



AMERICAN ACADEMY of ACTUARIES

P/C Effective Loss Reserve Opinion Seminar: Tools for the Appointed Actuary

Nov. 17 & 18, 2010

Hyatt Regency O'Hare

Day 1: Wednesday, Nov. 17, 2010 8:30 – 4:10 MORNING SESSIONS

7:30 - 8:30 A.M.

CONTINENTAL BREAKFAST

8:30 - 8:40 A.M.

INTRODUCTION (MARY D. MILLER)

8:40 - 9:10 A.M.

SESSION 1: QUALIFICATIONS AND RESOURCES (DALE OGDEN)

- Considerations in accepting an opinion assignment
- Qualification Standards for signing opinions, Code of Professional Conduct, continuing education, Annual Statement Instructions (Summary/High Points), required tasks, key dates
- ASOP No. 36 (revision pending), ASOP No. 43, ASOP No. 9 (repeal pending), ASOPs No. 21 & 23, Statutory Statements Accounting Principles (SSAPs) 5, 9, 55, 62, 65, & 75
- Assisting auditors & examiners
- Other resources (e.g., COPLFR Annual Practice Note, Academy Loss Reserve Law Manual, actuaries in state of domicile)
- Changes for 2010

9:10 - 10:40 A.M.

SESSION 2: DATA, DOCUMENTATION, AND REPORT-WRITING (PAT TEUFEL)

Data

- ASOP No. 23 – Data Quality
- NAIC Instructions:
 - Discuss reliance and reconciliation in scope paragraph
 - Coordination with independent auditor

Documentation

- ASOP No. 9 (repeal pending) – Documentation and Disclosure
- ASOP No. 41 (revision pending) – Actuarial Communications
- ASOP No. 43 – Property/Casualty Unpaid Claim Estimates
- NAIC Instructions:
 - Actuarial work product(s)
 - Actuarial report and workpapers

10:40 - 10:55 A.M.

BREAK

10:55 A.M. - 12:15 P.M.

SESSION 3: REGULATORY PERSPECTIVE (NICOLE ELLIOTT)

- Regulators and how they use opinions
- Regulator expectations
- Interesting opinion statistics
- Common problems (including examples) with opinions, summaries, and reports
- RMAD considerations
- Summary: What the intended user of the opinion wants to see

12:15 - 12:55 P.M.

LUNCH



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12:55 - 2:15 P.M.

SESSION 4: SPECIAL TOPICS AND REQUIRED COMMENTS (CHAP COOK)

- Laws, principles, and standards (including the Law Manual)
- Reliance on others
- Pools
- Extended reporting contracts
- Reinsurance collectability
- Financial reinsurance/retroactive reinsurance
- IRIS ratios
- Change in methods & assumptions
- Other disclosures
- Summary: Recommended principles on how to disclose relevant comments

2:15 - 2:30 P.M.

BREAK

2:30 - 4:00 P.M.

SESSION 5: DIFFICULT SITUATIONS & DISCUSSION TOPICS (CHAP COOK, RON SWANSTROM, PAT TEUFEL)

- Unreasonable opinions (qualified, inadequate, excessive, no opinion)
- Delivering messages management may not want to hear
- Telling a client you have changed your assessment since last year
- Strategies and responsibilities for delivering messages to management and boards
- Adjustments for changes in operations
- AOS adverse development
- Reinsurance problems
- The new Appointed Actuary – and the prior actuary
- Retracting/reissuing an opinion
- Summary: How to handle non-standard situations

4:00 - 4:10 P.M.

WRAP-UP (MARY D. MILLER)



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CONTINENTAL BREAKFAST

8:30 - 8:40 A.M.

INTRODUCTION & BRIEF RECAP FROM DAY 1 (MARY D. MILLER)

8:40 - 10:10 A.M.

**SESSION 6: ASOP NO. 43 UNPAID CLAIM ESTIMATES & ASOP NO. 36
EXPOSURE DRAFT (LISA SLOTZNICK)**

ASOP No. 43

- History
- Structure
- Purpose & scope
- Issues & recommended practices
- Disclosures

ASOP No. 36

- Refresher
- Exposure Draft

10:10 - 10:25 A.M.

BREAK

10:25 - 11:55 A.M.

**SESSION 7: SIGNIFICANT RISK OF MATERIAL ADVERSE
DEVIATION (PAUL STRUZZIERI)**

- Material adverse deviation disclosure
- Materiality assessment
- What is a "significant risk?"
- Ranges and point estimates
- Management's best estimate
- Sources of risk
- Summary: How to decide if there is a significant RMAD

11:55 A.M. - 12:40 P.M.

LUNCH



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12:40 - 2:05 P.M.

SESSION 8: RESERVE RANGES (DAVE POCHETTINO)

- Purpose and use of ranges
- What is a range?
- Ranges vs. distributions
- What is reasonable?
- Model selection and evaluation
- Relevant guidance
- Communicating what we mean

2:05 - 2:20 P.M.

BREAK

2:20 - 3:50 P.M.

SESSION 9: SAO CHALLENGE (JON MICHELSON)

Questions, Answers, and Discussions on materials covered in earlier sessions, including:

- Actuarial Standards of Practice
- NAIC Instructions and NAIC Accounting Rules
- Best practices

3:50 - 4:00 P.M.

WRAP-UP (MARY D. MILLER)