitol Hill with staff from congressional committees and agencies to discuss actuarial issues related to their work. The practice council has also continued to provide its expertise to the National Association of Insurance Commissioners and the National Conference of Insurance Legislators in a variety of areas.

During my tenure, I've been pleased to see the annual seminar on effective loss reserve opinion writing continue to grow as its second and third editions were a popular and useful edu-



cational resource for P/C actuaries. Planning this year's version has been especially exciting, as the seminar boasts an expanded format that covers both introductory and advanced topics. Thank you to the expert faculty who have made it such a success.

Also, last fall a subgroup of the Academy's Committee on Property and Liability Financial Reporting created *An Overview for Audit Committee Members of P/C Insurers: Effective Use of Actuarial Expertise*, an extraordinarily well-received document intended to educate corporate boards of directors on the role of the appointed actuary.

None of these accomplishments would have been possible without a dedicated cadre of volunteers who always seem to find time to work on Academy projects. I have had great help from a number of sources during my years of involvement with the CPC, and I want to thank all of them for their time and commitment to the actuarial profession. Similarly, I want to express appreciation for the Academy staff, including Lauren Pachman, who helped ensure the council's productivity and continues to develop its presence in both state and federal venues.

As I relinquish my duties as vice president, I look forward to watching the CPC continue its dialogue with policymakers in anticipation of what promises to be a momentous time in our profession's history.

Robert Miccolis completes his term as the Academy's vice president for casualty issues next month.

particularly pertinent to this November's election because the key 2017 date could arrive just as one of this year's presidential candidates is completing a possible second term in the White House.

For those resistant to working past 65, Schobel explained that the percentage of 65-year-olds remaining in the workforce has already been steadily increasing—from around 30 percent of men and 17 percent of women in the mid-1980s to over 40 percent of men and nearly 30 percent of women today. And going back 50 to 60 years ago, the labor-force participation rates for men were much higher than today.

"Nobody would suggest that today's 65-year-olds are any less able to work than their counterparts of decades ago," Schobel said. He also reiterated that Americans don't need to wait until normal retirement age to take Social Security; when the normal retirement age increase was enacted into law in 1983, 62 years remained the earliest eligibility age for retirement benefits.

The press conference marked the first time the Academy has released a public interest statement that advocates for a specific public policy position. At the request of the Pension Practice Council, the issue was taken up earlier

this year by the Academy's Public Interest Committee, which is responsible for ensuring Academy advocacy efforts focus only on issues in which actuaries provide unique expertise that enables the Academy to speak out in the interests of the public. After discussions within the committee, including seeking input from Academy membership, it recommended the statement to the Academy's Board of Directors. The board approved the statement in June.

For the statement itself, go to www.actuary.org/briefings/socsec_aug08.asp or see the fall issue of the *Enrolled Actuaries Report*. ▲

Sinclair Shines on TV Trivia Show

WHAT IS MASSACHUSETTS? Well, apart from being the only state to produce four U.S. presidents from one county, it's the "Final Jeopardy!" question that turned an actuary from the Virginia suburbs into a game show champion.

By answering correctly, *Jeopardy!* contestant Sven Sinclair defeated his two opponents and racked up \$28,599 in winnings—an impressive total for a single appearance on the show, as host Alex Trebek was quick to note.

"It was great fun," Sinclair, a Congressional Budget Office analyst and member of the Academy's Social Insurance Committee, told the *Update*.

Sinclair has been a *Jeopardy!* fan for years. When he first tried out for the show three years ago, he passed the initial trivia quiz but wasn't called back for an audition. This spring, he had better luck; after getting through the preliminaries, he was soon on his way to Culver City, Calif., where *Jeopardy!* is taped.

Sinclair said he didn't try much 11th-hour cramming to prepare. "You can't know what will come up," he noted. For the most part, he said, his store of trivia is "just what you know from reading and listening and just general living."

When the show aired in June, millions saw Sinclair test his factual knowledge. (*Jeopardy!* has an estimated 93 million viewers per week.) And even if they didn't know it, they also saw him use his actuarial instincts to craft smart betting strategies. On "Daily Double" wagers, for example, Sinclair bet very little if he wasn't confident about the category. If the category played to his strengths, his bet was bold; with one such wager, in fact, he immediately doubled his winnings.



[FOREIGN EXCHANGES]

ERM Interest Increasing in Kenya

BY SHIRAZ JETHA

ACTUARIES WITHOUT FRONTIERS, a section of the International Actuarial Association (IAA), wants to take North American actuaries to TASK—that is, to The Actuarial Society of Kenya (TASK). The IAA group is planning a series of resource projects sponsored by TASK to spread enterprise risk management education to Kenyan actuaries.

Actuaries Without Frontiers (AWF) is a group that helps provide actuarial resources to emerging countries on a short-term, voluntary basis. At the request of TASK, it is helping to organize a two- to three-week-long lecture series in local university classrooms next spring in Nairobi, Kenya, that will cover enterprise risk management (ERM) and economic capital (EC) concepts.

Though there are currently only about eight "practicing actuaries" residing in Kenya—of which five are fellows from leading actuarial organizations like the Society of Actuaries or the Institute of Actuaries—local universities offering actuarial sci-



Test your knowledge: Try the questions from the June 23 and June 24 *Jeopardy!* shows that featured Sven Sinclair at www.j-archive.com.

Since *Jeopardy!* takes one day to tape a week's worth of shows, Sinclair had just a short break after the first game. Then he was back as the returning champion, starting the second "day." At the end of that game, there was a new champion, a scientific researcher who knew a lot of TV trivia.

Sinclair said his biggest surprise was the toll the taping takes on contestants. "You get very excited playing, you produce a lot of adrenaline...it's just physically draining," he said. "It really makes me respect and admire some of the winners."

As a winner himself, he has a couple of tips for aspiring *Jeopardy!* contestants: First, be prepared for wagering situations. Second, have fun. Don't worry about making a fool of yourself on TV, he said, "because most of us do at some point, but it's very easily forgotten."

—ANNE ASPLEN

ence programs are seeing strong interest from the student community. The profession is also keen to build up its knowledge in new areas such as ERM, including state-of-the-art products and new risk evaluation techniques.

There are some 40 insurance companies and four reinsurers active in Kenya. Around 20 write life insurance, and the rest write property/casualty and health insurance coverages, with some writing both. In 2007, a new Insurance Regulatory Authority was established by converting the previous Department of Insurance into a full-fledged authority with an independent board and a mandate to develop and regulate the insurance industry in Kenya.

To encourage continued growth in the profession, TASK and AWF are developing resource plans for the project. Those include, alongside the ERM/EC lectures, one or two seminars for industry executives, actuaries, and regulators between April and June 2009.

AWF welcomes volunteers for this project. Travel and hospitality-related expenses would be covered for interested actuaries. For more information, contact Pritesh Modi (pmodi@nfs.bm) or me (sjetha@nooractconsulting.com) indicating your interest level in this initiative. As membership of AWF will be required, individuals interested in these types of opportunities are invited to join the section.

Shiraz Jetha, an actuary in the Washington Office of Insurance in Olympia, is a former member of the Academy's Health Practice International Task Force.



Insurance Basics for Health Reform

AS POLICYMAKERS ADDRESS health care reform issues, one goal is to improve the ability of the uninsured to access and to afford coverage. The Academy's Uninsured Work Group released an [issue brief](#) in July to educate policymakers on the fundamental principles of uninsurability, how they apply to health insurance, and the implications for benefit design considerations in health reform proposals.

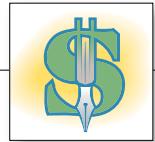
While discussing ways to expand coverage, policymakers may consider issues such as a minimum level of benefits, premium and cost-sharing requirements, and incentives to control cost growth. However, the new issue brief, *Fundamentals of Insurance: Implications for Health Coverage*, stresses the importance of understanding certain principles of insurance when attempting to implement reform proposals.

According to the issue brief, a risk is considered insurable if it conforms to the following principles: it is economically feasible to insure the risk; the loss is demonstrable; the economic value of the insurance is calculable; the loss is random; and the insured loss is independent in time and place.

In the context of these principles, the general comprehensiveness of any given health coverage plan may serve to compromise the principles of random loss and economic feasibility. For example, an individual will likely purchase health insurance that provides coverage for services the individual expects to use (i.e., the loss is not random), many of which are predictable and relatively inexpensive (i.e., budgetable expenses for which insurance may not be economically feasible). While some policymakers may argue that a health plan that covers only the most basic services could address these concerns, the brief notes that it may be difficult to define what constitutes basic medical services and even more difficult to sell such an insurance product to a population that values choice and more comprehensive coverage.

By understanding these fundamental principles of insurance, policymakers will be able to recognize—and take necessary steps to protect against—any potential consequences of health reform proposals that include specific coverage design elements.

—HEATHER JERBI



New Task Force Eyes Insurance Regulation

AS ISSUES SURROUNDING REGULATORY REFORM for insurance continue to draw attention on Capitol Hill, the Academy's Risk Management and Financial Reporting Council decided to better prepare itself for potential congressional activity. Consequently, the Financial Regulatory Reform Task Force was formed in June to monitor the legislative landscape.

The task force is composed of actuaries experienced in property and casualty, life, and health insurance regulation issues.

"We looked around and didn't find a place in our groups that addressed or could address these issues on a timely basis," said James Rech, Academy vice president for risk management and financial regulatory issues and chairperson of the task force. "We felt that putting together a task force that would introduce actuarial expertise into financial regulation discussions was essential to get our input into this process."

One issue that helped prompt the task force's formation is proposed bill H.R. 5840, the Insurance Information Act, which seeks to create a federal Office of Insurance Information within the U.S. Treasury Department. The office would advise the president and Congress on policy issues related to all lines of insurance except health insurance. The bill was approved by the House Subcommittee

on Capital Markets, Insurance, and Government Sponsored Enterprises and fast-tracked to go to the House floor.

The task force sent a letter to the chairman of the House Committee on Financial Services on July 8 before sending it to all members of the House on July 29 in anticipation of the bill going before the entire chamber. Although potential action was later postponed until September, the letter, signed by Rech, stressed the importance of specifically including an actuary in any legislation dealing with financial regulatory reform.

"The purpose was to let them know actuaries are here to help the process and to provide input in the regulation of insurance," Rech said.

The letter also pointed to the 2003 Academy [monograph](#), *Role of the Actuary Under Federal Insurance Regulation*, to further explain the value of having formalized regulatory actuarial guidance.

The task force also sent the same [letter](#) to Sen. Christopher Dodd (D-Conn.), chairman of the Senate Committee on Banking, Housing, and Urban Affairs, in preparation for a July 29 committee hearing. After the hearing, Dodd indicated that the Senate could possibly act this year on reform efforts, including legislation to transform regulation of surplus lines and reinsurance markets.



Actuarial Update

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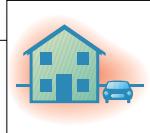
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CASUALTY NEWS

Academy Suggests Elements for NAIC Model Law



The Academy has offered input to the National Association of Insurance Commissioners (NAIC) in response to the development of guidelines in support of a proposed Medical Professional Liability Closed Claim Reporting Model Law. In a July 8 letter, the Academy's Medical Malpractice Liability Subcommittee recommended data elements to be included in the model guideline being drafted by the NAIC's Casualty Actuarial and Statistical Task Force.

In the letter, signed by Subcommittee Chairperson Kevin Bingham, the Academy suggested some data features to be included in the model guideline, including specialty and geographic location, type of policy, type of risk, and other demographic characteristics. The subcommittee also directed the NAIC task force's attention to its 2005 white paper on the

use of closed claim databases.

The subcommittee also made a few suggestions with regard to the definitions of the terms "claim" and "self-insurer" employed in the underlying model law.

Both the Government Accountability Office and the NAIC have done studies demonstrating the need for more accurate and detailed medical malpractice data. The underlying model law was created to ensure the availability of closed claim data necessary for the thorough analysis and understanding of issues associated with medical professional liability claims. It was presented to the NAIC's executive committee in June, and a late-August conference call was scheduled to discuss the comment letters that have been received since that time.

—LAUREN PACHMAN

PENSION FELLOW, continued from Page 1

profession," Todisco says. "Coming to the Academy is a culmination of that work."

Apart from his work at Mercer, Todisco has been a member of the Actuarial Standards Board's Pension Committee for the past four years. In that capacity, he has helped address a number of issues related to Actuarial Standards of Practice (ASOPs), including a rewrite of ASOP **No. 4**, *Measuring Pension Obligations*, the creation of ASOP **No. 44**, *Selection and Use of Asset Valuation Methods for Pension Valuations*, and a reopening of ASOP **No. 27**, *Selection of Economic Assumptions for Measuring Pension Obligations*. The latter was also the subject of a paper he wrote that pointedly critiqued the standard in the wake of the Enron scandal that came to light in 2001. That paper is now part of the Society of Actuaries exam syllabus.

Now Todisco will plunge headlong into these and other issues as a leading Academy spokesperson who will be a prominent resource to media and policymakers.

"I'm looking forward to this challenge," Todisco says. "Retirement policies are in flux, and there are so many critical issues—in some cases highly contentious issues—that need to be debated and addressed. Part of my job will be to help bring clarity to these debates."

Todisco will offer his own set of skills to the position, as he combines the perspective of both an actuary and an economist. Although he is an Academy member, a fellow of the Society of Actuaries, and an enrolled actuary, he received both his degrees in economics. He earned his bachelor's from Princeton and a master's from New York's New School for Social Research. He also pursued doctoral studies on public finance at the New School.

"I think with the developments in our field regarding retirement security and the appropriate ways to manage those risks, providing an economist's

perspective will add further value," he says.

He will also build upon the work already completed by the Academy, including that accomplished by his predecessor, longtime pension fellow Ron Gebhardtsbauer.

"I admire tremendously what Ron did in developing this position," he says. "And I was honored to have been considered for this role."

Tom Terry, Academy vice president of pension issues, said he looks forward to working with Todisco. "Frank brings a real sense of mission to his new position with the Academy," Terry said. "He believes deeply in the importance of retirement security—and in the role that actuaries can play in helping policy-makers design the retirement security systems of the future." ▲

Qualification Standards

Is there any flexibility in the calendar-year CE requirement?



YES. The 30-credit requirement will usually be met in the calendar year before the year the statement of actuarial opinion (SAO) is issued. However, if an actuary who wants to sign an SAO has fewer than 30 credits of relevant CE from the preceding year, he or she can make up the shortfall. Those credits must be earned before the SAO is issued, and they will not count toward the CE requirement for the current year.

There is also a one-year roll-forward provision. If an actuary earns more than 30 relevant CE credits in any given year, the excess can be carried over to satisfy the next year's CE requirements.