

Professionalism Discussion Paper

Using Actuarial Models

IN RECENT YEARS, THE ACTUARY'S PROFESSIONAL PORTFOLIO HAS EXPANDED beyond traditional tasks such as insurance reserving, ratemaking, or employee benefits management to asset management and other emerging practices.

But while their skills and knowledge have evolved, public understanding of how actuaries do their work, particularly their use of actuarial models, has not followed suit.

In an effort to help actuaries and others gain a clearer understanding of the nature of actuarial models and the role of the actuary in using them, the Academy's Committee on Professional Responsibility has created a new [discussion paper](#), *The Roles of the Actuary in the Selection and Application of Actuarial Models*. The paper is designed to benefit actuaries working in all types and areas of professional practice.

Actuarial models provide frameworks to analyze risks that have financial implications. An actuarial model is a mathematical representation of the financial effects of contingent future events based on (but not limited to)

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Actuarial UPDATE

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Annual Meeting

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Qualification Standards

More than 200 comment on proposed revision **PAGE 8**

A Penny for Your Thoughts

HAS ANYONE ASKED FOR YOUR OPINION LATELY? Well, the Academy wants to hear from its more than 15,000 members. During August, an independent polling firm will be conducting a survey to determine member opinions on a number of issues, including how well the Academy is accomplishing its mission and what steps can be taken by staff and leadership to improve future operations.

Although the Academy has always heard individual comments, both positive and negative, the survey is a proactive and comprehensive effort to gain an insight into the thinking of a broader swath of members. Survey results, which should be ready by the end of September, will provide Academy management and leadership with a benchmark to guide decision-making for future projects and goals. It will also give you a snapshot of fellow members' sentiments on various issues.

All members who have provided e-mail addresses to the Academy will be offered the opportunity to participate in the survey online. If you haven't provided the Academy with your e-mail address (or don't have one), look for a hard copy of the survey in your mailbox. A postage-paid return envelope will be included for your convenience.

The survey will be succinct. Plan now to give it some serious thought and attention when it arrives. The Academy wants to hear from you. Your opinions count and will make a difference. ▲

AUGUST

- 2 Academy Financial Reporting Committee meeting, Chicago
- 3 Academy Executive Committee meeting, Washington
- 4 Academy Life Reserves Work Group meeting, Chicago
- 10-12 Actuarial Research Conference (Academy, ASPPA, Actuarial Foundation, CAS, CIA, CONAC, SOA), Montreal
- 14 Academy Life Capital Adequacy Subcommittee meeting, Chicago
- 15 Academy Committee on Qualifications meeting, Boston
- 15-19 National Conference of State Legislators meeting, Nashville, Tenn.
- 24-25 ASB meeting, Washington
- 29-September 1 Groupe Consultatif annual summer school, Parma, Italy

SEPTEMBER

- 1 Academy Life Reserves Work Group, Chicago
- 6 Academy Life Practice Council meeting, St. Louis
- 7-8 NAIC Life and Health Actuarial Task Force meeting, St. Louis
- 9-12 NAIC fall meeting, St. Louis
- 11-12 Casualty loss reserve seminar (Academy, CAS), Atlanta
- 13 Academy Life Financial Reporting Committee meeting, Chicago
- 17 Academy valuation case study seminar, Scottsdale, Ariz.
- 18 Academy Social Insurance Committee meeting, Washington
- 18-19 SOA Valuation Actuary Symposium, Scottsdale, Ariz.
- 20-21 ABCD meeting, San Francisco
- 21-22 CIA seminar for appointed actuaries, Toronto
- 25 Academy Board of Directors meeting, Washington
- 26-27 Academy leadership and annual meeting, Washington
- 28 Academy webcast on principles-based initiative
- 28-October 1 North American Actuarial Council meeting, Napa Valley, Calif.

OCTOBER

- 4-5 CAS special interest seminar on predictive modeling, Boston
- 11-12 Academy P/C Loss Reserve Seminar, Chicago
- 15-17 National Academy for State Health Policy annual meeting, Pittsburgh
- 15-18 SOA annual meeting, Chicago
- 18 CIA joint day with SOA, Chicago
- 19-20 CIA general meeting, Chicago

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

2006 Leadership and Annual Meeting

THE ACADEMY'S 2006 ANNUAL MEETING LUNCHEON will be held Sept. 26 in Washington. The noon luncheon is open to all Academy members and will feature the presidential transition ceremony and inaugural address of incoming president Steven Lehmann; the vote for new regular members of the Academy Board of Directors; and the presentation of the Jarvis Farley Service Award. The luncheon will also have a featured speaker on a topic of interest to all members of the profession.

Wrapping around the luncheon, the Academy will hold a series of invitation-only strategic planning sessions. At the sessions, beginning at 9:00 a.m. on Tuesday, Sept 26 and concluding at noon on Wednesday, Sept. 27, volunteers in leadership positions will be asked by a strategic planning consultant to employ their knowledge, experience, insights, and creativity to help develop an action plan for the Academy's future.

An annual meeting reception is scheduled for Monday evening, Sept. 25.

All events will occur at the Washington's Grand Hyatt Hotel, which is easily accessible by Metro.

For more information, go online to the Academy's website or contact Academy Meeting Planner Denise Winston (Winston@actuary.org; 202-223-8196). ▲

Legal Assistance Sheila

Kalkunte has joined the Academy staff as the assistant general counsel. She will work closely with Mary Downs, the Academy's general counsel and director of professionalism, and will spend much of her time assisting the Council on Professionalism. She will also provide support to the Actuarial Standards Board and the Actuarial Board for Counseling and Discipline as needed, and will continue to provide general legal advice to the Academy. Kalkunte came to the Academy earlier this year, when she was the Academy's acting general counsel. Her experience includes serving as a private-sector assistant general counsel, and she has applied her legal expertise to a broad range of areas, including corporate governance, securitization, and financial law issues. Kalkunte's position is an upgrade of the former professionalism analyst position.

IN THE NEWS

Donald Segal, the Academy's vice president for pension is-

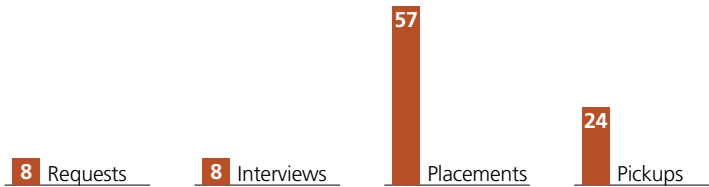
sues and a senior consultant with CCA Strategies in New York, appeared on CNBC's "Closing Bell" on June 30 during a segment on the effect of rising interest rates on pension plan funding. Appearing with Howard Silverblatt of Standard & Poor's, Segal was asked if higher rates would significantly help the pension funding problem and what the government could do to help. He said that higher rates have only begun to affect the measurement of pension liability within the past six months and that the government could not do much because private companies sponsor the plans. Segal also warned that pressure on government programs such as Social Security will grow as private plans continue to decline.

Segal was quoted on pension policy in a June 22 *Los Alamos Monitor* article on the Department of Energy's decision to suspend for one year its policy denying reimbursements to DOE contractors for the cost of their new employees' defined benefit

pension plans. The article mentioned the Academy's earlier [call](#) to rescind the policy and quoted Segal's comments that defined benefit plans are essential to a secure retirement and that the proposed DOE policy went against decades of public policy.

An article in the June 19 *National Underwriter* on efforts by the National Association of Insurance Commissioners (NAIC) to develop new reserving rules for variable annuities included comments from a host of Academy members. Those quoted included **Thomas Campbell**, chairperson of the Academy's Variable Annuity Reserve Work Group and vice president and corporate actuary with Hartford Life Insurance Company in Watogue, Conn.; **John Bruins**, an actuary with the American Council of Life Insurers in Washington; **William Carmello**, chief life actuary with the New York State Insurance Dept.; and **Allen Elstein**, a life and health

MEDIA RELATIONS ACTIVITY REPORT—JUNE 2006



Media Impressions:
360,080

Web Impressions:
32,038,000

Note: Media impressions are a combination of readership, listenership, and viewership. Web impressions are distinct from media impressions and reflect the number of daily, unique individuals who access a website. 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.

actuary with the Connecticut Insurance Department. An article in the same issue about a newly formed NAIC work group to develop principles-based reserving life insurance rules included comments from **Michael Batte**, chairperson of the NAIC's Life and Health Actuarial Task Force and an actuary with the New Mexico Division of Insurance. Batte said that Academy efforts "to develop corporate governance standards could increase regulators' confidence in the principles-based approach."

The June 22 *Palm Beach Post* published an op-ed written by **Rade Musulin**, vice chairperson of the Academy's Casualty Practice Council, a member of the *Update's* editorial board, and the senior actuary with Aon Reinsurance Australia in Sydney. Musulin, former vice president-operations, for the Florida Farm Bureau Insurance Cos., argued in his op-ed that Florida had a hurricane problem, not an insurance problem, and that building

stronger homes is the key to reducing property/casualty insurance rates in the state.

Alan Glickstein, a senior consultant and office practice leader at Watson Wyatt Worldwide in Dallas, and **Ari Jacobs**, a principal with Hewitt Associates in Norwalk, Conn., were quoted in a June 22 *Fortune* article on the decline of traditional defined benefit pension plans. The article also ran on CNNMoney.com

Academy Senior Pension Fellow **Ron Gebhardt** was quoted in a June 22 Reuters article about the United Auto Workers union's position on a provision in proposed pension reform legislation to identify

pension plans at risk of default. The article ran in dozens of publications including Web editions of the *New York Times*, the *Washington Post*, and the *Boston Globe*.

Gebhardt also was quoted in a June 22 MarketWatch article on how rising interest rates affect the funding status of defined benefit pension plans. "When interest rates are low," Gebhardt said, "you have to put more into your plan because you can't get much from your investment returns."

A June 27 Reuters article on a Financial Accounting Standards Board (FASB) exposure draft of a standard governing accounting for pensions and other post-retirement benefits (see story, Page 6) quoted **William Sohn**, chairperson of the Academy's Committee on Pension Accounting and a consulting actuary with Buck Consultants in New York. The use of a projected benefit obligation, Sohn said, is not an appropriate measure of benefits that the employer has guaranteed since these additional costs will be realized only if the employee

continues to work. Coverage of FASB's June 27 roundtable discussion on the standard that ran in CFO.com also quoted Sohn. Similar coverage of the roundtable by BNA on June 28 and 29 listed the Academy's Committee on Pension Accounting and Committee on Retiree Health as taking part in the discussion.

KUDOS

► **Gary Venter**, managing director of Guy Carpenter's In-Strat unit in New York, is the recipient of the International Actuarial Association's Bob Alting von Geusau Memorial Prize. Venter received the award, given annually for the best contribution to the *ASTIN Bulletin* on a subject related to actuarial approaches to financial risks and problems, at the 28th International Congress of Actuaries held in Paris in May. Venter's prize-winning research paper addressed the question of how to simulate bond yield curves in an insurance company's financial model and how to test the distribution of yield curves in simulated financial scenarios against historical data. ▲



Ignorance is not bliss. The Actuarial Board for Counseling and Discipline is an important part of our profession and we should all be familiar with its purpose and procedures. Precept 14 of the Code of Professional Conduct requires actuaries to respond promptly, truthfully, and fully to any request for information by the ABCD.

Correction

In *June Update* coverage of remarks by David Walker, comptroller general of the United States and head of the Government Accountability Office, a digit was inadvertently dropped when quoting Walker's take on the passage of the Medicare Part D program. Walker actually said, "We took a program that was in the hole and added another 8 trillion on top of it."

A Plan for Reforming Social Security

BY MARK SHEMTOB

With the assistance of experts outside of our field, actuaries are uniquely qualified to help structure a plan that could ultimately lay the foundation for comprehensive Social Security reform.

HAVE A KEEN INTEREST IN SOCIAL SECURITY AND ITS FUTURE. But I fear that Congress will never embrace actions to “strengthen” the program for the simple reason that difficult decisions and sacrifices will be required. The majority of our elected officials would prefer to push off any potentially unpopular action until we are in crisis mode. Too many politicians continue to use the Social Security issue as a political weapon.

Is there anything that we can do as pension actuaries to make a difference now? As a profession we first need to stand united behind the following principles:

- ▶ Social Security requires modification;
- ▶ The sooner we take action, the less dramatic that action needs to be;
- ▶ There is no painless solution;
- ▶ The public needs to understand all of this in objective terms.

Although my fellow pension actuaries have produced valuable papers on ways to strengthen the program fiscally, I doubt that will be enough. I propose that the Academy work on a comprehensive Social Security reform plan with the assistance of experts outside the profession. The plan needs to be nonpartisan, recognizing both the importance of retirement security and the many ways in which the nation’s social and economic fabric has changed since Social Security’s beginnings. I hope we could encourage the majority of the public to

support—or, at least, not oppose—such a plan.

I believe the following principles should serve as a foundation for the plan:

- ▶ The preservation of promised benefits for all current and a segment of future retirees;
- ▶ The gradual reduction in the government’s dependence on the Social Security fund;
- ▶ The open consideration of changes in lifestyles, demographics, and other pertinent factors and how they should influence reform;
- ▶ A consideration of how personal accounts may be integrated into the program;
- ▶ A consensus that the program should be focused primarily on providing security to hard working citizens and members of their families;
- ▶ The goal that long-term advance funding would cover a significant portion of the program.

With the assistance of experts outside of our field, actuaries are uniquely qualified to help structure a plan that could ultimately lay the foundation for comprehensive Social Security reform. Wouldn’t it be nice to help prevent the necessity of having our children and grandchildren face the choice of either significantly reducing our Social Security benefits or significantly increasing the taxes they pay? We owe it to them to try. They will still have many other problems to deal with. It would be nice to spare them this one.

Mark Shemtob is president of Abar Pension Services Inc. in Florham Park, N.J.

A Vote for Transparency

APPLAUD THE *UPDATE* FOR PUBLISHING BRUCE SCHOBEL’S AND LOUIS FILLIGER’S LETTERS on the important subject of transparency in the actuarial profession’s disciplinary process.

I count myself among those who believe that the profession would profit from greater transparency in the activities of the Actuarial Board for Counseling and Discipline (ABCD). The profession works hard to develop appropriate standards of practice. But how can we (and, more importantly, the various publics that actuaries serve) believe in the profession’s application of its standards when its disciplinary process is

intentionally hidden from view?

My personal experience with the ABCD has led me to a conclusion that it is more attuned to the protection of actuaries than to the protection of the public. Is this a fair or unfair conclusion? As long as the current secret disciplinary process continues, we cannot know.

The ABCD’s process must become more transparent. Without transparency, it is an exercise of questionable value to the profession or to the public.

*William Schreiner
Arlington, Va.*

New Academy Members

In the first half of 2006, the Academy added 273 new members to its rolls. By joining, they have demonstrated a commitment to ethical and responsible actuarial conduct and an interest in keeping up with the issues and events and that are shaping their profession. We welcome them. They are in good company.

Arlan Aakre
Kathy Aaltonen
David Alford
Jessica Anderson Allen
Brent Arnold
Amit Ayer
Kelly Backes
Kristi Badgerow
Carl Bailey
Michael Bailey
Scott Bakke
Kelly Baluta
Gregory Bangs
Ronald Barlin
Nelson Beaulieu
Jeffrey Beligotti
Jennifer Belletete
Christian Benjaminson
David Block
Kelly Blue
Laura Boland
Peter Brey
Stacey Bridgewater
Amy Brooks
Randall Buda
Morgan Bugbee
Louise Buisseret
Jason Burk
James Burke
Sandra Callanan
Sekayi Campbell
Jessica Cao
Erin Carper
Valerie Carrier
John Caruso
Paul Ceaser
Thomas Chamberlain
Hiu Chan
Jerry Chen
Johnathan Chernick
Lai Weng Chio
Jean Choi
Gregory Chrin
Andrea Christopherson
Elizabeth Clark
Glenn Colby
James Cole
Barbara Coletta
Andrew Colton
Brandon Combs
Adam Coolman
Andrea Cordani
Heather Couch
Elizabeth Coulan
Keith Cronin

Hall Crowder
Candace Damon
Ning Ding
Eric Dupont
Sarah Egley
Melissa Elliott
Shane Ewen
Dazhi Fan
Qing Fang
Zhuoshi Fang
Kathleen Farrell
Alex Faynberg
David Felder
Adam Feltes
Jason Fesmire
Jeff Finefrock
Randall Finn
Daniel Fix
Jeffrey Forman
Kevin Francis
Nicholas Franklin
Vincent Franz
Nicole Fredette
Kyle Freeman
Derek Freihaut
Joseph Gamzon
Jeffrey Gann
Kathryn Garrity
Michael Garvin
Christine Giurato
David Given
D. Patrick Glen
Nomi Goodman
Scott Goodman
Richard Gordon
Corrine Gray
Haiyun Guo
Monique Hacker
Mark Haider
Christopher Haire
Lee Hakert
Kelly Halverson
Anne Harper
Michelle He
Colin Henty
John Herberth
Randolph (Rafi) Herzfeld
Megann Hess
Charles Hill
Scott Hittner
Yaroslav Hlum
Craig Hodges
James Holloman
Peter Horman
John Horvath

Christine Hough
Linda Howell
Trevor Howes
Jiann-shiun Huang
Juetian Huang
Thomas Huang
Scott Huddleston
Eric Huls
Bogdan Ianev
Paul Janus
Ross Johnson
Ge Kang
Crystal Kauder
Robert Kirklín
Brian Kist
Jesse Kling
Hiu-Wan Ko
Stephen Koca
Jody Koenemann
ZheeChong Koh
Jeremy Lane
Joseph Lario
Catherine Larson
Andre Latia
Clara Lau
Melinda Lau
Chanseo Lee
Brian Lemanczyk
Matthew Lenaghan
Marc Levinsky
Peter Li
Yinghui Li
Yocheved Lipshitz
Jeffrey Liter
Maia Lustgarten
Davin MacKenzie
Julie Maendel
Jason Mahler
Jason Malone
Jessica Marland
Mathieu Marsan
Michelle Marshall
John McCarthy
Matthew McDaniel
Cindy McDonald
Susan McDonald
Ross Mcgregor
Stacy McInturff
Christopher Meta
Natalya Mill
Enzinma Miller
Kazuko Minagawa
Lori Moore
Timothy Morgan
A. Shahab Mostafavi

Brigette Mulvehill
Rick Najjar
Salvador Nakar
Robert Nemeth
Elesar Ngassa
Brian Nichols
Murali Niverthi
Erin Noonan
Mark Noonan
Sean Nossel
Andrew Nyce
Mark O'Reilly
Olabode Olajumoke
Christopher Olsen
Lin Pan
Eva Paxhia
Michael Peascoe
Chris Peck
Shu Yeun Peng
Wesley Peterson
David Petta
Brian Pieper
Roger Pilecky
Andrea Polischuk
Chayanna Poonsuph
Pamela Porter
Nicholas Potenza
Randy Pothier
Lovely Puthenveetil
Marcus Rafiee
Michael Raker
Jeffrey Rees
David Reid
Glen Reineke
Julie Reyes
Zoe Rico
Laura Rinker
Timothy Ritter
Dolph Robb
Lei Rong
Vincent Rupp
Jean Rynes
Donald Sanderson
David Sawyer
Mark Shickler
Leonid Shteyman
Gregory Slone
John Smith
Joshua Sober
Joanna Solarz
Andrew Sosnay
Jeffrey Spasling
Paul Stahlschmidt
Anthony Stevens
Randall Stevenson

Jeffery Stoller
Jennifer Sullivan
Konrad Szatzschneider
Shuyu Tan
Feixue Tang
James Terrones
Colleen Thompson
David Treble
Albert Trezza
Paul Tschida
Jonathan Turnes
Eric Unger
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Fang Yu
Wing Shan Yuen
Hui (Caroline) Zhang
Jing Zhang
Junjie Zhang
Ming Zhang
Chun Zheng
Jingjiang Zhu
Michael Ziniti



Big Changes in FASB Guidance Unlikely

BY STEPHEN ALPERT

ON JUNE 27, the Financial Accounting Standards Board (FASB) held two roundtables on its exposure draft of a standard governing accounting for pensions and other post-retirement benefits. The roundtables provided board members with an opportunity to discuss issues raised in comment letters on the exposure draft received from various constituencies—including auditors and the preparers and users of financial statements.

William Sohn, chairperson of the Academy's Committee on Pension Accounting, and Jeffrey Petertil, co-chairperson of the Academy's Joint Committee on Retiree Health, par-

The only change FASB appears likely to make is simplifying the transition to the new accounting standard.

ticipated in the roundtable discussion, as did several Academy members who were representing their employers. The Academy committees sent separate letters May 31 expressing concern with both [pension](#) and [post-retirement benefit](#) aspects of the exposure draft.

At the roundtables, there was significant opposition (primarily from preparers) to three key points in the proposed draft:

- ▶ The use of the projected benefit obligation (PBO) to measure pension liabilities and the use of the accumulated post-retirement benefit obligation (APBO) for measuring other post-retirement benefit liabilities;
- ▶ The requirement to use a fiscal year-end measurement date;
- ▶ The Dec. 15, 2006, effective date.

FASB appeared unwilling to reconsider its positions

on those points. The tenor of board members' questions and comments left the impression that the board favors the viewpoint of the user community, represented primarily by analysts, who strongly support the proposals and, in many cases, have asked for additional disclosures of cash flow and sensitivities.

Board members did clearly state that they would be open-minded during the second phase of FASB's proposed overhaul in considering whether the accumulated benefit obligation (ABO), the PBO, or some other concept would produce the best measure of liability. However, this will not solve the short-run concerns of those employers who are required under changes implemented in the first phase to put the PBO (and APBO, for retiree medical liabilities) on their balance sheets.

The only change FASB appears likely to make is simplifying the transition to the new accounting standard. The exposure draft would have required full retrospective application of the change in accounting for pension and other post-retirement medical benefit plans for all prior periods shown in financial statements. In response to comments about the time and expense required to determine these retrospective adjustments, FASB may consider alternatives, which include limiting application to the current and prior fiscal years (an approach that seemed acceptable to analysts) and applying the new standard prospectively.

The board will meet several more times, beginning in mid-July, before it publishes a final standard, which is anticipated by the end of September. Academy representatives will continue to attend FASB meetings to monitor these developments.

Stephen Alpert is vice chairperson of the Academy's Committee on Pension Accounting and a principal with Mercer Human Resource Consulting in New York.

ACTUARIAL MODELS, *continued from Page 1*

assumptions concerning the frequency of the event, the time when it occurs, and its severity; assumptions concerning the time value of money; and current available data concerning the risks being modeled.

The discussion paper provides descriptions of different types of models and the varieties of assumptions that can be used with them. It also reviews the circumstances in which different models may be used, and describes the role of the actuary in selecting, designing, developing, or modifying a model and in choosing

assumptions to be used in the modeling process.

Finally, the discussion paper addresses the actuary's relationships with management and other professionals in identifying, assessing, measuring, managing, and mitigating financial risk.

The Committee on Professional Responsibility is chaired by Tom Bakos. Other members are Cara Blank, William Cutlip, Jeffrey Kucera, Robert Orean, Anna Rapaport, Carl Shalit, Russell Sutter, J. Kevin Watts, and Marc Whinston. ▲

PENSION BRIEFS

▶ **Robert C. North, Jr.**, chief actuary, New York City Office of the Actuary, has joined the Public Plans Task Force.

▶ **Alice Wade**, deputy chief actuary of the Social Security Administration in Baltimore, has joined the Social Insurance Committee.

CASUALTY BRIEFS

▶ **Stuart Mathewson**, lead pricing actuary for Swiss Re in St. Louis Park, Minn., has joined the Casualty Practice Council.



Academy Webcast on Principles-Based Assumptions

ON JULY 11, the Academy's Life Practice Council sponsored the fourth in a series of webcasts designed to keep Academy members apprised of developments related to principles-based reserves and capital.

The July webcast, which attracted close to 1,000 participants from over 150 different locations around the country, focused on considerations for determining and selecting assumptions (based on

vice president for life issues, the panel included Peter Boyko, Sam Gutterman, Mike McLaughlin, and Tom Rhodes.

Boyko, chair of the Academy's Life Capital Work Group and member of the Life Reserves Work Group (LRWG), focused his presentation on setting policyholder behavior assumptions. Beginning with a brief overview of the framework developed by the LRWG and then dissecting what the current proposed draft model regulation and actuarial guidelines

The July webcast attracted close to 1,000 participants from over 150 different locations around the country.

a company's own experience as well as inter-company data) to be used in setting both a best estimate and the margins for pricing and valuation in a principles-based framework.

The webcast featured a panel of experts who discussed necessary considerations for setting policyholder behavior and expense assumptions in the current proposed principles-based system, as well as the impact on pricing, financials, and assumption review/audit. Moderated by David Sandberg, the Academy's

would require in the way of disclosure and documentation, Boyko offered an examination of how to set policyholder assumptions both with and without credible experience.

Gutterman, author of a soon-to-be-released book on life insurance company expenses, gave a step-by-step overview of steps needed to set expense assumptions, including development, validation, and documentation.

McLaughlin, global actuarial director for Deloitte Consulting, discussed the

LIFE BRIEFS

► Joining the Annuity Reserves Work Group are **Rod Bubke**, vice president of insurance and annuity valuation for Ameriprise Financial Inc. in Minneapolis; **Jeff Gimbel**, an actuary at Midland National Life Insurance Co. in Sioux Falls, S.D.; **Sean Hayward**, an actuary with Allianz Life Insurance Co. in Golden Valley, Minn.; and **George Jennings**, an assistant actuary at the Hartford Life Insurance Cos. in Weatogue, Conn.

► **Vincent Pat Gallagher**, a consulting actuary in Venice, Calif., has joined the Reinsurance Work Group.

► **Bill Schwegler**, an actuary for Aegon in Cedar Rapids, Iowa, has joined the Standards for Stochastic Methods Work Group.

► **Shawn Loftus**, an assistant vice president for modeling and analysis for USAA Life Insurance Co. in San Antonio, Texas, has joined the Governance Subgroup.

many implications of the new principles-based framework on product development, pricing, financials, and the review/audit of assumptions.

Rhodes, director of experience studies for MIB Group, is involved in the data collection for the joint Academy/Society of Actuaries Preferred Mortality Project. His comments were related to preparing for individual life policyholder behavior studies.

If you missed the [webcast](#), it is now available on CD (see below).

—AMANDA YANEK

SAVE THE DATE!

The Academy will be offering a Valuation Case Study Seminar

Sept. 17, 2006

Westin Kierland Resort & Spa, Scottsdale, Ariz.

Led by Academy Life Practice Council members who are involved in the development of a principles-based approach to the regulation of insurance, the seminar will focus on how the new framework's use of judgment, review, and valuation will affect the work life of actuaries in coming years.

For further information about registration, go to www.actuary.org

Questions? Contact Amanda Yaneck, the Academy's life policy analyst (yaneck@actuary.org)

July 11 Life Webcast Now available on a 90-minute CD.

The CD contains the complete audio presentation and speakers' slides in a convenient single file.

The price of the CD is \$75 for those who participated in the webcast, and \$125 for all others.

For more information and to order online, go to www.actuary.org.

Questions? Contact Academy Legislative Manager Kasha Shelton (shelton@actuary.org, 202-223-8196).



Actuarial Update

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Many Comment on Revised Qualification Standards

THE ACADEMY'S COMMITTEE ON QUALIFICATIONS THANKS EVERYONE who sent in comments on the proposed revisions in the Qualification Standards for Prescribed Statements of Actuarial Opinion. They may have set a record! By the time the comment period ended July 1, the committee had received more than 200 sets of comments. That's more than any other Academy exposure draft has received in recent memory. The proposed revisions include broadening the scope of applicability to any "statement of actuarial opinion," increasing the CE requirement to 30 hours annually, and removing the requirement that at least half of the CE hours be earned in organized activities. The comments are now being aggregated, and the Committee on Qualifications will start making its way through them this month. ▲

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

To meet expected demand, this one-day Academy seminar will be presented on **Oct. 11** and again on **Oct. 12**. The instructors, content, and location will be the same for both of the stand-alone sessions.

Who?

Actuaries who expect to prepare and/or sign NAIC statements of actuarial opinion on property/casualty loss reserves in 2006.

What?

A one-day seminar to inform preparers and signers of P/C loss reserve opinions about regulations, standards, new requirements, and what users of opinions want. The limited-attendance seminar is sponsored by the Academy's Committee on Property/Liability Financial Reporting, and both sessions sold out last year.

The seminar will address such topics as:

- ▶ Accepting an opinion assignment
- ▶ Documentation
- ▶ Point estimates, ranges, and management's best estimate
- ▶ Disclosing risk of material adverse deviation
- ▶ Dealing with difficult situations.

When?

8 a.m. – 4 p.m., **Oct. 11, 2006**, or 8 a.m. – 4 p.m., **Oct. 12, 2006**

Where?

Hilton O'Hare, suburban Chicago

Why?

▶ Focuses on regulatory and professionalism concepts, rather than the more fundamental techniques studied by actuarial students.

▶ Provides participants with concrete, marketable skills to take back to their employers at the end of the seminar, reinforced by small class size and a participatory structure.

▶ Led by top professionals, including instructors who are company, consulting, and regulatory actuaries.

More Info

If you would like to attend the seminar or have questions about attending, please contact Denise Winston, the Academy's meeting planner (Winston@actuary.org; 202-223-8196).

MATH MENTORS NEEDED

THE ACTUARIAL FOUNDATION'S ADVANCING STUDENT ACHIEVEMENT PROGRAM IS LOOKING FOR ACTUARIAL MENTORS in communities all over the United States to assist in math-mentoring school programs.

If the local actuary who is coordinating a project in your area contacts you, please consider volunteering. By sparing a relatively small amount of time to assist in a math-mentoring school program, you can make a big difference in the lives of kids in your community.

For more information and to link to projects that are starting up in Atlanta; Chicago; Cleveland Heights, Ohio; Houston; Lexington, Ky.; Newark, N.J.; New York; Philadelphia; Phoenix; Pittsburgh; Washington; and West Greenwich, R.I., go to www.actuarialfoundation.org/youth/call_for_mentors.htm.



THE ACTUARIAL FOUNDATION



AMERICAN ACADEMY OF ACTUARIES

DON'T MISS OUT!

Register for the Academy's Life and Health Qualifications Seminar.

Nov. 6-9, 2006, Arlington, Va.

Who Should Attend?

New FSAs (effective 2000 or later) may not meet all of the life-and health-specific qualification standard requirements to be able to issue Prescribed Statements of Actuarial Opinion. The L&H Seminar can solve that problem. Others can take the opportunity to earn significant PD and CE credit.

For more information and to register online, go to www.actuary.org, or contact Rita Winkel, the Academy's legal assistant (202-223-8196; winkel@actuary.org).