

Health Paper Offers an Actuarial Look at High-Performance Networks

AN **ISSUE PAPER** on high-performance networks (HPNs) released Feb. 26 looks at how expansion of HPNs can potentially reduce health care costs while focusing on delivering high-quality care and efficient care.

The paper, developed by the Academy's High-Performance Network Work Group, examines the development and measurement of HPNs, including integrated financial arrangements, reimbursement methods, benefit designs, and stakeholder collaboration for financially successful performance networks and health programs.

The paper "will help stakeholders understand how high-performance networks differ from more traditionally structured networks," said Audrey Halvorson, the work group's chairperson. "We believe this framework will provide good insight from an actuarial perspective into the complexities of developing HPNs for use in health insurance products."

HPNs—which are not just narrower networks than traditionally structured provider systems—work differently from typical networks by:

- ▲ *Taking a wide variety of actions.* Starting with the

basics of improved member health and reduced unnecessary hospital admissions and readmissions, HPNs also devote time to actions that target specific medical conditions and reduce waste throughout their health system.

- ▲ *Using a variety of expertise throughout the system.* The unique strengths of hospitals, each type of physician, and insurers are maximized in a collaborative approach.
- ▲ *Developing infrastructure and economies of scale to support their providers and staff.* For example, analytics may be performed centrally, rather than some performed by the provider and others by the insurer. HPN infrastructures can provide support and education that is practical and useful to the providers at the right point in time.
- ▲ *Linking the provider's reimbursement to the network's financial results.* Provider contracts include downside risk, not just upside risk, or strong performance guarantees. For individual providers, payments are being selectively moved from fee-for-service payment over time to other forms that incentivize appropriate care and utilization. ▲

Pension Practice Council Meets With Congressional Leaders, PBGC

PENSION PRACTICE Council members and Academy staff held several meetings in Washington this month covering a range of issues on multiemployer plan and other pension issues.

Multiemployer Committee Meets With PBGC

Multiemployer Plans Committee members met with the Pension Benefit Guaranty Corporation (PBGC) on Feb. 23 in Washington, D.C., to discuss the status of Multiemployer Pension Reform Act applications and other issues related to multiemployer pension plans. Discussions included the PBGC's use of approximations and short cuts in modeling the projections, programming difficulties



encountered, facilitated mergers and the status of proposed regulations, the approval process for two-pool alternative withdrawal

liability methods, the solvency standard, and partition issues and determining impairment.

SEE **PENSION**, PAGE 11

3

Annual COI/CE Attestation Due

3

Guest Policy for Meetings: Assuring an Orderly Transparency

6

Professionalism Counts—"Disclosure: The Cornerstone of the ASOPs' Strength"

12

Academy Presents at NAIC Hearing

MARCH

15 [A Guided Tour of the U.S. Qualification Standards, professionalism webinar](#)

APRIL

8-11 [Enrolled Actuaries Meeting](#), Washington, D.C.

AUGUST

28-30 Seminar on Implementing IFRS 17 for Long-Duration Contracts, Washington, D.C.

SEPTEMBER

5-7 Casualty Loss Reserve Seminar (CLRS) & Workshops—Anaheim, Calif.

NOVEMBER

1-2 Annual Meeting and Public Policy Forum, Washington, D.C.

4-8 [Life and Health Qualifications Seminar](#), Arlington, Va.

For a list of all previous and upcoming Academy events, please visit the Academy's online [Events Calendar](#).

To continue receiving the *Update* and other Academy publications on time, make sure the Academy has your correct contact information. Academy members can update their member profile at the [member login](#) page on the Academy [website](#).

Academy NEWS Briefs

Recently Released

AS NOTED IN the February [HealthCheck](#), the Individual and Small Group Markets Committee sent comments to the U.S.

Department of Labor on association health plans, the Retiree Benefits Subcommittee held a teleconference with the U.S. Government Accountability Office on a review of postal retiree health benefits, and a new short-term government funding mea-

sure includes several health-related provisions.

The latest issue of [ASB Boxscore](#) covers the Actuarial Standards Board's (ASB) adoption of Actuarial Standard of Practice No. 53, *Estimating Future Costs for Prospective Property/Casualty Risk Transfer and Risk Retention*; notes new ASB appointments; and highlights the ASB's upcoming agenda items. ▲



LHQ Seminar Registration Open

REGISTRATION OPENED this month for the Academy's 2018 [Life and Health Qualifications Seminar](#), to be held Nov. 4-8 in Arlington, Va. This annual and highly regarded event delivers an agenda full of training and instruction, equipping you with the knowledge you need to gain necessary qualifications to issue actuarial opinions for either the NAIC Life and A&H Annual Statement or the NAIC Health Annual Statement.

Attendees can earn up to 27 hours of continuing education credit, including up to 2.7 professionalism hours. Only 100 seats are available for this seminar—[register today](#) for the lowest rates and to secure your space. ▲

Has Your Contact Information Changed?

To continue receiving *Actuarial Update*, *Contingencies*, and other Academy publications on time, please make sure the Academy has your correct contact information. Academy members can update their member profile, subscribe to Academy alerts, and review archived professionalism and public policy webinars at the [member login page](#). ▲

Order Today—Academy Law Manuals

THE LATEST EDITIONS OF THE *Life and Health Valuation Law Manual* and the *Property/Casualty Loss Reserve Law Manual* are available.

The *Life and Health Valuation Law Manual* is designed to help appointed actuaries know the requirements of the NAIC model Standard Valuation Law and the Model Actuarial Opinion and

Memorandum Regulation. [Order today](#).

The *Property/Casualty Loss Reserve Law Manual* is designed to help appointed actuaries know the NAIC Annual Statement requirements for statements of actuarial opinion. [Order today](#).

Both manuals are available in a variety of formats, allowing you to select the version that best suits your needs. ▲

Academy NEWS

Volunteer Action Needed on COI, CE

ONE OF THE ACADEMY'S essential measures to cultivate the highest level of professional objectivity and independence when performing Academy work is the annual acknowledgement of the Academy's conflict of interest (COI) policy and continuing education (CE) attestation that every member volunteer must sign.

The Academy hosted a webinar this month that provided volunteers and committee chairpersons an opportunity to familiarize themselves with our structure and policies, including the revised meetings policy, guidelines, and resources that apply to their volunteer work. To emphasize the importance of objectivity, each year the Academy Board requires volunteers—and any individual who is an interested party on a committee, whether an Academy member or not—to acknowledge the Academy's COI policy. Please take a moment now to review and sign your COI acknowledgement and CE attestation. Those who fail to do so may not participate in the work of Academy boards or committees.

Action Steps Required Now

1. Log in to the Academy [membership page](#).
2. Once logged in, click on the **COI and CE Acknowledgment** link in the right column to access the acknowledgment page.
3. Read and sign the document by clicking on the check boxes for each question.
4. Click just once on **Submit acknowledgment for both** to submit your response.

For more information about the Academy's commitment to professional objectivity, please visit the [Professional Objectivity at the Academy](#) page. If you have questions, you may contact the Academy's professionalism department at objectivity@actuary.org. If you experience any technical difficulties, please contact the Academy at membership@actuary.org or 202-223-8196. ▲



Guest Policy for Meetings: Assuring an Orderly Transparency

ARRIVING AT STANDARDS and policies that best serve, and uphold the high ideals of, the actuarial profession is the goal of every meeting we hold—from individual committees to the Actuarial Standards Board to our Board of Directors.

Our members trust us to adhere to the highest professional standards. They trust each other to leave their clients' or employers' narrow interests at the door, and to be candid in their opinions, independent in their judgments, and civil in their discussions. And they trust our processes to produce the right results for the public and the profession.

Part of what helps maintain that trust is transparency. For that reason, it has long been the Academy's policy that members and others with a genuine interest could be invited or ask to attend committee and board meetings and, in some situations, participate. Typically, this policy was implemented in a fairly relaxed way.

But the environment in which we work is changing, most dramatically by the intrusion of social and digital media. Recently, a guest at one of our meetings posted an account of preliminary discussions on a blog—candid and preliminary thinking that cannot be broadcast around the internet if our deliberative processes are to retain their integrity. We have also had to contend with a level of disruption that can deprive committee members of their own opportunity to be heard and of the collegiality to which we are all entitled and upon which quality output depends.

Consequently, the Academy's Board has clarified—but not fundamentally changed—our policy on guest attendance at committee and board meetings. Our meetings welcome requests from Academy members and, in some cases, others to attend. We are proud of the quality of our deliberations and are delighted to

have guests with an interest in actuarial standards and policy to observe them and, when invited to do so, to participate.

We give our chairpersons reasonable discretion in considering individual guest requests, and it is impossible to anticipate every possible reason why a request might be granted or denied. But there are some reasons for denial that we believe just about everyone would consider appropriate:

- ▲ Conflict of interest. It has been our long-standing policy to require acknowledgment of this policy and we reserve the right to deny attendance if we feel that may be an issue.
- ▲ Seeking inside information that would be improperly used.
- ▲ A prior history of interrupting or disrupting the Academy's meetings.
- ▲ Participation in a pending or threatened lawsuit against the Academy.

We are delighted when people take an interest in our profession, and the important—if technically challenging and sometimes sensitive—issues that our meetings address. It is recognition of the impact the Academy's work has on the public. Inclusion, not exclusion, is what we expect will continue to be the norm. The refinement and more diligent implementation of our meetings policy are intended to achieve an orderly transparency that continues to build trust in our activities and produces the best possible outcomes.

At an increasingly fractious and polarized time in our public life, we at the Academy are determined to maintain the civility, professionalism, and integrity that have been hallmarks of our committee and board meetings. We believe our current approach achieves this goal, and we urge those of you who serve on committees, as well as those of you who may from time to time attend as guests, to share your thoughts with us on this important subject. ▲

IN THE NEWS

In a subscriber-only *Bloomberg BNA* article, Senior Health Fellow Cori Uccello discussed a provision in President Trump's proposed budget to fund Affordable Care Act (ACA) cost-sharing reductions.

A blog post from the [Center on Budget and Policy Priorities](#) cited the Health Practice Council's [policy paper](#) on risk pooling and how it works in the individual health insurance market.

A [HealthPayer Intelligence](#) story on association health plans reported on an Academy [news release](#) that offered public policymakers actuarial expertise on health insurance and other issues ahead of last month's State of

the Union address. [HealthPayer Intelligence](#) also published a story on a U.S. Government Accountability Office [report](#) on Medicare's cost-sharing design, citing the Academy's [issue brief](#), *Revising Medicare's Fee-For-Service Benefit Structure*.

A [Vox](#) story fact-checking the president's comments about the individual mandate during the State of the Union cited the Individual and Small Group Markets Committee and the Medicaid Subcommittee's [comment letter](#) to U.S. House of Representatives leadership on H.R. 1628, *the American Health Care Act*.

A [National Journal](#) subscriber-only report on congressional measures to stabilize the health insurance market cited the Academy's [Dec. 12 letter](#) to

Congress on the consequences of eliminating the ACA's individual mandate.

A [CT Mirror](#) story cited the Individual and Small Group Markets Committee's Feb. 9 [comment letter](#) to the U.S. Department of Labor regarding how to model the impact of association health plans.

[Yahoo News](#), [Yahoo Finance](#), [The Mighty](#), and [Health Affairs Blog](#) cited the Health Practice Council's Nov. 7 [letter](#) to the secretaries of the U.S. Labor and Treasury departments, and the acting secretary of the U.S. Department of Health and Human Services.

An editorial in the [Journal Gazette](#) (Ind.) cited the cover story, "Autonomous Vehicles—Next Steps in the Hands-

Free Revolution," from the January/February 2018 issue of [Contingencies](#).

A [Cleveland.com](#) story cited the Academy's [issue brief](#), *The 80% Pension Funding Standard Myth*.

[JD Supra](#) cited the Academy's [comment letter](#) to the NAIC's Statutory Accounting Principles Working Group expressing concerns over proposed changes to SSAP No. 62R: Property and Casualty Reinsurance.

An [Actuaries Digital](#) (Australia) interview with Australian representatives to the International Actuarial Association (IAA) highlighted the Academy's presentation on continuing professional development at IAA's October 2017 meeting. ▲



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Professionalism Webinar on USQS Set for March 15

JOIN THE ACADEMY NEXT MONTH for its first professionalism webinar of 2018. “[A Guided Tour of the U.S. Qualification Standards](#)” (USQS) will be held Thursday, March 15, from noon to 1:30 p.m. EDT.

Presenting will be Committee on Qualifications members Hal Tepfer (vice chairperson), Keith Passwater (former chairperson), and Tom Campbell (Academy secretary-treasurer). Academy General Counsel and Director of Professionalism Paul Koller-Dorsey will moderate. Speakers will discuss questions frequently asked by actuaries about the USQS including statements

of actuarial opinion, experience requirements, the “look in the mirror test,” cross-border practice, and qualifications needed to enter new practice areas. They will also note the Academy’s tools available to aid in understanding and to help document compliance with the USQS.

The Academy believes in good faith that this webinar constitutes an organized activity as defined under the current Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States, and that attendees may earn up to 1.8 continuing education credits for attending. [Register today.](#) ▲

Bykerk Presents on Professionalism at Israeli Actuaries Meeting

ACADEMY PAST PRESIDENT Cecil Bykerk gave a presentation this month to the Israel Association of Actuaries in that country on the importance of professionalism, counseling, and discipline in ensuring a respected, self-regulated profession.

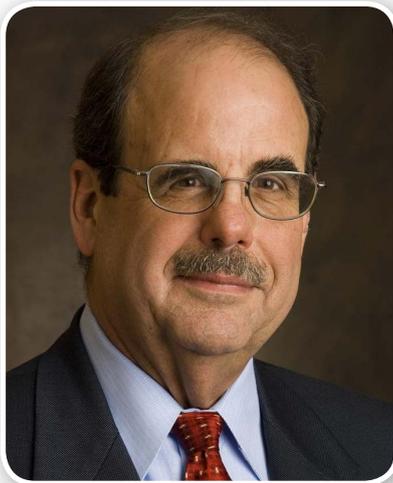
Bykerk, the Academy’s professionalism representative to the International

Actuarial Association (IAA), discussed the elements of actuarial professionalism that can contribute to national recognition of a profession and a successful self-regulatory model of governance.

“The presentation was very well received, with more than 50 people in attendance,” Bykerk said. “Following my introduction, there was lively Q&A session, diving into several different aspects of actuarial professionalism. The audience was very engaged and receptive to the experiences I shared from a U.S. perspective.”

He reviewed the professionalism requirements that national associations need in order to become full member associations of the IAA, and discussed actuarial professionalism in the United States, where the Academy provides for the establishment, maintenance, and enforcement of high professional standards of actuarial conduct, qualification, and practice for the entire U.S. profession.

Bykerk focused on the four pillars of U.S. actuarial professionalism—the Code of Professional Conduct; the U.S. Qualification Standards; actuarial standards of practice, as developed, maintained, and promulgated by the Actuarial Standards Board; and counseling and discipline, as provided by the Actuarial Board for Counseling and Discipline. ▲



Bykerk

ASB Member Knapp Presents at Iowa Actuaries Club

ACTUARIAL STANDARDS BOARD (ASB) member Darrell Knapp gave a presentation to the Iowa Actuaries Club on Feb. 20 on the [proposed actuarial standard of practice](#) (ASOP) on setting assumptions. The presentation

reviewed the ASB standard-setting process and discussed the approaches taken and concepts used in the draft ASOP, and Knapp encouraged attendees to engage in the process by submitting comments on exposure drafts. ▲

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Disclosure: The Cornerstone of the ASOPs' Strength

BY BETH FITZGERALD

Chairperson, Actuarial Standards Board

When the Actuarial Standards Board (ASB) develops a new actuarial standard of practice (ASOP) or revises an existing one, the ASB members think very carefully about the disclosures that an actuary will need to make to comply with the standard. In my view, disclosures give the ASOPs strength: By requiring actuaries to explain how they complied with the required analysis and followed the recommended practices in the course of providing actuarial services, disclosures help the intended users understand the actuary's findings and to what extent they can be relied upon. As a result, I often find myself referring to the disclosure requirements as the "teeth of the standard."



In addition to the ASOP-specific disclosures required in section 4 of every ASOP, ASOP No. 41, [Actuarial Communications](#), requires actuaries to make extensive disclosures in every actuarial communication, including the intended user of the communication; scope and purpose of the assignment; the actuary's qualifications; cautions on risk and uncertainty; limitations or constraints; conflicts of interest; the information date; subsequent events; and reliance on and assessments of assumptions, data, and other information supplied by others. Actuaries are required to include disclosures in both internal and external communications.

But by requiring all of these disclosures, are the ASOPs requiring actuaries to bite off more than they can chew?

I don't think so.

Disclosure obligations have roots in precepts 3 and 4 of the Code of Professional Conduct (Code). Precept 3 requires an actuary "to ensure that Actuarial Services performed by or under the direction of the Actuary satisfy applicable standards of practice." Precept 4 requires an actuarial communication to be "clear and appropriate to the circumstances and its appropriate audience," but also to "satisf[y] applicable standards of practice."

The reason for disclosures is straightforward. Actuaries have highly specialized knowledge and experience, and provide services that touch on ordinary people's lives, health, property, retirement, and financial security. Because actuarial work

requires such specialized knowledge and experience, actuaries may be perceived as magicians of a sort, pulling numbers out of a black box. But, as Bob Beuerlein, immediate past president of the Academy has stated, "Actuaries should not be viewed as magicians. ... [They] have an obligation to dispel any perception that they use a 'black box'" to provide actuarial services.¹

Clear communication and disclosures are the tools we have to eliminate any black box perceived to exist in actuarial work. ASOP No. 41 requires the actuary to "state the actuarial findings, and identify the methods, procedures, assumptions, and data used by the actuary with sufficient clarity that another qualified actuary

in the same practice area could make an objective appraisal of the reasonableness of the actuary's work as presented in the actuarial report."² These requirements support actuaries in performing actuarial work in an appropriate and reasonable manner, even in cases where they may be pressured to do otherwise. As a reminder, if actuaries have questions about professionalism issues, they can always contact the Actuarial Board for Counseling and Discipline with a confidential [request for guidance](#).

Because the ASOPs have a broad and long-recognized role "in protecting the public by defining what constitutes appropriate actuarial practice,"³ and the ASB has long considered disclosures to be an essential element of appropriate actuarial practice, it follows that an actuary's compliance with disclosure obligations is closely related to protecting the public. A former ASB chairperson explained it this way: "The evolution of actuarial disclosures today is to assume a broader responsibility for our reports. As an actuary, you have a responsibility to your profession and your communications that takes you beyond being a glorified spreadsheet."⁴

By complying with the disclosure obligations of the ASOPs, an actuary not only demonstrates accountability for and ownership of a particular work product, but strives to meet the requirements of the Code: "to fulfill the profession's responsibility to the public and to uphold the reputation of the actuarial profession."⁵ ▲

Footnotes

¹ Beuerlein, Bob, "Creating Your Glass Box," *Contingencies*, July/August 2017, p. 8.

² [ASOP No. 41](#), Section 3.2.

³ Wildsmith, Tom, "The Academy and the Web of Professionalism, Part 3," *Contingencies*, November/December 2016, p. 18.

⁴ Beer, Al, "Professionalism Webinar: Disclosure in the Real World: ASOP No. 41 Case Studies," *Actuarial Update*, June 2014, p. 4.

⁵ Code of Professional Conduct, [Precept 1](#).

NEW Academy Members

IN THE SECOND HALF OF 2017, the Academy welcomed 429 new members, compared with 428 for the same period the previous year. The new members' average age is just over 30, and a just over third (34 percent) are women.

The majority of the new members, 276 (about 64 percent), are employed by an insurance organization or organizations serving the insurance industry, down from 70 percent a year earlier. There are 145 (almost 34 percent) working as consulting actuaries, up from 28 percent, and eight actuaries identified as miscellaneous, government service, or other.

Health was the most popular area of practice (165), followed by life (109), property/casualty (84), pension (49), and risk management (8), while 14 listed other. Life and P/C switched the second and third position from a year earlier.

At the end of 2017, the Academy comprised 19,192 members.

Daniel S. Aarhus	Michael D. Brahm	Alexander R. Cordell	Matthew T. Fox	Bryan A. Hartman
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Altaz Abji	Kayla M. Brennan	Lee D. Cox	Tyler J. Furman	Erin E. Hassing
Alexa Abrahams	Grant C. Bressler	Heidi M. Creekpau	Jason Gabbrielli	Brian Y. Hausman
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David Ahn	Morgan E. Brinker	Jonathan C. Currier	Lauren B. Gagliardi	Jeremy M. Henderson
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			Torry C. Hanson	Lisa M. Kerns

CONTINUED ON PAGE 8

CONTINUED FROM PAGE 7

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Jacob S. Magnusson	Velena M. Nowling	Jhonattan C. Sanchez	Heather R. Thompson	
	Nathan J. Nystrom	Ilina Sandler	Brian M. Tillilie	



Senior P/C Fellow Ryan Testifies at Maryland Legislative Auto Insurance Hearing

ACADEMY SENIOR PROPERTY and Casualty Fellow Kevin Ryan testified Feb. 8 before the Maryland House Economic Matters Committee, [commenting on legislation](#) that would prohibit the use of occupation, education, gender, and marital status as factors in determining private passenger automobile insurance rates. Ryan's remarks focused on the actuarial implications of such actions, including application of actuarial principles and standards of practice, including, specifically, risk classification.

He noted that in most states, rating statutes require that rates not be excessive, inadequate, or unfairly discriminatory. Insurance laws, actuarial principles, and actuarial standards of practice generally require that insurers using gender, marital status, occupation, education, or any other rating factor be able to demonstrate that such factors are predictive in terms of being related to expected outcomes and demonstrating differences in losses or expenses for such classifications. ▲



Ryan

COPLFR Shares Academy Research Findings on Schedule P Reporting Practices

THE COMMITTEE ON PROPERTY and Liability Financial Reporting (COPLFR) [sent a letter](#) informing the NAIC's Casualty Actuarial and Statistical Task Force of the results of Academy research into Schedule P reporting practices. The Academy's survey looked at currency conversion and changes in intercompany quotashare pooling due to acquisition or divestiture.

Related to foreign currency, 89 percent reported having no material amounts in Schedule P in non-US currency. For those that responded with regard to amounts in non-U.S. currency, questions were asked on two groupings, Canadian currency and all other currencies. With respect to Canadian currency, 60 percent converted into U.S. dollars prior to preparing Schedule P, thus indicating that Schedule P amounts

for those companies is all in U.S.-dollar denominated currency. The remaining 40 percent do not convert the Canadian dollar denominated amounts into U.S. currency for preparing Schedule P. With respect to non-Canadian currencies, 100 percent of the respondents indicated that they converted the foreign currency into U.S. dollars. ▲

Academy Weighs In on Proposal for 'Qualified Actuary'

THE ACADEMY [provided comments](#) in response to the NAIC's exposure draft of the proposed Revised Qualified Actuary Definition for the Property/Casualty (P/C) Actuarial Opinion Instructions.

"The Academy strongly supports the exposure draft's revised definition that refers to the Member of the American Academy of Actuaries (MAAA) as the sole credential the NAIC recognizes as identifying qualification to sign statutory statements of actuarial opinion (SAOs) in

the P/C Actuarial Opinion Instructions," wrote former Academy President Mary D. Miller. "We support this approach, as we have before, for several reasons that make this approach the most appropriate way for the NAIC to focus its qualifications specifically on actuaries who are knowledgeable and dedicated to practice in the U.S."

The letter also offered comments on a qualified actuary being able to perform tasks identified in the NAIC 2017 U.S. P/C Appointed Actuary Job Analysis. ▲

CASUALTY BRIEFS

- ➔ **John Pedrick** is chairperson of the new Government-Backed P/C Insurance Programs Task Force, and the following actuaries are members of the task force: **Shawna Ackerman, Stuart Mathewson, John Rollins, Frank Todisco, Robert Walling,** and **Nancy Watkins**.
- ➔ **Rob Flannery** is chairperson of the Law Manual Subcommittee.
- ➔ **Stu Mathewson** and **Andy Tran** are vice chairpersons of the P/C Extreme Events and Property Lines Committee.
- ➔ **Lesley Bosniack** and **Wanchin Chou** have joined the Property and Casualty Risk-Based Capital Committee.



Work Groups Comment to NAIC

SEVERAL LIFE PRACTICE COUNCIL work groups and committees sent letters and offered comments to the NAIC this month on a variety of issues.

The Tax Work Group submitted a [comment letter](#) to the NAIC's Statutory Accounting Principles (E) Working Group on SSAP 101 and federal income tax reform.

The letter notes that the terms "life entities" and "non-life entities" are used, and suggests it should be clarified that "life entities" means insurance companies that qualify as life insurance companies under the federal tax code and "non-life entities" means insurance companies that do not qualify as life insurance companies under the federal tax code. One way to handle this would be in a footnote the first time these terms appear, the letter states.

C1 Work Group Comments on Proposed RBC Factors

The C1 Work Group (C1WG) submitted a [comment letter](#) on Feb. 14 to the NAIC's Investment Risk-Based Capital (E) Working Group on proposed risk-based capital C1 factors for corporate bonds. The letter supplements comments and analysis provided by

the C1WG throughout the course of this project, including a report in August 2015 and two subsequent letters. This letter summarizes responses to questions posed on a Dec. 12, 2017, conference call.

NGE Committee Comments on Buyer's Guide

The Non-Guaranteed Elements Work Group submitted a [comment letter](#) on Feb. 22 to the NAIC's Life Insurance Buyer's Guide (A) Working Group on the revised draft for the Life Insurance Buyer's Guide. The letter offers a series of clarifications to the draft, and includes a redlined draft offering suggested language and structural changes to provide clarity.

Work Group Submits APF on Mortality Segments

The Life Reserves Work Group submitted an [amendment proposal form](#) (APF) on Feb. 21 to the NAIC's Life Actuarial (A) Task Force on potential changes to VM-20 on the aggregation of mortality segments for the purpose of determining credibility. The APF offers a guidance note and suggests several reasons for which experience for different mortality segments may be aggregated. ▲

LIFE BRIEFS

- ➔ **Laura Hanson** is chairperson of the new Life & Health Valuation Law Manual Task Force, and the following actuaries are members of the task force: **Rachel Brewster, Dale Hall, Lori Helge, Jason Kehrberg, Linda Lankowski, Ben Leiser, Kevin Piotrowski, Paula Schwinn, Rostislav Zilber,** and **Michael Watanabe.**
- ➔ **Jeff Johnson, Brian O'Neill,** and **Rich Owens** have joined the RBC Tax Reform Work Group.

- ➔ **Tom Bakos, Ramon Cassonova, Brandon Emerson, Paul Fischer,** and **Trevor Huseman** have joined the Life Illustrations Work Group.
- ➔ **Brian Bayerle** and **Allison Colberg** have joined the Tax Work Group.
- ➔ **Perry Kupferman** has joined the Role of the Actuary Subgroup.

Registration Opening in March

AMERICAN ACADEMY OF ACTUARIES

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Social Security Committee Engages With Senate HELP Committee

Member of the Social Security Committee along with Academy staff met Feb. 14 with the Senate Health, Education, Labor and Pensions (HELP) Committee staff to provide input on a still-informal proposal that would offer parental leave benefits in exchange for a reduction in future Social Security benefits.

While no bill has been introduced on the issue, Academy representatives indicated that if a bill is drafted and receives serious consideration, the Academy may develop a formal issue brief on the subject. Senate staff indicated that they appreciated the discussion and the unbiased point of view presented by the Academy.

Hill Visit on Multiemployer Plans, Issues

Members of the Pension Committee visited Capitol Hill on Feb. 22 to meet with Senate Finance Committee staff in anticipation of the special congressional committee being formed to look at multiemployer pension issues. The bipartisan Joint Select Committee to Solve the Pensions Crisis will be made up of 16 members appointed by House and Senate leaders—eight senators and eight House members, to be equally divided between Republicans and Democrats. The committee has instructions to draft a bill to address the pension crisis by the final week of November.

If at least 10 members agree on a compromise, any solution the joint committee produces will be guaranteed an expedited vote on Senate floor with no amendments. The committee will be required to hold at least five public meetings, including the option of a field hearing outside of Washington, D.C., for the committee to hear directly from retirees, workers, and businesses affected by the pension crisis, according to a Feb. 7 statement by Sen. Sherrod Brown (D-Ohio), who sits on the Senate Finance Committee.

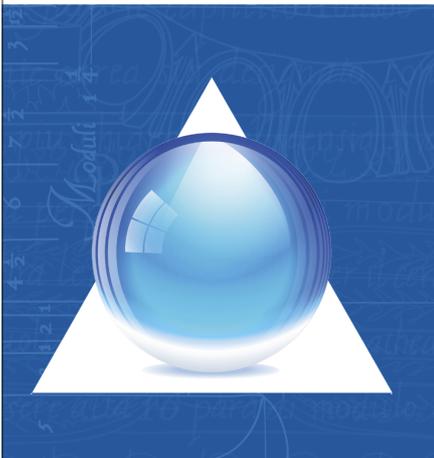
Academy Presents on Retirement Readiness

Senior Pension Fellow Ted Goldman and Assistant Director for Research (Public Policy) Steven Jackson presented Feb. 21 to the Savings and Retirement Foundation in Washington, D.C., on the Academy's October 2017 [report on retirement readiness](#) comparing retirement systems of the United States, United Kingdom, and Australia. ▲

PENSION BRIEFS

- ➔ **Janet Barr** has joined the Pension Practice Council.
- ➔ **Brian Murphy** has joined the Public Plans Committee.
- ➔ **Janet Barr** is chairperson of the Social Security Committee, and the following actuaries are members of the committee: **Gordon Enderle, Amy Kemp, Jeffery Leonard, Jerry Mingione, and Sven Sinclair.**

The U.S. Qualification Standards Attestation Form can be used to demonstrate qualifications to issue statements of actuarial opinion to regulators and many other audiences.



DEMONSTRATE YOUR QUALIFICATIONS

DEMONSTRATE YOUR QUALIFICATIONS
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Actuaries can use the Academy's Attestation Form to voluntarily demonstrate how they meet the general and specific requirements for issuing statements of actuarial opinion in all areas of practice, including those needed for signing NAIC annual life, health, and property & casualty statements.



Life Reinsurance Practice Note Released

THE CREDIT FOR REINSURANCE Subgroup of the Academy's Reinsurance Committee released a new

[practice note](#) this month, *Credit for Life Reinsurance in U.S. Statutory Financial Statements*. The practice note is intended to provide actuaries with information on current and emerging practices used

to determine the credit for reinsurance that may be taken on statutory financial statements.

The updated practice note reflects the *Bilateral Agreement between the United States of America and the European Union on Prudential Measures Regarding Insurance and Reinsurance* (known as the "cov-

ered agreement") concluded between the European Union and the United States in January 2017. It also reflects changes to the Credit for Reinsurance Model Law and Regulation, including those regarding certified reinsurers, the adoption and implementation of G 48, and the new Reserve Financing Model Regulation; changes to Statements of Standard Accounting Practice 61R; and aspects of the Valuation Manual that impact reinsurance. Finally, it covers topics discussed in previous versions of this practice note, as well as evolving practice among actuaries.

Academy Presents at NAIC Hearing

Arnold Dicke, chairperson of the Academy's Reinsurance Committee, addressed the NAIC's Feb. 20 public hearing in New York City on the covered agreement. Dicke cited the practice note at the public hearing, which gave attendees the opportunity to hear discussions on how the NAIC and the states can address the challenge of refining the current solvency system. It was the NAIC's intention for the hearing to focus on the need to protect the financial interests of policyholders and ceding insurers within the covered agreement's boundaries. ▲



Dicke (foreground) testifies at NAIC's Feb. 20 hearing in New York

Solvency Committee Weighs In on Systemic Risk

THE SOLVENCY COMMITTEE [submitted comments](#) to the International Association of Insurance Supervisors (IAIS) on the interim consultation paper on the activities-based approach to systemic risk (ABA) dated Dec. 8, 2017.

Development of an ABA to evaluate and mitigate systemic risk in the insurance sector as well as the IAIS' approach of developing a holistic framework to consider systemic risk is a positive development, the committee noted, adding that it believes that engaging in similar activities should be subject to consistent solvency regulation, regardless of legal form.

The committee wrote it believes "the development of an ABA should include the identification of areas where the

entity-based approach or other IAIS initiatives already address the risk, to avoid duplication of policy measures. Although the consultation describes specific jurisdictional measures as out of scope in the gap

analysis, a study of existing jurisdictional measures could be informative in the development of an ABA and may be an additional aid in avoiding duplication of international and nation-specific policy measures." ▲





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Committee Comments on AHP Modeling Considerations

THE INDIVIDUAL AND SMALL GROUP Markets Committee [sent comments](#) to the Department of Labor on proposed rules that would broaden the ability of association health plans (AHPs) to be treated as large groups and for self-employed individuals to be eligible for AHPs. Considerations may differ for fully insured AHPs and self-funded AHPs—e.g., self-funded multiple-employer welfare arrangement, or MEWA, plans.

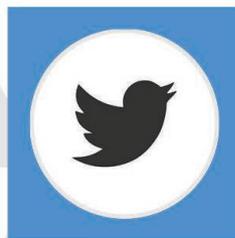
The letter notes that the applicability of

the Employee Retirement Income Security Act of 1974 (ERISA) and limitations on the ERISA pre-emption for MEWAs, as well as the ability of states to impose their laws and regulations on AHPs due to such limitations on the ERISA pre-emption, should be considered in developing an analysis of the potential impact of AHPs on the current health plan environment. The committee plans to provide more detailed comments on the proposed rules in a subsequent comment letter. ▲

HEALTH BRIEFS

- ➔ **Ryan Mueller** has joined the Individual and Small Group Markets Committee.
- ➔ **John Thompson** has joined the Health Care Delivery Committee.
- ➔ **Ryan Mueller** and **Tammy Tomczyk** have joined the Risk Sharing Subcommittee.
- ➔ **Susan Willeat** has joined the LTC Valuation Work Group.

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