



# AMERICAN ACADEMY *of* ACTUARIES

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**Casualty Practice Council Cycle Report**  
**Vice President: Gary Josephson**  
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**January 2010**

## CASUALTY PRACTICE COUNCIL HIGHLIGHTS

- In January, in conjunction with the Casualty Actuarial Society (CAS), the Academy plans to jointly-sponsor a webcast presentation by Dale Ogden on Significant Risks of Material Adverse Deviation and Reserve Ranges.
- In December, the Opinion Seminar Subgroup of the Committee on Property & Liability Financial Reporting (COPLFR) held its fifth annual P/C Effective Loss Reserve Opinion Seminar in Baltimore, MD. Like last year's seminar, this year's presentation included two days of content. The first day was designed for novice opinion writers, and the second was devoted to issues of interest to expert opinion writers.
- In November, the Medical Professional Liability Subcommittee issued a [comment letter](#) to Speaker Pelosi and Minority Leader Boehner concerning the antitrust provisions contained in H.R. 3962, the Affordable Health Care for America Act.
- Also in November, the Natural Catastrophe Subcommittee of the Extreme Events Committee provided NCOIL's Subcommittee on Natural Disaster Insurance Legislation with comments on its proposed system for public-private natural catastrophe financing. Marty Simons also provided a brief presentation of the Academy Subcommittee's view of the proposal at NCOIL's Annual Meeting in New Orleans.
- In October, the P/C Risk-Based Capital (RBC) Committee submitted a [paper](#) to the NAIC's Property/Casualty Risk-Based Capital Working Group, Solvency Modernization Initiative Task Force, and Rating Agency Working Group identifying potential areas for improvement to the property/casualty risk-based capital formula.
- Also in October, the Medical Professional Liability Subcommittee, formerly the Medical Malpractice Liability Subcommittee, issued the second in a series of fact sheets concerning medical professional liability issues. The [newest fact sheet](#) addresses medical professional liability reforms.
- Also in October, Jim Hurley, a member of the CPC's Medical Professional Liability Subcommittee, [testified](#) before the House Judiciary Committee's Subcommittee on the Courts and Competition Policy concerning H.R. 3596, the Health Insurance Industry Antitrust Enforcement Act of 2009.

In addition to the items set forth above, the CPC is actively pursuing the integration of the public policy initiatives outlined in the Academy's strategic plan.

## OPERATIONAL PLAN HIGHLIGHTS:

### ***2.3.1 Members as target audience (education and training program for our members, to facilitate their participation in the public policy debate)***

Priority: 1

In January, a subgroup of COPLFR issued the annual P/C Loss Reserve Practice Note.

Also in January, in conjunction with the CAS, the Academy plans to jointly-sponsor a webcast presentation by Dale Ogden on Significant Risks of Material Adverse Deviation and Reserve Ranges.

In December, the Opinion Seminar Subgroup of COPLFR held its fifth annual P/C Effective Loss Reserve Opinion Seminar in Baltimore, MD. Like last year's seminar, this year's presentation included two days of content. The first day was designed for novice opinion writers, and the second was devoted to issues of interest to expert opinion writers.

In October, the Medical Professional Liability Subcommittee issued the second in a series of fact sheets concerning medical professional liability issues. The [newest fact sheet](#) addresses medical professional liability reforms.

At its Fall Planning Meeting, the CPC agreed to the formation of a Communications Task Force. The objective of this Task Force will be to enhance communications between the CPC and CAS members.

### ***2.2.2 Identify key bodies with which the Academy should establish meaningful relationships and establish priorities. (Review and evaluation of the policy-making bodies we should target for an awareness campaign.)***

Priority: 2

In November, the Medical Professional Liability Subcommittee issued a comment letter to Speaker Pelosi and Minority Leader Boehner concerning the antitrust provisions contained in H.R. 3962, the Affordable Health Care for America Act.

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In October, the P/C Risk-Based Capital Committee submitted a [paper](#) to the NAIC's Property/Casualty Risk-Based Capital Working Group, Solvency Modernization Initiative Task Force, and Rating Agency Working Group identifying potential areas for improvement to the property/casualty risk-based capital formula.

Also in October, Jim Hurley, a member of the CPC's Medical Professional Liability Subcommittee, [testified](#) before the House Judiciary Committee's Subcommittee on the Courts and Competition Policy concerning H.R. 3596, the Health Insurance Industry Antitrust Enforcement Act of 2009.

The Flood Insurance Subcommittee is finalizing its work on a monograph that will discuss the origins, structure, and purpose of the National Flood Insurance Program (NFIP). It will also address the ongoing viability of the NFIP and provide recommendations for its continued efficacy in light of the program's looming expiration and need for overhaul.

The NAIC has asked the P/C RBC Committee to revisit its comments regarding a possible trend test for property/casualty risk-based capital. That project is ongoing.

***5.2.2 Represent the profession to other national and international organizations with respect to areas in our mission.***

Priority: 2

The CPC is in the early stages of developing an informational document on this topic. The “actuarial soundness” subgroup is being led by Shawna Ackerman and will include input from members of all practice areas. In conjunction with this effort, the CPC has contacted the CAS to ask whether the CAS Committee on Ratemaking has any input on the issue. Any work product will be shared with the other VPs for comment and potentially for joint distribution.

Additionally, the CAS has asked the ASB to create a standard of practice on casualty ratemaking. The CPC recently requested that the ASB consider including a definition of actuarially sound rates within such a standard of practice. The ASB recently created a Ratemaking Task Force to consider the development of an ASOP on casualty ratemaking; this Task Force has been directed to include a review of the term “actuarial soundness” in its work.

**PERSONNEL CHANGES**

- Lee Barclay and Andy Kudera have joined the CPC.
- In his capacity as incoming President-Elect of the CAS, Ralph Blanchard has joined the CPC.
- Brian Clancy has replaced Tim Wisecarver as the chair of the Workers’ Compensation Subcommittee. In that capacity, Mr. Clancy has joined the CPC.
- Tim Wisecarver became the first chair of the newly-formed Communications Task Force. Its members include Mike Angelina, Kelly Cusick, Michael DeMattei, Roosevelt Mosley, Marc Oberholtzer, and Bill Wilkins.
- Steve A. Alexander, Bill Burns, Bob Eramo, William Finn, Gregory Frankowiak, Kimberly Holmes, Nancy Hoppe, Ken Kasner, John W. Rollins, Manalur Sandilya, Jane C. Taylor, and Jin Zhang have joined the Emerging Issues Task Force.
- Joe Herbers has replaced Marc Oberholtzer as the chair of COPLFR. In that capacity, Mr. Herbers has joined the CPC.
- Rusty Kuehn has replaced Chet Szczepanski as the chair of the Casualty Loss Reserve Seminar. In that capacity, Mr. Kuehn has joined the CPC.
- Beth Fitzgerald has replaced Pat Woods as the Actuarial Standards Board’s casualty representative. In that capacity, Ms. Fitzgerald has joined the CPC.
- Morgan Bugbee has joined the P/C Risk-Based Capital Committee.
- Michael Lu has joined the Natural Catastrophe Subcommittee.
- Rebecca Williams has joined the Natural Catastrophe Subcommittee.
- Jeff Kimble has joined the Mass Tort Subcommittee.

- Justin Brenden, Lisa Slotznick, and Ron Swanstrom have joined COPLFR.

## PUBLICATIONS

The following Casualty Practice Council publications have recently been issued:

<b><u>Publication</u></b>	<b><u>Audience</u></b>	<b><u>Publication Date</u></b>
Annual P/C Loss Reserve Practice Note	Casualty actuaries writing SAOs	January 4, 2010
Testimony by Marty Simons, a member of the CPC's Natural Catastrophe Subcommittee, before the NCOIL Subcommittee on Natural Disaster Insurance Legislation	Members of NCOIL's Subcommittee on Natural Disaster Insurance Legislation	November 19, 2009
Comment letter by Medical Professional Liability Subcommittee to Speaker Pelosi and Minority Leader Boehner concerning the antitrust provisions contained in H.R. 3962, the Affordable Health Care for America Act	Speaker Pelosi and Minority Leader Boehner	November 6, 2009
Medical Professional Liability Subcommittee issued the second in a series of fact sheets concerning medical professional liability issues; newest fact sheet addresses medical professional liability reforms	Casualty actuaries	October 27, 2009
Testimony by Jim Hurley, a member of the CPC's Medical Professional Liability Subcommittee, before the House Judiciary Committee's Subcommittee on the Courts and Competition Policy concerning H.R. 3596, the Health Insurance Industry Antitrust Enforcement Act of 2009	House Judiciary Committee's Subcommittee on the Courts and Competition Policy	October 8, 2009
Paper by P/C Risk-Based Capital Committee identifying potential areas for improvement to the property/casualty risk-based capital formula	Property/Casualty Risk-Based Capital Working Group, Solvency Modernization Initiative Task Force, and Rating Agency Working Group	October 1, 2009