



CRUSAP Task Force members, from left, Ken Kent, Guy King, Terri Vaughan, Fred Kilbourne, Jack Turnquist, Bob Collett, and Jim Rech

Final Report of the CRUSAP Task Force

Serving the Actuarial Needs of the Public

LIKE MOST ACTUARIES, you've probably devoted a lot of time, energy, and resources (not to mention the occasional lost vacation or sleepless night) to your profession. You are proud of its past achievements, and you care about its future development.

Sound familiar? Then you'll want to take the next step and grab a copy of the final report of the Critical Review of the U.S. Actuarial Profession (CRUSAP) Task Force. Released at the end of December, the report is the culmination of over a year's worth of deliberations on the state of the U.S. actuarial profession by seven of your col-

leagues, working with the help of a large group of consultants and advisers and the support of the Academy.

The report, available on the CRUSAP [website](#), assesses how well the U.S. profession is currently positioned to serve the actuarial needs of the public and suggests ways to improve that position. Divided into six sections, the report reviews the actuarial needs of the public, the education and training of actuaries, ethics and professionalism issues, oversight and regulation of the profession, actuarial communications, and the structure of the U.S. actuarial profession.

See **FINAL REPORT**, Page 4

Inside

On Beyond CRUSAP

Task Force Chairperson Fred Kilbourne reflects on his experience. **PAGE 5**

Reporting Workers' Comp Data

The Academy has some suggestions for the NAIC. **PAGE 6**

AICPA SOP 05-1

A draft practice note on the standard is open for comment. **PAGE 7**

Assessing Insurer Solvency

The Academy comments on IAIS draft paper. . . . **PAGE 8**

Academy Spring Meeting Offers Diverse Content

THE OFFERINGS AT ITS 2007 SPRING MEETING are as diverse as the Academy's membership. Featuring concurrent sessions on cutting-edge issues in the health, casualty, life, and risk management areas, the meeting is designed to piggyback on a program of interest to pension actuaries already being offered as part of the 2007 Enrolled Actuaries meeting.

Specific Spring Meeting sessions in the health arena will cover Medicare reform options, health care priorities in the new Congress, applying principles-based methodologies to long-term care and other health insurance products, and a

discussion of premium deficiency reserves. Casualty sessions will focus on risk transfer, property/casualty priorities in the new Congress, and unpaid claim estimates. Life actuaries will be able to participate in a session on the principles-based approach and international issues. The meeting also features a general session on professionalism and actuarial standards, sponsored and conducted by the Actuarial Standards Board, and the annual Academy luncheon, including the presentation of the 2007 Robert J. Myers Public Service Award.

The invited keynote speaker for the meeting is Rob Portman, the director of

See **SPRING MEETING**, Page 8

Actuarial UPDATE

FEBRUARY

- 1 FASB/IASB roundtable, Norwalk, Conn.
 2 Academy Life Reserves Work Group meeting, Chicago
 12-13 ASB Life Committee meeting, Washington
 22-23 ASB meeting, Phoenix
 25 Academy Pension Practice Council meeting, Miami
 25-27 ASPPA 401(k) Summit, San Diego
 26 Academy Pension Committee meeting, Miami

MARCH

- 1-2 Academy Health Practice Council Capitol Hill visits, Washington
 1-4 NCOIL spring meeting, Savannah, Ga.
 8-9 CAS ratemaking seminar, Atlanta
 8-9 NAIC Life and Health Actuarial Task Force meeting, New York
 10-12 NAIC spring meeting, New York
 12-13 Actuarial Foundation Board of Trustees meeting, Rosemont, Ill.
 21-23 ABCD meeting, Arlington, Va.
 25-28 Seventh annual intercompany LTCI conference, Dallas
 25-28 Enrolled Actuaries Meeting (Academy, CCA), Washington
 28 Academy Spring Meeting, Washington
 29 Academy Tax Reform Work Group meeting, Washington

APRIL

- 4 Academy Council on Professionalism meeting,
 5 Academy Executive Committee meeting, Washington
 13-14 North American Actuarial Council meeting, Mexico City
 15-18 IAA meeting, Mexico City
 16 CIA pension seminar, Toronto
 16-18 SOA life insurance conference, Atlanta
 18-20 SOA retirement industry conference, Atlanta
 18-20 SOA Investment Actuary Symposium, New York

MAY

- 3 ASPPA Great Lakes Benefit Conference, Chicago
 5 Academy Pension Practice Council meeting, Philadelphia
 6 Academy Pension Committee meeting, Philadelphia
 7-8 CAS reinsurance seminar, Philadelphia
 10-11 SOA spring life meeting, Phoenix

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

2007 Yearbook

ENCLOSED WITH THIS ISSUE of the *Update* is your copy of the Academy's 2007 Yearbook. It's a reference that's full of handy information on the Academy's purpose, organization, leadership, awards, and meetings. Take a moment to flip through. You'll get a sense of the breadth of Academy involvement in topics of interest to all actuaries. You'll also find the names of appropriate Academy staff to contact if you are interested in volunteering on any of the wide variety of committees and task forces the Academy supports.



ASB NEWS At its December meeting, the Actuarial Standards Board (ASB) approved for exposure a proposed revision of Actuarial Standard of Practice (ASOP) No. 3, *Practices Relating to Continuing Care Retirement Communities*. The exposure draft, enclosed with this issue of the *Update* and available online at www.actuarialstandardsboard.org, was developed by the Task Force to Revise ASOP No. 3 of the ASB's Health Committee. The deadline for comments is April 30.

LONDON DIGS Through the Academy's corporate membership in Club Quarters, Academy members now have another option when traveling to London. Club Quarters, a chain of small hotels designed for business travelers, has opened a new hotel in Trafalgar Square in the heart of London's West End. All Club Quarters hotels provide private, club-like facilities at lower prices than comparable hotels. Room rates are reduced further on most weekends and holidays, both for members and for members' family and friends. For more information, go to www.clubquarters.com. The member password for all Academy members is "aoa" (without the quotation marks).

IN THE NEWS

"Got C-3 Phase II?" **James Lamson**, chairperson of the Academy's Annuity Reserve Work Group and president of Actuarial Resource Corp. in Overland Park, Kan., does. Lamson was the principal source in a Dec. 1 *Best's Review* article examining the significance of the Academy's C-3 Phase II project. In addition to quoting Lamson extensively, the article featured several graphics based on the Academy's implementation survey. The article also quoted **Tom Campbell**, chairperson of the Academy's Variable Annuities Reserve Work Group and vice president and corporate actuary with Hartford Life in Weatogue, Conn., and **Tim Gaule**, a member of the Academy's Annuity Reserves Work Group and vice president and valuation actuary with the Security Benefit Group of Companies in Topeka, Kan.

The Academy was the source of longevity statistics in a Dec. 4 article that considered the strain on retirement savings by increased life spans. First published in *USA Today*, the article also ran in other Gannett papers, including *Florida Today*, Wilmington, Del.'s *News Journal*, and the *Honolulu Advertiser*.

Academy Senior Pension Fellow **Ron Gebhardt** was quoted in a Dec. 9 *Kansas City Star* article analyzing whether we are living longer. Gebhardt said that it was a matter of contention whether life expectancy will continue to grow indefinitely. The article also ran in a number of other papers, including the *Buffalo News*, the *Detroit Free Press*, and the *Charlestown Gazette*.

A Dec. 9 *National Underwriter Life & Health* web-edition article reported on the new principles-based reserving system. **Donna Claire**, chairperson of the Academy's Risk Management and Financial Soundness Committee and president of Claire Thinking in Fort Salonga, N.Y., and **Dave Neve**, co-chairperson of

THE NUMBER
708 The number of words in Academy Pension Vice President Donald Segal's op-ed "Don't Bury DB Plans Yet," published in its entirety in the Dec. 25 issue of *Pensions & Investments* (see Page 3).

RIGHT ON

the Academy's Life Reserves Work Group and second vice president of the Principal Financial Group in Des Moines, Iowa, were both quoted. The article also included remarks from **Larry Bruning**, chief actuary with the Kansas Department of Insurance in Topeka.

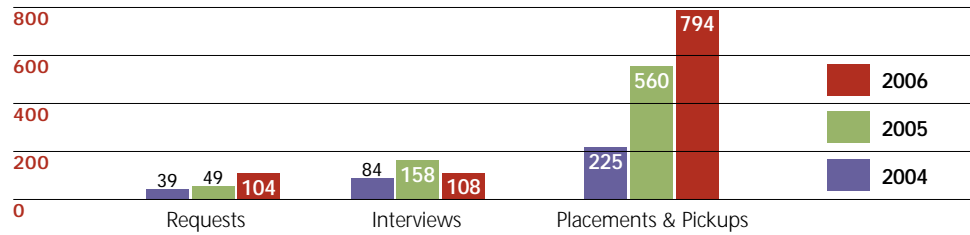
Henry Siegel, the chairperson of the Financial Reporting Committee and vice president for New York Life Insurance Co. in New York, was quoted in a Dec. 14 *National Underwriter Life & Health* article on the Financial Accounting Standards Board's (FASB) decision to shelve a controversial bifurcation proposal for risk transfer and financing components of insurance policies. Siegel said he welcomed the board's decision to move toward a disclosure-based approach to finite reinsurance rather than to alter the entire reporting basis for insurance liabilities. However, he warned, this issue might resurface in the future. The Academy **commented** in August on FASB's bifurcation proposal.

Saul Friedman's Dec. 23 *Newsday* column arguing against the privatization of Social Security mentioned the Academy's **Social Security Game**.

Responding to a commentary by Douglas Love in the Dec. 11 issue of *Pension & Investments* that blamed actuaries and others for killing defined benefit (DB) plans, the Academy issued an op-ed that ran in the Dec. 25 issue. Written by **Donald Segal**, the Academy's vice president for pension issues, the op-ed contends that critics who say DB

MEDIA RELATIONS ACTIVITY REPORT—2006

The numbers are in. And, no surprise really, 2006 was a big year for the Academy in the media. Much of this is the result of timing and the issues—Academy pension experts were much in demand in the weeks surrounding the passage of the Pension Protection Act of 2006, for instance—but the numbers still reflect a lot of hard work and perseverance on the part of Academy members and staff to provide relevant, accessible, succinct, newsworthy information that met the needs of journalists and their audiences.



Note: A placement is an article containing an Academy reference and/or a quote or attribution from an Academy spokesperson. A pickup is the publication of an Academy news release, media alert, statement, or letter to the editor.

plans are dead should consider the effects of the Pension Protection Act of 2006 and they shouldn't discount the contributions of actuaries in the passage of that legislation. The Academy also, Segal wrote, "has suggested new rules that would allow employers to transfer unexpected surpluses, without penalty, to other qualified employee benefit funds including employee health funds."

KUDOS

► Ohio Governor Bob Taft has appointed **Susan Starr**, an actuarial consultant in Port Clinton, Ohio, to the Terra Community College Board of Trustees. Starr retired in 2001 after a 33-year career as a senior consulting actuary with the Cleveland office of Watson Wyatt.

ON THE MOVE

► **Paul Deemer** has been promoted to the newly created position of vice president and chief actuary at North Pointe Holdings Corp. in Southfield, Mich. Before joining North Pointe in March 2006, he was employed at Acuity, where he developed underwriting,

profitability, and financial pricing models within the property/casualty market.

► **Shannon Demaree** has been appointed vice president and director of actuarial services

for Lockton Benefit Group in Kansas City, Mo. Before joining Lockton, she was vice president and director of actuarial services for Wachovia Insurance Services. ▲

Math Rocks!

You know it, but how about the kids sitting in a classroom near you?

THROUGH

Shake, Rattle, & Roll, a new math program sponsored by the Actuarial Foundation and developed and distributed by Scholastic, you can provide students and their teachers with math literacy-based materials that meet national standards and offer an enticing peek into the real-world situations where actuaries' mathematical expertise is used.

Containing lesson plans, activities, and other teaching resources, the program will educate students about the impact of math upon the economy and their daily lives, as well as point out how events far away may have an impact on their lives in the future. The program motivates students to see just how important math is in their ability to navigate through life and introduces the actuarial profession to teachers and students in an interesting and relevant manner.

To download program materials to donate to a school in your area, go to www.actuarialfoundation.org/youth/Shake-Rattle-Roll.html.

To complete their study, task force members surveyed and interviewed both actuaries and the users of actuarial services, consulted members of other professions, and sifted through a vast body of literature on both the U.S. and foreign actuarial professions. As the project moved forward, the task force considered and discussed written reactions from a dozen organizations and several dozen individuals to preliminary and draft versions of the report.

“It’s important to remember that the report is not the product of one or more actuarial organizations but the supported opinions of seven independent actuaries,” said Fred Kilbourne, chairman of the CRUSAP Task Force and an independent consulting actuary in San Diego. Although the job they took on was daunting, Kilbourne said, task force members never knowingly compromised their goal of helping the actuarial profession better meet the actuarial needs of the public.

Other members of the task force were Bob Collett, a former CEO of Milliman in Seattle; Ken Kent, a consulting actuary with Cheiron in McLean, Va.; Roland “Guy” King, former chief Medicare actuary and president of King Associates in Annapolis, Md.; Jim Rech, vice president of GPW and Associates in Phoenix, Ariz.; Jack Turnquist, a member of the Actuarial Board for Counseling and Discipline (ABCD) and former Academy president who is retired and lives in Dallas; and Terri Vaughan, former president of the National Association of Insurance Commissioners and the Robb B. Kelley distinguished professor of insurance, risk management, and actuarial science at Drake University in Des Moines, Iowa. Complementing the task force was a 30-member advisory panel composed of 18 actuaries and 12 non-actuaries.

The report provides detailed analysis in each subject area, referring frequently to the 1,400 responses to the two CRUSAP surveys and the more than 80 interviews that members of the task force conducted with people knowledgeable about the actuarial profession. At its conclusion, the report offers the following 19 recommendations, some of them controversial,

for further action by the profession:

- Define actuarial science as “the quantification, analysis, and management of future contingent risk and its financial consequences.”
- In order to meet all the anticipated needs of the public, make a home somewhere within the actuarial profession for all persons doing competent actuarial work.
- Encourage individual actuaries to gain sufficient knowledge to speak out on actuarial elements of major public issues.
- Increase the use of alternative delivery systems to educate and examine prospective actuaries.
- Require active members of the actuarial profession to meet consistent continuing education requirements.
- Define the actuarial value proposition by the board of directors of each actuarial professional organization.
- Promote profession-wide discussion of actuarial ethics as set forth in Precept 1 of the Code of Professional Conduct.
- Sponsor research to enhance the ability of the profession to meet the actuarial needs of the public.
- Continue to promote the development and establishment of Actuarial Standards of Practice appropriate for the emerging principles-based regulatory environment.
- Enhance the ability of the ABCD to identify possible violations of the Code of Professional Conduct.
- Establish a joint disciplinary process for the profession, independent of the individual actuarial organizations.
- Benchmark disciplinary processes for U.S. actuaries against those of other U.S. professions and of actuaries in other countries.
- Provide for participation in the standards and discipline process by professionals who are not actuaries.
- Require training and demonstrated proficiency in communications skills as part of the basic education and qualification of actuaries.
- Develop a website specifically directed at the users of actuarial services and the general public.
- Retain a firm specializing in professional organization communications to



Fred Kilbourne

perform a study of the current communication activities of the U.S.-based actuarial professional organizations.

- Establish a group (task force, committee, team) specifically charged with reviewing and implementing, where feasible, the recommendations in the CRUSAP report.
- Establish a broad-based independent group (task force, committee, convention) charged with reviewing the actions and advising the group proposed in the preceding recommendation.
- Establish consolidation of the U.S. actuarial profession as a goal of the profession.

At its fall meeting, the North American Actuarial Council (NAAC), composed of presidents and presidents-elect from the major actuarial organizations of the United States, Canada, and Mexico, established the CRUSAP Response Team. The team, consisting of all U.S. members of NAAC, has been asked to respond to the report’s findings and recommendations.

“We’ve done what we can, and now it is up to others to carry the recommendations forward,” Kilbourne said, adding, “I’m confident the CRUSAP Response Team will act quickly and decisively.”

In the meantime, Kilbourne urged all members of the profession to read the report, discuss its findings with colleagues, and thoughtfully consider how best to implement those recommendations they support. ▲

The Baton Has Been Passed

For CRUSAP Task Force Chairperson Fred Kilbourne, there is satisfaction in the publication of the task force's final report and even greater satisfaction in seeing others step in to take over.

It's not that he is disengaging from the future of the profession, Kilbourne explained, but that he's confident it's in good hands. Under the direction of Bill Bluhm, the Academy's president-elect, a response team formed by the North American Actuarial Council has been reviewing the report and planning the next steps. "This is an ideal group for the purpose, since its members generally have the position and the will to implement those of the report's recommendations with which they concur," Kilbourne said. Moreover, the response team is keeping up the pace that was set by the task force. "I'd say it's important to move quickly, and I think they are already doing that," Kilbourne said.

Kilbourne estimated that he spent more than 100 hours a month on CRUSAP over the course of the past 20 months,

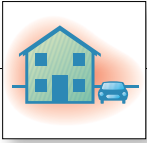
but that it was time well-spent. "The task force was extremely good and very responsible about tasks and meeting some tough deadlines," Kilbourne said. "As a result, a lot got done."

An actuary for more than 40 years, Kilbourne came into the project with some strong ideas about the profession. He emerged from the experience, he said, with some of those ideas intact and others modified by the collaborative process. This is most evident in the final recommendation that consolidation of the U.S. profession be established as a goal of the profession. "The consensus process involved not only seeking compromise and agreement among task force members but also evolution of the thinking of individual members, based on information—substantially from other actuaries—and reflection," Kilbourne said. While still strongly in favor of the profession's unification, Kilbourne said he's comfortable with the somewhat softer recommendation that the task force finally issued. ▲

New Academy Members

IN THE SECOND HALF OF 2006, 241 new members joined the Academy. By joining, they have demonstrated a commitment to ethical and responsible actuarial conduct and an interest in keeping up with the issues and events that shape their profession. And they are in good company—as of Dec. 15, the Academy boasted 15,146 members on its rolls.

Ribhi Alam	Ramon Casanova	Christine Fleming	Sam Huffman	Robert Lowery	Staci Palmer	Amy Sullivan
Michael Albino	Jeffrey Cattlett	Robert Foskey	Delson Hung	Gary MacGregor	Hengchang Pan	Charles Sutton
Xin Allen	Matthew Chamberlain	Gary Fotiu	Allen Irlmeier	Padraic Malinowski	Yan Peng	Kamilla Svajgl
George Argesanu	Xiyu Chen	Jason Freudenberger	Kamil Jasinski	Luis Marques	Rebecca Petersen	Brett Swanson
James Ash	Zhuo Chen	Sara Goldberg	Jeremiah Johnson	Amanda Marsh	Olga Petushkov	Tomoyuki Tansho
Dimple Asher	Winnie Cheung	Victoria Gomez	Christopher Jones	Howard Marsh	Achenkunju Philip	Sarah Theis
Orlando Asuncion	Nitin Chhabra	Paresh Gopaldas	James Jones	Therese Masiello	Rebecca Picotte	Anne Thomas
Matthew Avery	Kevin Christy	Rebecca Gordon	Mark Jones	Rashmi Mathur	James Piekut	Kathy Thompson
Bethany Axtman	Colin Condie	Kelly Gorst	Jordan Jordanov	Richard May	Michael Rathje	Thomas Tipton
Christine Bach	Henry Corwin	Stephanie Grass	Andrew Kempen	Sean McAllister	Zia Rehman	Angela Tong
Richard Bagby	Barbara Cox	Anna Liza Guloy	Gareth Kennedy	Jamie Mcgee	Yun Ri	Michael Tuchman
Jevon Barlas	Jinnah Cox	Jiayu Guo	Jessica Kierulf	Kathleen McGugan	Bradley Rolling	Matthew Varitek
Tiffany Baron	Russell Creed	John Hall	Kayne Kirby	Christopher McKenna	Jeffrey Ross	Rebecca Verhagen
Angelo Bastianpillai	Lauren Cross	Richard Hartman	Jonathan Knotwell	Kevin Meeuwsen	Chad Runchey	Victor Victoriano
Sarah Behnke	Douglas Danner	Yu He	Jeffrey Kobs	Jennifer Meyer	William Rusk	Hilda Viidemann
Chandler Benson	Jeannine Danner	Bryan Heilman	Brenda Koenig	Kathleen Middleton	Corinne Russell	Nicole Wagner
Jianwei Bi	Melisa Darnieder	Ginny Hencken	Matthew Kucz waj	Kathleen Midgley	Brent Sallay	Mary Wagnon
Nicolas Billard	Mark Daulby	Jason Herman	Amanda Kuhl	Erica Mitchell	Erin Schaaf	Todd Walker
Chris Birch	Chad Dawkins	Kelly Hernandez	Nicolas Lahaye	Erika Monroe	Angela Schiebout	Michelle Waluda
Jennifer Blackmore	David Dellaripa	Wade Hess	Mary Lareau	Rebecca Moody	Whitlock	Paul Wang
Peter Blouin	Jennifer Demeo	Scott Higginbotham	Chanho Lee	Therese Morong	Michael Schmuker	Steven Wang
Rachel Boles	Michael Derr	Ryan Hinchey	Jennifer Lehman	Erica Morrone	James Schneider	Wei yi Wang
Luis Bornancini	Michael Donovan	Hugh Hopper	Christian Lemay	Jonathan Mossman	Jared Scholten	Yan Wang
Ali Bukhari	Mathieu Doucet	Bradley Howard	Brian Lenius	J. Doug Moulton	Jason Schumacher	Gabriel Ware
Todd Burman	Kelley Elliot	Gerald Howard	Sean Leonard	Brian Mullen	Xianqi Shao	Caroline Waxler
Stephanie Burmester	Nicole Elliott	Shawn Howell	Rodney Lester	Jason Mulligan	James Sharkey	Ralph Weatherwax
Eileen Burns	William Erdman	Bo Huang	Shelly Lewis	Eric Murray	Scott Sheefel	John Winn
Laura Cali	Christine Farley	Xun Huang	Haidong Li	Jamala Murray	David Sherman	Ming Yang
Julianne Callaway	Joshua Fishman	John Hubenschmidt	Yulin Li	Coleman Naughton	Daniel Siblik	Yi Yin
			Andrew Liao	Jason Newkirk	Scott Simms	Anton Zalesky
			Katherine Lin	Michael Noble	Joseph Slater	Jennifer Zebrowski
			Steven Lindblad	Kevin Noll	Kassie Sloss	Juemin Zhang
			Ryan Little	Timothy Nugent	Julee Snider	Wei Zhao
			Joshua Liu	Nigel Nunoo	Yeni Son	Yue Zhao
			Songan Liu	Tom O'Sullivan	Lucas Sondelski	Gang Zhou
			Weiyun Liu	Adeniyi Olaiya	Zhanxue Song	Huawei Zhu
			Yidong Liu	Debra Olson	Christina Spetch	Janelle Zumbum
			Yuan Long	Christopher Oppliger	Alan Stone	Robert Zwick
			John Lower	Brian Orr	Matthew Strebeck	



Academy Vets Workers' Comp Reporting Proposal

IN A JAN. 15 [letter](#) to the National Association of Insurance Commissioners' Casualty Actuarial Task Force (CATF), the Academy commented on a proposed CATF recommendation to add state page reporting forms on large-deductible workers' compensation business to company annual statements.

In its letter to the CATF's Large-Deductible Subgroup, the Academy's Workers' Compensation Subcommittee raised a number of issues:

- States have a variety of tax and assessment bases in place today and a variety of mechanisms for collecting the data needed to levy them. A single reporting form is not likely to replace sources already used for these purposes.
- A number of states already have mechanisms in place for supplemental reporting of large-deductible information, and the definitions used in states' reports may not be consistent with what is being requested in the proposal.
- Some or all of the information being sought in the proposal may already exist at the National Council on Compensation Insurance and at independent bureaus.
- The definitions used in the statistical reporting of data to rating bureaus is not consistent with the definitions recommended in the proposal, which may lead to confusion in the marketplace as to what is being reported. Specifically, the proposal does not define "large deductible" or "standard premium," terms whose definition can vary even within a state.

To ensure that the information being sought is not already reported in other ways, the Academy encouraged the subgroup to take inventory of data pertaining to large-deductible business currently being reported by insurers on an individual, state-by-

CASUALTY BRIEFS

- **Patrick Woods**, assistant vice president and actuary for Insurance Services Office in Jersey City, N.J., has joined the Academy's Casualty Practice Council.
- **Kay Cleary**, an actuary with Risk Management Solutions in Tallahassee, Fla., has joined the Academy's Property and Casualty Risk-Based Capital Committee.
- **Joel Atkins**, an actuary with Zurich North America in Schaumburg, Ill., has joined the Academy's Natural Catastrophe Subcommittee.
- Joining the Academy's Extreme Events Committee are **Alex Krutov**, president of Navigation Advisors in New York, and **James Matusiak**, a director at PricewaterhouseCoopers LLC in Chicago.
- **William Dove**, chief technical officer for Ace Risk Management in New York, has joined the Academy's Flood Insurance Subcommittee.
- **Stephen Talley**, an actuary with Castlewood Ltd. in Hamilton, Bermuda, has joined the Academy's Mass Torts Subcommittee.

state basis. The Academy used Pennsylvania as an example of a state in which large-deductible workers' compensation business is already reported in much greater detail than the CATF proposal recommends.

The Academy also referred the subgroup to a July [letter](#) from the Academy's Committee on Property Liability Financial Reporting commenting on an earlier workers' compensation large-deductible study. Many of the points mentioned in that letter apply to the current proposal as well.

—LAUREN PACHMAN

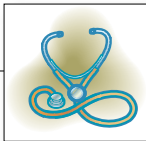


Risk Margin Volunteers Needed

THE ACADEMY'S NEW RISK MARGIN TASK FORCE is seeking volunteers to help it review drafts produced by the International Actuarial Association's Risk Margin Working Group (RMWG) and comment on behalf of the U.S. actuarial profession. The RMWG is currently producing guidance on how actuaries should determine best estimates of liabilities and the appropriate margins for those liabilities under proposals being created by the International Accounting Stan-

dards Board. Since RMWG guidance would apply to life, health, and property/casualty products, the Academy is seeking volunteers from all practice areas. The Academy's task force is also looking for a volunteer to serve as its representative at RMWG meetings (most of which are held in Europe).

Interested? Contact Tina Getachew, the Academy's risk management and financial reporting policy analyst (getachew@actuary.org). ▲



CMS Asked to Reconsider Medicare RDS Rule

IN A DEC. 19 [letter](#), the Academy again urged the Centers for Medicare and Medicaid Services (CMS) to reconsider a rule that has blocked some actuaries from providing an attestation of actuarial equivalence for the retiree drug subsidy (RDS) option offered under the Medicare Part D program.

The provision is a function of the online RDS system that allows individuals to assume only one role. While actuaries can assume non-actuarial roles, such as account manager or authorized representative, an actuary who assumes a non-actuarial role within the RDS system is precluded from signing any actuarial attestation.

In earlier conversations with CMS about the problem, the Academy was told that the provision was an outgrowth of online security protocols to maintain tight control over protected data. The Academy was further told that the CMS may reconsider the user-role rules, but only after the core RDS program system functionality was developed and implemented.

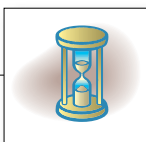
Actuaries don't gain any access to personally identifiable health data when using the RDS secure website to certify that a plan passes the actuarial equivalence test, Academy Health Vice President John Schubert wrote, even though they may be given that data by plan

sponsors when they test a plan for actuarial equivalence. "This makes the one-role-per-user rule less significant when applied to the specific role of certifying actuary," Schubert wrote.

In the letter, Schubert asked the CMS to reconsider the rule before RDS actuarial attestations are due in 2007. ▲

HEALTH BRIEFS

- ▶ **Daniel Pribe**, executive director of risk management for Mercy Health Plans Inc. in Chesterfield, Mo., has joined the Academy's Health Practice International Task Force and its Health RBC Subgroup. Also joining the subgroup is **Michael Frank**, president of Aquarius Capital in Port Chester, N.Y.
- ▶ **April Choi**, vice president and actuary for Wellpoint Inc. in Thousand Oaks, Calif., has joined the Academy's Medicare Steering Committee.
- ▶ **Ian Duncan**, president of Solucia Inc. in Hartford, Conn., is the new chairperson of the Academy's Disease Management Work Group.
- ▶ **Laurel Kastrup**, a manager for KPMG LLP in Dallas, has joined the Academy's Health Practice International Task Force.



Draft Practice Note on AICPA SOP 05-1

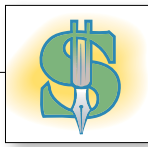
THE ACADEMY'S Life Financial Reporting Committee is seeking comments on its [exposure draft](#) of a practice note concerning the American Institute of Certified Public Accountants' Statement of Position 05-1, on accounting for deferred acquisition costs in connection with insurance-contract modifications or exchanges.

The practice note discusses issues that are both within and outside the scope of the statement of position, including defining internal replacement and scope, terminating integrated versus non-integrated issues, determining what is substantially changed and what is substantially unchanged, and which required accounting for transactions is covered by the statement of position.

The Academy's practice note is currently exposed online on the Academy's website, www.actuary.org. The comment deadline is March 2. Please send your comments to Tina Getachew, the Academy's risk management and financial reporting policy analyst (getachew@actuary.org). ▲

LIFE BRIEFS

- ▶ **Shawn Loftus**, vice president for modeling and analysis for USAA Life Insurance Co. in San Antonio, has joined the Academy's Life Capital Work Group.
- ▶ **Arthur Panighetti**, vice president, tax, for Northwestern Mutual in Milwaukee, has joined the Academy's Life Financial Soundness/Risk Management Committee and its Life Reserves Work Group.
- ▶ Joining the Academy's Invested Asset Work Group are **Bryan Boudreau**, managing director for Lehman Brothers in New York; **Rodney Clark**, director of financial services for Standard & Poor's in New York; **Dave Dowrich**, vice president at Credit Suisse in New York; **Richard Mattison**, director and actuary for Standish Mellon Asset Management in Boston; **Scott Robinson**, vice president and senior credit officer for Moody's Investors Service in New York; and **Eric Sandberg**, director for Aegon Institutional Markets in Louisville, Ky.
- ▶ **William Brummond**, vice president for Old Mutual Financial Network in Baltimore, has joined the Academy's Reinsurance Work Group.
- ▶ Joining the Academy's Valuation Law & Manual Team are **Stewart Ashkenazy**, vice president and actuary for MetLife in Long Island City, N.Y., **Robert DiRico**, an actuary in the insurance risk management area for ING in West Chester, Pa., and **Youri Matiounine**, an associate actuary with New York Life Insurance Co. in New York.
- ▶ **Peter Bondy**, a principal with Bondy and Associates in Davie, Fla., and **David Hippen**, life and health actuary for the Missouri Department of Insurance in Jefferson City, have joined the Academy's Centralized Examination Office Team.



Comments on Assessing Insurer Solvency

THE ACADEMY'S Risk Management and Solvency Committee recently submitted [comments](#) on the third and final exposure draft of a paper by the International Association of Insurance Supervisors (IAIS) on the common structure for the assessment of insurer solvency.

Committee Chairperson Jim Rech, along with committee members Ralph Blanchard, Elise Liebers, Harold Luber, and Jim Reiskytl, commented on the draft that was released by the IAIS in December. They stated, among other things, that the total balance sheet concept needed to be more clearly defined and developed in the paper. They also suggested changes to clarify that certain current practices for valuing liabilities—such as using company specific data as a starting point and reflecting company claim settlement prac-

tices in such valuations—are not inconsistent with an “economic” or “market-consistent” valuation as those terms are used in the paper.

The committee previously commented in [November](#) and in [July](#) on earlier versions of the draft paper.

The Academy sent its comments to both the IAIS and the International Actuarial Association.

—TINA GETACHEW

RISK MANAGEMENT AND FINANCIAL REPORTING BRIEFS

► **Godfrey Perrott**, a consulting actuary for Milliman in Wakefield, Mass., has joined the Academy's Risk Management and Financial Reporting Council.

SPRING MEETING, continued from Page 1

the Office of Management and Budget.

The meeting is scheduled to run from 8:00 a.m. to 5:45 p.m. (continental breakfast will be available at 7:00 a.m.) on Wednesday, March 28, at Washington's Marriott Wardman Park Hotel. There will be a recep-

tion on Tuesday evening, March 27, for those who are attending the EA meeting or are coming in the night before.

For more information and to register, go online to the Academy's [website](#). ▲



Academy 2007 Spring Meeting March 28, 2007, 8:00 a.m. — 5:45 p.m. Marriott Wardman Park Hotel, Washington

Join your Academy colleagues in Washington for the 2007 Academy Spring Meeting. The meeting will include:

- Casualty sessions on reinsurance risk transfer, property/casualty issues in the new Congress, and unpaid claim estimates;
- Health sessions on priorities in the new Congress, applying principles-based methodologies to long-term care, and Medicare reform;
- A life session on the principles-based approach and international issues;
- A general session on actuarial standards conducted by the Actuarial Standards Board;
- The annual Academy luncheon featuring invited keynote speaker Rob Portman, director of the Office of Management and Budget, and presentation of the 2007 Robert J. Myers Public Service Award.

For more information and to register, go to www.actuary.org/springmeeting/index.asp.

**BOOK
THE
DATE!**

Actuarial Update

ASSOCIATE EDITORS

William Carroll
Patrick Collins
Andrew Erman
Rade Musulin
Geoffrey Sandler
Donald Segal

EDITOR

Linda Mallon
(editor@actuary.org)

DESIGN AND PRODUCTION

BonoTom Studio Inc.

MARKETING AND PUBLICATION

PRODUCTION MANAGER

Cindy Johns

American Academy of Actuaries

PRESIDENT

Steven Lehmann

PRESIDENT-ELECT

William Bluhm

SECRETARY-TREASURER

John Parks

VICE PRESIDENTS

Robert Miccolis
Allan Ryan
David Sandberg
John Schubert
Donald Segal
Timothy Tongson

EXECUTIVE DIRECTOR

Kevin Cronin

DIRECTOR OF

COMMUNICATIONS
John Schneidawind

ASSISTANT DIRECTOR FOR PUBLICATIONS

Steven Sullivan

MANAGING EDITOR, INTERNET AND NEW MEDIA

Anne Asplen

EXECUTIVE OFFICE

The American Academy
of Actuaries
1100 Seventeenth Street NW
Seventh Floor
Washington, DC 20036
Phone 202-223-8196
Fax 202-872-1948
www.actuary.org

Statements of fact and opinion in this publication, including editorials and letters to the editor, are made on the responsibility of the authors alone and do not necessarily imply or represent the position of the American Academy of Actuaries, the editors, or the members of the Academy.

©2007 The American Academy of Actuaries. All rights reserved.