Actuarial UPDATE

THE NEWSMONTHLY OF THE AMERICAN ACADEMY OF ACTUARIES

Academy Adopts New International Strategy

FOLLOWING AN EXTENSIVE review period, the Academy Board adopted specific strategic international goals to carry out the Academy’s mission to serve the public and the U.S. actuarial profession by coordinating “the representation of the U.S. profession globally.” The international goals are:

▲ Represent the U.S. actuarial profession in front of key supranational organizations;
▲ Maintain good relations and open communications with key actuarial associations;
▲ Monitor international developments with the potential to affect actuarial practice within the U.S. and represent the U.S. actuarial profession as needed; and
▲ Assist the growth and maturation of actuarial associations outside the U.S. when a) requested by the local association, and b) the resource commitment will not disrupt other Academy priorities.

By focusing on these goals, the Academy will be able to more effectively focus its international efforts on achieving its mission more directly.

There will be a number of changes as the Academy implements this international strategy. This will include identifying Academy volunteers with the ability to serve as new contacts and advisers to assist with the Academy’s outreach to key international organizations, such as the International Accounting Standards Board (IASB) and the International Association of Insurance Supervisors (IAIS), whose actions have the potential to affect actuarial practice within the U.S. Dedicated staff support will help coordinate the Academy’s interactions with these international bodies and with other actuarial associations around the world.

These changes reflect the Academy Board of Directors’ determination that direct outreach will be more effective than the Academy’s prior strategy of working through the International Actuarial Association (IAA). As these initiatives are undertaken, the Board has withdrawn from the IAA. This will free up the resources needed for redirection to the new international strategy. While the Academy appreciates its long association with the IAA, after a thorough review of both the Academy’s mission and international goals, the Board of Directors has determined that maintaining membership in the IAA is no longer the most effective way of furthering the Academy’s mission and relationships.

Capitol Hill Briefings Focus on Multiemployer Pension Crisis

THE ACADEMY hosted two standing-room-only pension briefings on Capitol Hill this month that featured expert panelists from the Multiemployer Plans Committee of the Pension Practice Council, providing essential background on the multiemployer pension crisis and its current state.

These briefings were the first two of three in the Academy’s “Multiemployer Pension Crisis: A 360-Degree Look at the Issue and Potential Reforms” series that is intended to give attendees—including congressional staff members, as Congress considers related legislation—a solid foundation of the past, present, and potential future of multiemployer pension plans.

![The July 22 pension briefing drew a capacity crowd on Capitol Hill](image-url)
### Academy NEWS Briefs

**Pennsylvania Insurance Commissioner Jessica Altman to Give Plenary at Annual Meeting and Public Policy Forum**

Jessica Altman will be a plenary-session speaker at the Academy's Annual Meeting and Public Policy Forum in November. Altman will share her perspective on proposals to reform and improve the nation's health insurance system, offer insight on the state of and potential future changes to the Affordable Care Act, and provide an outlook on options for expanding health insurance coverage through public plans.

The commissioner serves as chair of the NAIC’s Health Insurance and Managed Care (B) Committee and co-chair of the Long-Term Care Insurance (B/E) Task Force of the Health Insurance and Managed Care (B) Committee and Financial Condition (E) Committee. Altman will speak at a Nov. 6 session.

She joins political satirist and author P.J. O’Rourke, who will give the opening plenary address at the two-day event. The agenda also features an interactive professionalism plenary that will give attendees a chance to test their knowledge. Early registration discounts are available through mid-September for the Annual Meeting and Public Policy Forum, which will be held Nov. 5–6 in Washington. Register today. ▲

**Recently Released**

**THE SUMMER** *Life Perspectives* includes a Q&A with Life Illustrations Work Group Chairperson Donna Megregian on comments to the NAIC regarding Indexed Universal Life (IUL) products under Actuarial Guideline 49. Also in the issue, a preview of life sessions at the upcoming Annual Meeting and Public Policy Forum, Life Practice Council comments to NAIC, and recent legislative and regulatory activity.

The July *HealthCheck* covers the Individual and Small Group Markets Committee's recent issue brief on 2020 health insurance premium drivers; several Health Practice Council presentations at the Society of Actuaries Health Meeting in Phoenix; a new *Essential Elements* paper on high-performance networks; and legislative and regulatory activity including oral arguments on the Texas v. Azar case regarding the Affordable Care Act.

The quarterly *ASB Boxscore* covers the Actuarial Standards Board’s (ASB) adoption of Actuarial Standard of Practice (ASOP) No. 55, *Capital Adequacy Assessment*, during its June meeting; the ASB’s approval of second exposure drafts of pension ASOP Nos. 27 and 35 revisions; the ASB’s approval of a proposal to revise ASOP No. 18, *Long-Term Care Insurance*; and looks ahead at tentative ASOP reviews at the upcoming ASB meeting in September. ▲
Academy Comments to NAIC on ‘Qualified Actuary’ Definition

THE ACADEMY sent a letter to the NAIC on the exposed draft 2019-20BWG to the Blanks (E) Working Group, related to the instructions and requirements for actuaries who issue Property and Casualty statements of actuarial opinion (SAOs).

NAIC’s Casualty Actuarial and Statistical Task Force (CASTF) and a three-member Ad Hoc Executive Committee (EX) leadership group that has handed down certain decisions to CASTF have most recently been debating whether to reference Academy membership as a requirement for a qualified actuary to issue a Property and Casualty SAO, as is the long-standing, tested, and effective requirement in the Life and Health SAO definitions of how an actuary demonstrates being a “qualified actuary,” the letter states.

“We believe that Academy membership should similarly be a prerequisite for an actuary to issue Property and Casualty SAOs,” Academy President Shwana Ackerman wrote. “It is important to note that the exposed draft are not instructions effective for 2019, or 2020, but define what is a ‘qualified actuary’ only for someone after 2021. There should be a definition for 2019, and 2020.”

The letter also included specific comments prepared by the Academy’s Committee on Property and Liability Financial Reporting that identifies additional elements of confusion and complexity in the exposure draft. ▲

Online Election of Regular Directors Opens Aug. 8

THE ACADEMY’S ELECTION for regular director positions on the Academy Board of Directors, for a term starting at the close of the Academy’s Annual Meeting as part of the 2019 Annual Meeting and Public Policy Forum, will open on Thursday, Aug. 8, and run for approximately two weeks.

The Academy’s Nominating Committee announced the slate of four candidates in June to serve as regular directors on the Academy’ Board to be voted on by the membership in an online election. The regular directors on the ballot, who would have terms that begin at the conclusion of the Annual Meeting on Nov. 5, are:

▲ Kenneth Kasner, a member of the Board of Directors (2018–19), member of the Casualty Practice Council, and former chairperson of the Actuarial Standards Board’s (ASB) Casualty Committee;
▲ Barbara Klever, a member of the Health Practice Council and chairperson of the Academy’s Individual and Small Group Markets Committee;
▲ Frank Todisco, a former Academy senior pension fellow, and a past member and past vice chairperson of the ASB; and
▲ Aaron Weindling, a member of the Pension Practice Council and chairperson of the Financial Economics Resource Group.

Intelliscan, the Academy’s election vendor, sent an email to members in late July announcing that information regarding election of regular directors for the Academy Board will be sent to members soon, and to add academy2019@intelliscaninc.net to their safe-senders list. Members who need help with or have questions about your ballot may send an email to Intelliscan’s Keith Weir (kweir@intelliscaninc.com).

We encourage members to take part in familiarizing themselves with the slate to be offered for election as the newest leaders of the Academy, who will help us fulfill our mission to serve the public and the U.S. actuarial profession, and. For more information about the Nominating Committee guidelines and other details, visit the Academy’s Board Election Center.

Board Election Process

The Academy holds uncontested elections. Some will recall that the Board authorized contested elections for regular director seats over a three-year period several years ago, as a means of testing a voting tradition that some other actuarial associations have. After several years of experience, the Board made a decision in 2014 to reaffirm the long-standing Academy process of holding uncontested elections.

The reason for not creating contested elections has long been based on trying to achieve the optimal balance for an effective Board that is not dominated by any one specialty, business affiliation, or employer. Finding the best candidate possible and balancing experience and background for each opening is the goal of the Nominating Committee. After identifying such candidates, the Academy Board chose to create a process for successfully on-boarding these exceptionally well-qualified and well-deserving volunteers.

CONTINUED ON PAGE 4
The Academy tries to ensure that the Board composition reflects our unique position as the U.S. national organization established to include actuaries from all practice areas—as well as an equitable distribution among actuarial specialties, business affiliations, and employers. To achieve such a balance, the Academy’s has long relied primarily on a Nominating Committee process that entrusts that committee with identifying Academy volunteers whose service to the Academy has made them an excellent candidate for service on our Board, which is dedicated to furthering our public policy and professionalism mission. The committee carefully vets candidates for appropriateness in accordance with the guidelines. The Nominating Committee looks for candidates for regular directors who have served the Academy, often through having been chairpersons on Academy committees and task forces. Through repeated announcements in Academy publications from February through the May 1 deadline, the Nominating Committee also asked the entire membership directly for your input on regular director candidates.

The nominating process is designed to ensure that all candidates bring deep expertise and experience, and also significant knowledge of the Academy’s history, mission, and priorities.

Volunteer Survey Draws Large Response

MORE THAN 500 members participated in the Academy’s annual volunteer survey this month, which members use to indicate their interest in volunteering for an Academy committee.

During the next few months, volunteer leadership and staff will contact survey participants whose skills and interests meet a committee’s needs. Volunteers are essential to the Academy’s work—many thanks to all who completed the survey.

IN THE NEWS

Bloomberg News cited the Academy in a story about the U.S. House of Representatives passing a multiemployer pension bill in late July. The Washington Post and the Akron Beacon Journal (Ohio) also published the story. Texas Rep. Michael Burgess mentioned the Academy on the House floor during debate on the bill on July 24, which was covered by C-SPAN.

Pensions & Investments cited comments by Josh Shapiro, the Academy’s vice president, pension, regarding the status of multiemployer pension plan reforms.

A Think Advisor column discussing risk transfer provisions in multiemployer legislation passed by the House of Representatives cited Academy information for background on the multiemployer pension crisis.

A Fox Business column on the taxation of Social Security benefits mentioned the Academy’s Social Security Game as a tool to understanding the system’s financial condition and challenges.

The Academy’s 2020 health insurance premium drivers issue brief drew media coverage from BenefitsPro, AIS Health, and Healthcare Dive.

The Washington Examiner cited comments from Academy Senior Health Fellow Cori Uccello on the possible impact of a final rule on health reimbursement arrangements on employers’ decision-making regarding the insurance they offer to employees.

A Nevada Appeal story on the asset returns of the Nevada Public Employee Retirement System cited Academy analysis of pension funding issues from The 80% Pension Funding Standard Myth issue brief.

Groups Comment on Proposed Assumptions ASOP

The Casualty Practice Council (CPC), Health Practice Council (HPC), and a task force of the Life Practice Council (LPC) submitted comments to the Actuarial Standards Board, outlining their recommendations on the second exposure draft of the proposed actuarial standard of practice (ASOP), Setting Assumptions.

The CPC comment letter addressed the proposed ASOP’s scope, the definition of assumptions, information used when setting assumptions, reasonableness of assumptions and reasonable assumptions in the aggregate, reliance on assumptions set by another actuary and reliance on assumptions set by others, and documentation.

The HPC also sent a comment letter, asking about several definitions and adjustments to expected future conditions.

The LPC task force comment letter relates to the ASOP’s Section 1.4, multiple parts of Section 3, and states that the “standard does not currently address the concept that different actuaries can reasonably develop different best-interest assumptions within an acceptable range. We believe that guidance on this point would be useful in the standard.”

Academy Past President Bob Beuerlein and President Shawna Ackerman provided information on current and emerging Big Data developments, regulatory issues, and the advantages actuarial professionalism requirements can bring to actuaries. Data Science and Analytics Committee Chairperson Dorothy Andrews shared insights based on her original research on regulators’ views on regulation, standards, and ethics related to Big Data.

The panelists fielded a wide variety of questions, and repeatedly noted they thought the profession’s standards were an advantage for actuaries who work with Big Data because they provide a framework that demands the kind of ethical behavior that is the fundamental basis for becoming a trusted adviser.

Beuerlein kicked off the webinar by defining Big Data and examining the types of functions that use predictive analytics. “We need to remember that it’s not always possible to develop a precise and definitive formula where complex human behavior is involved,” he said. “We need techniques in addition to predictive analytics to significantly increase our understanding of anticipated behavior or events and support our strategies and decisions. This is where professionalism comes into play for actuaries.”

He and Ackerman discussed the use of Big Data and the benefits and challenges it poses to the insurance industry and consumers. Discussing the use of telematics in the property/casualty practice area, Ackerman said, “Telematics has the potential to tie rates to usage and manner of usage. It fits the characteristics of establishing risk classifications: it’s objective, verifiable, and with the technology available, it’s practical. However, others caution that it is intrusive and raises privacy concerns.”

Ackerman then dove into professionalism considerations when working with Big Data and predictive analytics. She discussed actuarial standards of practice (ASOPs) that provide guidance in this area, including ASOP No. 23, Data Quality. “It’s very important to understand the limitations of the data when undertaking any project, what data can be used, how it can be used, and importantly, what data cannot be used,” Ackerman said.


Andrews discussed her survey of regulators at a recent training session she was asked to provide for them, roughly 20 percent of whom were actuaries. The survey results indicate that regulators believe that more regulatory oversight is needed and that they would like more transparency, training, and regulatory tools. She said there was strong consensus on the statement, “Data privacy is becoming more important and needs to be more heavily regulated than it is now.” For people to benefit from the advantages of Big Data, she said, “we must make data privacy a non-issue. Data in the wrong hands must become useless.”

Professional Standards

The survey also indicated that regulators are largely unfamiliar with the Academy’s professional standards of conduct, qualification, and practice for actuaries, and that regulators would like to see uniform standards for actuaries and data scientists.

“Big Data and artificial intelligence technologies have the power to discriminate against consumers” was another statement with strong consensus. “In the actuarial realm, that’s why it’s important to look at disparate impact when you deploy a model. How are people really going to be affected by this model, so you can make adjustments?” she asked, and described “disparate impact” as “different segments of the population being treated differently for reasons that may not be logically related to the risk being modeled.”

The speakers concluded that there are fundamental differences between actuaries and data scientists. In contrast to data scientists, actuaries have subject matter expertise; professional standards of conduct, practice, and qualification; a discipline process; and deep knowledge of the regulatory environment.

“We are holding ourselves to a high professional standard because the work that we do impacts the public,” Ackerman said. “That plays to our standards of practice and professionalism structure, including discipline when people don’t adhere to appropriate standards and conduct.”

Webinar slides and audio are available via your Academy member login.
Precept 13: Essential to the Profession

As members of a self-regulating profession, actuaries follow the Code of Professional Conduct, the actuarial standards of practice (ASOPs), and the U.S. Qualification Standards. Adhering to these standards means conducting yourself with honesty and integrity and performing your work with a high level of competence. When providing actuarial services, you ensure you are qualified to take on an assignment before accepting it, and you follow the ASOPs while completing assignments. So far, the focus is on your own actions and behavior.

But one Precept of the Code requires you to act based on another actuary’s behavior. Under Precept 13, if you think another actuary may have violated the Code of Professional Conduct, you are required to act. Let’s take a look at what Precept 13 says:

“An Actuary with knowledge of an apparent, unresolved, material violation of the Code by another Actuary should consider discussing the situation with the other Actuary and attempt to resolve the apparent violation. If such discussion is not attempted or is not successful, the Actuary shall disclose such violation to the appropriate counseling and discipline body of the profession, except where the disclosure would be contrary to Law or would divulge Confidential Information.”

What does “apparent, unresolved, material violation” mean? “Apparent” is used because an actuary may not have all the information to confirm that a violation has taken place. “Unresolved” means that the apparent violation has not been addressed or corrected in any way. The third condition is “material,” which Annotation 13-1 explains as follows:

“A violation of the Code is deemed to be material if it is important or affects the outcome of a situation, as opposed to a violation that is trivial, does not affect an outcome, or is one merely of form.”

When you believe that there may be an apparent, unresolved, material violation of the Code, the first step is to consider a discussion with the other actuary, unless “either Actuary is prohibited by Law from doing so or is acting in an adversarial environment involving the other Actuary,” as noted in Annotation 13-2.

Although this conversation can be awkward, it need not always be confrontational, especially if you approach it with an inquisitive, rather than accusatory, attitude. During such a conversation, one of several things may happen: You may discover that the actuary is able to explain their work to your satisfaction and that there was no violation. Or the actuary may realize they made a mistake and take steps to correct it (and even better, take steps to prevent it happening in the future). In many such cases, you may consider the situation resolved, and you would not need to report it to the Actuarial Board for Counseling and Discipline (ABCD).

However, less desirable outcomes may also occur—the actuary may refuse to discuss the situation, or if they agree to a discussion, they may not be able to explain their work satisfactorily or refuse to admit and correct mistakes. In such cases, or if you did not attempt a conversation with the other actuary, you have an obligation to report the apparent violation to the ABCD, unless disclosing it would break the law or divulge confidential information.

If you are wondering whether to report an apparent violation or have questions about the process, you can always contact the ABCD with a request for guidance (RFG). During an RFG, the ABCD member would discuss relevant portions of the Code, as well as actions you could consider taking to address the situation. The conversation would remain confidential, and how to proceed would be your decision. Another helpful resource is the Academy’s professionalism discussion paper on Precept 13, which wraps up with these concluding thoughts:

“In the end, a profession is only as good as its members. If an actuary—whether from reluctance to confront a colleague or employer, fear of legal repercussion, or some other reason—fails to report potential violations of the Code to the ABCD, he or she may also be violating Precept 13.

More important, the Actuary may be allowing substandard actuarial work to stand unopposed. In a worst-case scenario, companies or governments relying on such substandard work, as well as their customers, employees, and citizens, would end up facing the consequences of the actuarial profession’s failure to adhere to all of the Precepts of the Code. As such, reporting apparent, material, unresolved violations of the Code is not only required under Precept 13 of the Code of Professional Conduct; it’s the right thing to do.”
Registration Open for Casualty Loss Reserve Seminar

Registration is open for the 2019 Casualty Loss Reserve Seminar (CLRS) & Workshops, to be held Sept. 16–18 in Austin, Texas. This three-day event, hosted by the Academy and the Casualty Actuarial Society, provides educational opportunities to help attendees stay current with industry developments and learn from experts in reserving. Learn more.

Academy Presents at NCOIL on Auto Insurance Factors

ACADEMY SENIOR Property/Casualty Fellow Rich Gibson gave a presentation July 12 to the National Council of Insurance Legislators’ (NCOIL) Property and Casualty Insurance Committee at NCOIL’s Summer Meeting in Newport Beach, Calif. The presentation focused on factors influencing automobile insurance rates.

The presentation covered regulatory issues, claim cost trends, and other considerations including distracted driving. After his presentation Gibson spoke with, among others, California Assemblyman Ken Cooley (pictured), about the subject.

CASUALTY BRIEFS

Jonathan Laux joined the Cyber Risk Task Force.
Peter Ott joined the P/C Extreme Events Property Lines Committee.

EARN CE. ACQUIRE NEW SKILLS.

DECEMBER
Effective P/C Loss Reserve Opinions Seminar

DEC. 4–5, 2019 | BALTIMORE
Deepen your expertise on the latest standards necessary for preparing or signing statements of actuarial opinion on P/C loss reserves for NAIC annual statements.

Register Today
www.actuary.org/calendar
LTC Combination Product Valuation Practice Note Exposed

The Long-Term Care Combination Product Valuation Work Group released a practice note exposure draft, *Long-Term Care (LTC) Combination Product Valuation Practice Note*. Comments are due Sept. 2.

The practice note’s purpose is to provide information to actuaries on current and emerging practices in which their peers are engaged with respect to the considerations in the statutory, generally accepted accounting principles (GAAP), and tax valuation of long-term care combination products.

Subcommittee Comments on Informational Bulletin

The Medicaid Subcommittee sent comments on the May 15 Center for Medicaid and CHIP Services (CMCS) Informational Bulletin (CIB), *Medical Loss Ratio Requirements Related to Third-Party Vendors*, seeking additional clarification.

The letter seeks clarification of medical loss ratio (MLR) requirements related to third-party vendors, and cites MLR standards referenced in the recent CIB including the MLR requirement and remittance to the state if specific MLRs are not met.

Health Briefs

- **Jenn Smagula** joined the Premium Review Work Group.

Life Briefs

- **Vincent Tsang** joined the C2 Work Group.
- **Marc Altschull** joined the Life Valuation Committee.
- **Bryan Amburn, Chris Conrad, Yan Fridman, Andrew Jenkins, Dana Lipperman, Link Richardson, and Richard Sutton** joined the Annuity Reserves Work Group.
- **Tricia Matson** joined the PBR Review Procedures Work Group.
- **Elizabeth Caldwell, Jennifer Frasier, and Brody Lipperman** joined the PBR Analysis Templates Task Force.
- **Ben Slutsker** joined the PBR Strategy Subgroup.
- **Len Mangini** joined the Tax Work Group.

Register Today

**November**
Life and Health Qualifications Seminar

Acquire the necessary qualifications to sign statements of actuarial opinion for NAIC life and health annual statements.
Pension News

Pension Webinar Looks at Return Expectations

The PENSION Practice Council (PPC) hosted a July 30 webinar, “Developing Return Expectations in Today’s Capital Markets—What Methods Work Now?” The webinar was intended to support actuaries directly responsible for assumption recommendations, or in assessing recommendations provided by other parties—a pension plan’s outside investment adviser, their own firm’s investment practice, or publicly available data and surveys.

The panelists were Evan Inglis, a member of the Public Plans Committee who worked on the PPC practice note released earlier this year, Forecasting Investment Returns and Expected Return Assumptions for Pension Actuaries; and Jerry Mingione, a member of the Social Security Committee. Academy Senior Pension Fellow Linda K. Stone moderated.

The webinar covered:

- Approaches for projecting returns under varying market conditions;
- Current and (recent) historical capital market conditions;
- Current return projections from capital market models; and
- Insights into how capital market models work.

“This topic is something that actuaries’ education, experience, and skills set us up well for,” Inglis said, adding that “current market data provides significant information about future returns.”

Methods for forecasting future returns have evolved over the past 20 years and now make use of the high correlation found between current prices and future returns—e.g., high prices are a signal that future returns will be lower, Inglis said.

This is important for pension plans because plans’ maturity has increased substantially, which shortens the investment horizon. Because of that, the current market indicators used in newer forecasting methods are especially important. “These two factors make the evolution in methodology for determining expected returns significant for us in the pension world,” he said.

As actuaries, “And, I think we’re perfectly suited and set up to be experts in this area.”

Mingione covered aspects of the current environment, noting attributes such as low inflation and other macroeconomic factors of the past 25 years. After eight years of near-zero short rates, short-maturity yields have risen over the last two years, as the Federal Reserve has begun to tighten monetary policy. Longer bond yields, however, have not increased in sync, and actually have fallen, flattening the yield curve. While long yields remain at or near historic low levels, stock market values have reached and remained near historic highs—powered by an amiable combination of low interest rates, stable/positive economic growth, and the high profit levels resulting from an increasing share of GDP going to capital.

He noted that in developing return projections from the array of available capital market models, “I personally like to look at averages [by multiple companies] because I trust averages more than I trust any one prognostication.” Actuaries are looking for more long-term, sustainable return expectations as opposed to the more opinionated tactical outlooks baked into some capital market models, he said.

The two finished by taking questions from attendees on a range of issues including use of historical data, prices, and stock buybacks. Slides and audio are available free for Academy members via your member login.

Briefings, continued from page 1

Senior Pension Fellow Linda K. Stone moderated the sessions, the first of which, on July 15, gave attendees background information on the current state of multiemployer plans. It featured Multiemployer Plans Committee Chairperson Jason Russell and committee members Joseph Hicks and David Pazamickas.

The second briefing, on July 22, covered “Possible Approaches for Addressing Failing Plans,” and the panelists were committee members Mariah Becker and Christian Benjinisson, and Josh Shapiro, the Academy’s vice president, pension.

A capacity crowd of more than 100 at the second session heard analysis of the present state of the crisis just as Congress was set to consider related legislation, including The Rehabilitation for Multiemployer Pensions Act of 2019, which was passed the House two days later by a 264-169 vote before being moved to the Senate for consideration. (Read the Academy alert.)

The third briefing, which will be held on Friday, Aug. 2, has as its focus “Strengthening the System for the Future.” Visit the Academy’s Facebook page and Twitter feed to see more from the sessions.
National Retirement Policy Issue Brief Released


“A national retirement policy framework would aim to provide a more coordinated and inclusive system that helps more people better prepare financially for retirement, as opposed to the piecemeal approach that exists today,” said Eric Keener, chairperson of the Academy’s Retirement System Assessment and Policy Committee, whose members authored the issue brief.

Work Group Releases White Paper on Estimating the Reinsurance Reserve

The current estimate credit losses work group released a public policy white paper, “Estimating the Uncollectible Reinsurance Reserve for Property/Casualty Companies New GAAP Requirements.”

A new Financial Accounting Standards Board (FASB) accounting requirement regarding uncollectible reinsurance reserves takes effect in 2020 for certain filers of U.S. Generally Accepted Accounting Principles (GAAP) statements, and is effective the following year for others filing GAAP statements.

This new requirement, labeled ASU 2016-13, establishes new rules for the determination of the uncollectible reinsurance reserve (URR) as well as creating new disclosure requirements. While these new rules may be consistent with current practice for some insurers, it will require new reserving practices for others.

The work group, created by the Financial Reporting Committee, wrote the white paper to describe the new rules, how this may be a change from current practice for some companies, what methods might be used to estimate the URR under the new rule, and various issues involved in estimating such amounts under these methods.

Public Employment Opportunities

The New York State Department of Financial Services is seeking to fill two positions: chief actuary and supervising actuary, casualty. Information about qualifications and how to apply is available at the links; applications must be received by Aug. 9.

The Academy has long supported government employers that are seeking to hire qualified actuaries. See our Public Employment Opportunity Posting Policy for more information.