JAN 2013

Actuarial UPDATE
THE NEWSMONTHLY OF THE AMERICAN ACADEMY OF ACTUARIES

Academy Priorities for 2013

THE ACADEMY IS LOOKING FORWARD TO 2013, as several of its top policy priorities, including Social Security, Medicare, and Medicaid, will figure prominently in budget debates between Congress and President Obama.

The Pension Practice Council and Health Practice Council have undertaken efforts to engage policymakers facing critical decisions on these federal programs, particularly whether and how to address solvency concerns and fiscal sustainability. This work will coincide with the Health Practice Council's initiative to address health care costs and the implementation of the Affordable Care Act. The Pension Practice Council, meanwhile, is focusing on lifetime income, assessing the sustainability of retirement systems and establishing principles for pension funding rules.

The National Association of Insurance Commissioners (NAIC) adopted the Life Standard Valuation Law's (SVL) Valuation Manual in December, culminating years of effort largely initiated and fueled by the Academy's Life Practice Council. Principle-based reserving (PBR) for life products, governed by the SVL and the Valuation Manual, now is going before state legislatures for adoption. The Life Practice Council will be facilitating states' efforts to adopt PBR in a supermajority of states in order for it to take effect.

The practice councils also will focus on informing regulators of appropriate capital adequacy standards and providing guidance to federal, state, and international policymakers and standard setters on effective solvency modernization, regulatory oversight, and enterprise risk management. The practice councils will keep Academy members informed of progress in these areas through webinars, seminars, and publications.

Here are the top priorities for 2013 developed by each practice council. Look for news of further developments on the Academy's priorities and other issues throughout the year in the *Update* and on the Academy's website.

SEE **PRIORITIES**, PAGE 5

Defending Actuarial Assumptions

THE ACADEMY SENT A letter to the editor of the *New York Times* in January in response to an Op-Ed that questioned actuarial assumptions used to measure Social Security's solvency.

In the Jan. 5 Op-Ed, "Social Security: It's Worse than You Think," Gary King and Samir Soneji claimed that Social Security actuaries failed to consider that Americans were living longer because of improvements in smoking cessation and reducing obesity. King and Soneji argued that this would lead to the Social Security Trust Fund exhausting its assets two years earlier than predicted.

As the Academy's letter made clear, Social Security actuaries already take that information into account as well as additional factors not included by King and Soneji in their analysis. "The trustees report prepared annually by Social Security actuaries has multiple scenarios, including one with mortality comparable to what the authors propose," the letter states. "With input from actuaries and a technical panel of experts from various professions including demographers, Social Security assumptions are reviewed, debated, and updated on a constant basis." In fact, Social Security's mortality data are the most reliable for advanced ages and are utilized by the National Centers for Health Statistics.

The Academy suggested that rather than challenging underlying actuarial assumptions that are updated and vetted on a continuing basis, policymakers focus on the larger issues that threaten Social Security's long-term solvency.

SEE **ASSUMPTIONS**, PAGE 8

CALENDAR

FEBRUARY

14 Webinar: Risk of Material Adverse Deviation Disclosure in U.S. Statements of Actuarial Opinions (Academy, CAS)

21 Webinar: The Relationship Between Medicare and Private Insurance Provider Payment Rates (Academy)

MARCH

8-10 NCOIL spring meeting, Washington

Seminar: Ratemaking and Product Management, Huntington Beach, Calif. (CAS)

13 Webinar: Post-Election Fallout/ Impact: Pension and Health Care (Academy, CCA)

APRIL

6-9 NAIC spring meeting, Houston

7-9 Enrolled Actuaries Meeting, Washington (Academy, CCA)

15-16 Academy Health Practice Council Capitol Hill visits, Washington

16 Academy Executive Committee meeting, Washington

17 Webinar: Accounting Update (IAS 19) (Academy, CCA)

MAY

8 CUSP meeting, Washington

8-9 Academy Board of Directors meeting, Washington

18 Webinar: Professionalism: Assumptions (Academy, CCA)

19-22 CAS spring meeting, Vancouver, British Columbia

22 Webinar: Multiemployer Update (Academy, CCA)

31-June 1 NAAC meeting, New Orleans

JUNE

6-7 Seminar on Reinsurance, Southampton, Bermuda (CAS)

9-12 SOA health meeting, Baltimore

12 Webinar: Retirees/Inactive Buyout Schedules (Academy, CCA)

JULY

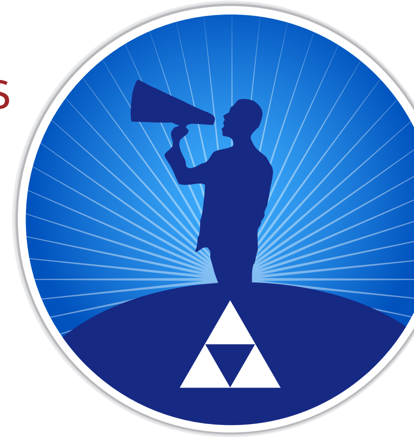
11-14 NCOIL summer meeting, Philadelphia

15 Academy Summer Summit, Washington

To continue receiving the *Update* and other Academy publications on time, remember to make sure the Academy has your correct contact information. Academy members can update their member profile at the member log-in page on the Academy website.

Academy NEWS *Briefs*

Nominations Sought for Academy Regular Directors



ACADEMY MEMBERS ARE INVITED to nominate themselves or others for consideration as an Academy regular director by submitting names to the Academy's Nominating Committee (the Nominating Committee can also reach out directly to members and ask them to seek election to the board as a regular director).

A petition process will be available later in the year to carry forward the two-year experiment the board authorized for members. Look for more information in coming months on that process and dates for this year. A member who would like to be considered for a regular director position is encouraged to let the Nominating Committee know by completing an online form for nominations.

Nominating Committee guidelines suggest that practice area representation across the entire board be considered when nominating regular directors. As officer candidates are identified, the Nominating Committee will announce the practice areas it expects regular director nominees to represent.

Chaired by 2011 Academy President Mary Frances Miller, the Nominating Committee includes President Cecil Bykerk, Immediate Past President Dave Sandberg, and President-Elect Tom Terry. Other members are Mary Bahna Nolan, Mark Dunbar, Gary Josephson, Tonya Manning, Marc Oberholtzer, Patricia Rotello, and Shari Westerfield.

New Director of Communications

CHARITY SACK joined the Academy in mid-January as its new director of communications. She brings more than 25 years of experience in marketing and communications to the task of advancing the vision, mission, and voice of the Academy and its members. Look for a full profile in the February *Update*.

Get Up to Date on Dues

THE DEADLINE for the payment of 2013 Academy dues was Jan. 1, 2013. If you haven't renewed your Academy membership, you must pay your 2013 dues by May 1 to avoid a 20 percent late fee. You can pay online by logging in to the members-only page of the Academy website and following the posted instructions.

If you have questions about your account or the website, or how to make multiple payments in a single transaction, contact Mary McCracken, the Academy's membership database administrator, at (202) 223-8196 or membership@actuary.org.

Check Out the Latest *Boxscore*

THE JANUARY 2013 EDITION of the Actuarial Standards Board's (ASB) *Boxscore* is now available online. The latest issue discusses the new Actuarial Standard of Practice (ASOP) No. 47, *Risk Treatment in Enterprise Risk Management*, which the ASB adopted at its December meeting, and refinements and new concepts in the second exposure draft of a revision to ASOP No. 4, *Measuring Pension Obligations and Determining Pension Plan Costs or Contributions*, which the ASB approved in December.

The *Boxscore* also reports on the ASB's decision to form a new multidisciplinary task force that will oversee the development of draft catastrophe modeling standards for all disciplines as well as a general modeling standard.

For more information about all ASB activities, visit the ASB website.

IN THE NEWS

- The Academy's letter to President Obama and congressional leaders urging them to appoint an actuary to the new federal Long-Term Care Commission was cited in *Insurance Networking News*.
- Several media outlets, including *Politico* and *National Review*, referenced the Academy in published stories about health care reform.
- A *Contingencies* feature on how the implementation of the Affordable Care Act will affect young adults sparked extensive media interest. Coverage about the article and interviews with its authors appeared in *Forbes* magazine, *Politico*, the *National Review*, and many other outlets.
- The Academy was cited in an article in southern Connecticut's The Day about legislators' concern about spiraling state pension obligations, and an Op-Ed in the *Coloradoan*, arguing that a stronger opt-out penalty is needed to keep health care reform affordable.

Academy Fast Tracks ACA Comments

IN NOVEMBER AND DECEMBER, the Department of Health and Human Services (HHS) released a flurry of proposed regulations related to the Affordable Care Act (ACA). Several focused on key actuarial issues, including actuarial value (AV), the 2014 market reforms, essential health benefits (EHB), and the risk-sharing mechanisms. Within those proposed regulations were also a number of significant modifications to the final rules for medical loss ratios and rate review and disclosure.

Despite a short turnaround time for comment, in some cases less than a month, Academy work groups reviewed and commented on more than 200 pages of material.

The proposed rule on AV, which also included more detailed information on EHB, was highly anticipated by the actuarial profession. In addition to making available the actual AV calculator, the rules outlined the data and methods used to develop the calculator and the underlying continuance tables. While noting that the general approach appeared reasonable, the Academy's Actuarial Value Subgroup in its comments to HHS stressed the importance of having more detail on the data and tables that underlie the calculator in order to fully assess feasibility and ensure actuaries have enough information to provide the requisite certifications. Some of that information, including the diagnoses mapping to the hierarchical condition categories (HCC), was released in mid-January.

The subgroup also responded to specific requests for comments on whether small group plans should be allowed to exceed the deductible limit to meet a required AV level, how employer contributions to health savings accounts and health reimbursement accounts should be treated in terms of the AV calculation, and the proposal by HHS to exclude geographic pricing adjustments from the AV model.

Similar to the AV subgroup's general request for more information on the data underlying the calculator, the Academy's Risk Sharing Work Group asked for more detail on a number of the variables behind the risk adjustment methodology outlined in the Notice of Benefit and Payment Parameters. These variables include infant/age factors, mapping of HCC, and cost-sharing reductions. However, one of the central questions raised in the comments on the risk-sharing mechanisms, as well as the medical loss ratio (MLR) modifications, is whether the proposed treatment of payments made or received for reinsurance, risk corridors, and risk adjustments in the MLR is appropriate.

Between Dec. 18 and Dec. 31, Academy work groups submitted six comment letters related to the proposed rules released—the central theme being the need for more information and clarification on several key issues.

HEALTH BRIEFS

- **Richard Diamond**, a consulting actuary for Rick Diamond Consulting Actuary LLC in Topsham, Maine, has joined the Individual and Small Group Market Task Force.
- **Michelle Girton**, actuarial director for CIGNA in Hartford, Conn., has joined the Medical Loss Ratio Work Group.

RISK MANAGEMENT AND FINANCIAL REPORTING BRIEFS

- **Ron Barlin**, an enterprise risk management manager at State Farm Mutual Auto Insurance Co.in Bloomington, Ill., has joined the Own Risk and Solvency Assessment (ORSA) Subgroup.

WEBINAR ON PROVIDER PAYMENT RATES

THE RELATIONSHIP BETWEEN MEDICARE AND PRIVATE INSURANCE PROVIDER PAYMENT RATES

Feb. 21—Noon-1:30 EST

Presenters will provide information about the relationship between Medicare provider payment rates and those for private insurance. This information is important for understanding how any changes in Medicare provider payment rates could affect private plans. It's also important for projecting the effects of moving Medicare to a premium support program.

Specific topics include:

- The relationship between Medicare and private insurance provider payment rates and the extent of cost shifting from Medicare to private plans;
- The impact of local market dynamics and market power on provider payment rates;
- The relationship between provider payment rates and input costs.

For more information and to register, click here.

2012 Academy Legislative/Regulatory Wrap-Up

HEALTH CARE REFORM and the long-term solvency of Medicare dominated the news during last year's presidential election. In an effort to raise awareness of critical actuarial aspects, the Academy's Health Practice and Pension Practice councils developed widely read, nonpartisan voter guides on health care reform, Medicare, and Social Security. Publication of the voter guides gave the public, media, and policymakers important information and analyses necessary for understanding discussions and debates surrounding these issues. The Academy also focused on two other hot-button topics: adequate income in retirement and principle-based reserving (PBR) for life insurance products. Here are some of the highlights of legislative and regulatory action and corresponding Academy activities in 2012. For a complete discussion, read the Academy's 2012 Legislative/Regulatory Review.

Health Care Reform Implementation

In early 2012, the Academy filed an amicus curiae brief with the U.S. Supreme Court on severability in a case that challenged the Affordable Care Act (ACA). The brief noted that from an actuarial perspective, severing the issue and rating provisions of the ACA from the individual mandate would exacerbate adverse selection, and lead to lower participation and higher premiums, unless other mechanisms were implemented to help ensure participation by a broad cross section of risks. The Academy's brief in *National Federation of Independent Business v. Sebelius* was cited by the Obama administration in its March 28 reply brief.

The court ruled on June 28 that the individual mandate was within the taxing authority of Congress. The court also found that the federal government lacks the authority to withhold existing funds from states that do not comply with new Medicaid eligibility requirements.

Following the court's decision, the Academy hosted a webinar for members on July 11 that provided an actuarial perspective on the decision and its ramifications to ACA implementation. Webinar speakers outlined the decision, discussed the next steps in the federal and state implementation process, and talked about future Academy activity regarding the ACA.

Implementation of the ACA continued throughout 2012 with several high-profile regulations released at year's end, including rules related to risk-sharing mechanisms, actuarial value, essential health benefits, and health insurance market reforms.

The ACA's implementation was not the Academy's only health care focus in 2012. At the summer summit on July 16, Academy leaders targeted rising health care costs. After listening to speakers who discussed different methods of bending the cost curve, Academy members from all practice areas participated in breakout sessions exploring the major public policy issues related to health care reform and identified potential approaches the Academy could recommend to mitigate the growth in health care costs.

Lifetime Income

The Obama administration issued several proposed regulations and revenue rulings in February that addressed lifetime income through qualified retirement plans. The rules and regulations discussed defined benefit (DB) and defined contribution (DC) plans, and individual retirement accounts (IRAs).

A proposed Treasury Department rule on Feb. 3 targeted the purchase of longevity annuity contracts under tax-qualified DC plans. Longevity annuities, or deeply deferred annuities, would be permitted in DC plans and IRAs subject to certain restrictions through new regulations related to IRC 401(a)(9)–minimum distributions. The Academy's Pension Committee commented on the proposed regulations and recommended several modest changes to improve them, such as allowing DB pension plans to offer qualified longevity annuity contracts.

Another rule proposed by the Treasury Department on Feb. 3 addressed modifications to minimum present-value requirements for partial annuity distribution options under DB pension plans. This rule proposed a change in the regulations regarding the minimum present-value requirements for DB plan distributions to permit plans to simplify the treatment of certain optional forms of benefits that are paid partly in annuities and partly in more accelerated forms. Partial lump sums and partial annuities would be simplified through proposed regulations to IRC 417(e). The Pension Committee provided comments supporting the regulations along with suggestions related to transition issues and on the proposed structure of IRC Section 417(e) exemptions.

The IRS issued two revenue rulings on Feb. 2 that addressed lifetime income. The first—the application of survivor annuity requirements to deferred annuity contracts under a DC plan—gives guidance on the Qualified Joint and Survivor Annuity and Qualified Pre-Retirement Survivor Annuity rules for deferred annuities provided through a DC plan. The second ruling offers guidance regarding rollovers from a DC plan to a DB plan to obtain additional annuity.

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Priorities, continued from Page 1

Council on Professionalism

To meet its primary goal of promoting and encouraging actuaries to achieve and maintain a high level of professionalism, including qualification, conduct, and practice in their work, the council relies on committees such as the Committee on Qualifications, the Committee on Professional Responsibility, the Life and Health Qualifications Seminar Committee, the Committee on Public Actuarial Service, and the Joint Committee on the Code of Professional Conduct.

The council promotes professionalism by annually sponsoring at least four low-cost (free to regulators and certain Academy volunteers) webinars on a variety of topics that not only assist actuaries in meeting their annual continuing education (CE) requirements but also remind them of their professionalism responsibilities. The proposed topics for this year's webinars include a review of two new Actuarial Standards of Practice—No. 46, *Risk Evaluation in Enterprise Risk Management*, and No. 47, *Risk Treatment in Enterprise Risk Management*—an international update, and a discussion of ethical concerns. The webinars are very popular: The council estimates that it reached nearly 20,000 actuaries through these webinars last year. As an added benefit to Academy members, an archive of past webinars is available on the Academy's website.

The council plans to maintain a presence at NAIC meetings as a means for improving relations with state regulators. The council's goal in these ongoing efforts is to align regulator concerns with actuarial issues and practices, and help to address and minimize any problems that regulators may confront.

Through the council's Committee on Qualifications, the Academy continues to serve as the promulgator of qualifications and CE requirements for the U.S. profession. The committee annually answers more than 150 questions posed by actuaries and other parties about actuarial qualifications in the United States.

Casualty Practice Council

The council plans to initiate, manage, and oversee public policy monitoring and outreach that focus on property and casualty (P/C) insurance issues at both the federal and state levels.

In 2013, the council will be considering publication of a document that explores the effective use of P/C actuarial expertise within the NAIC's Own Risk and Solvency Assessment (ORSA). The Committee on Property/Liability Financial Reporting plans to continue to provide educational opportunities to actuaries who sign NAIC opinions by:

- Publishing its annual *Statements of Actuarial Opinion on Property and Casualty Loss Reserves* practice note and Property/Casualty Loss Reserve Law Manual;
- Sponsoring the annual Effective Property/Casualty Loss Reserve Opinions Seminar;
- Co-hosting a webinar with the Casualty Actuarial Society on the risk of material adverse deviation in U.S. statements of actuarial opinions;
- Presenting at the Casualty Loss Reserve Seminar.

With the terrorism risk insurance program expected to expire at the end of 2014, the council plans to publish an issue brief that addresses the actuarial implications of changing or terminating the program. The council also will be monitoring the development of terrorism risk insurance legislation in Congress and will follow natural-disaster-related and all-perils legislative efforts at both the state and federal levels.

The P/C Risk-Based Capital Committee will continue to assist the NAIC with its work on the Solvency Modernization Initiative in the context of P/C risk-based capital. And the Medical Professional Liability Committee plans to continue to publish educational fact sheets on issues of importance in medical professional liability, including tort reform and policy types.

Health Practice Council

Given the focus on Medicare during the presidential and congressional debates on debt and deficit reduction in 2012, the council and its Medicare Steering Committee plan to analyze and comment to policymakers on the various options to reform the program and ensure its financial sustainability. The council expects to increase awareness of its public statements and positions on specific issues by tailoring the information to different audiences, including Academy members, the public, policymakers, and the media. The council also will host webinars to keep members informed about relevant issues and related council activity.

The council and its work groups will continue to offer input on implementation of the Affordable Care Act (ACA), with a greater emphasis on working with the NAIC and state regulators. Much of this year's focus will be on issues such as essential health benefits, exchanges, health insurance market reforms, actuarial value, and risk-sharing mechanisms.

The council plans to take steps to position the profession as an objective technical expert in the debate over increasing health care costs—a debate that already has started and is expected to continue over many years. It also expects to initiate activities to raise the profile of long-term care issues, specifically working with policymakers and other experts to identify and evaluate policy options that increase access and affordability of long-term care services for various segments of the population.

SEE **PRIORITIES**, PAGE 7

The Academy also focused on lifetime-income issues through its Public Interest Committee, which early in the year announced a lifetime-income initiative. Academy leaders at the July summer summit also devoted time to discussing the topic and next steps for the Academy in this area. And the Joint Lifetime Income Risk Task Force held a webinar on March 7 that addressed lifetime income. The webinar provided an overview of the risks of inadequate lifetime income, current options to address the risks, a range of policy solutions designed to help retirees better prepare for managing lifetime retirement needs, and new Academy initiatives under way to advance public understanding of longevity risk. The task force is preparing a white paper for publication in the first quarter of 2013 on the risks of insufficient lifetime income.

PBR: Standard Valuation Law and Valuation Manual

After a decade of work, the NAIC voted to implement in its entirety a principle-based (PBR) review of life insurance reserves when it adopted the Valuation Manual that sets forth PBR methodology. The vote on Dec. 2 (with 43 of 56 members in favor) by the Plenary/Executive Committee on the last day of the NAIC fall national meeting allows the Standard Valuation Law and its accompanying Valuation Manual to be sent to state legislatures for approval in 2013. It must be adopted by 42 states and jurisdictions that represent at least 75 percent of direct premiums written in order for it to take effect.

The Life Practice Council contributed numerous reports and proposals on the development of PBR in 2012. The Academy also hosted three webinars following the NAIC spring, summer, and fall national meetings (March 29, Aug. 30, and Dec. 13) to discuss recent NAIC activity in this area and the Academy's related work.

National Flood Insurance Program

The National Flood Insurance Program (NFIP) was extended through 2017 by H.R. 4348, which was signed into law on July 7. The law made several changes to the pre-existing flood insurance program, including:

- Making insurance available for properties containing five or more residences;
- Reforming the existing premium-rate structure;
- Phasing in the adjustment of premiums to reflect the current risk of flooding;
- Establishing minimum deductibles for claims made pursuant to the program;
- Establishing a Technical Mapping Advisory Council for the maintenance and improvement of flood insurance rate maps;
- Clarifying residential and commercial coverage limits;
- Establishing eligibility for flood insurance for residents of communities that have repaired or improved their flood protection systems.

The Academy's Flood Insurance Subcommittee submitted comments to members of the House and Senate on June 28 regarding the NFIP. In its letter, the subcommittee endorsed the extension of the NFIP and recommended that the program be made more financially sound.

Pension Funding Stabilization (MAP-21)

President Obama signed the Moving Ahead for Progress in the 21st Century Act (MAP-21) into law on July 6. The law contains pension funding stabilization measures for single-employer DB plans that determine pension contributions using 25-year average segment rates subject to a corridor. The corridor begins at 10 percent around the average in 2012 and increases by 5 percent each year until 2016.

The Pension Practice Council submitted a letter to members of the House-Senate conference committee commenting on the pension funding stabilization provisions included in S. 1813, the legislative vehicle for MAP-21. The Academy recommended that to the extent the conference committee chose to include pension funding changes in the final legislation to create more stability in contributions for plan sponsors, it should smooth contribution requirements rather than discount rates to better accomplish this goal.

Life Practice Council

Following the NAIC's adoption of the Valuation Manual in December, the council plans to focus on supporting the NAIC on state legislative approval, implementation, and the review and updating process for the Standard Valuation Law and the Valuation Manual for principle-based reserving for life products. The council will continue to address other outstanding principle-based issues, including the annuity reserve requirements, as well as review and updating of Actuarial Guideline 43 and C-3 Phase II.

As the solvency modernization initiative (SMI) project moves forward, the council will assist in the development of the NAIC SMI Task Force's recommendations, including a review of the C1 component in the life risk-based capital formula. It also will provide feedback on the implementation of the NAIC's Own Risk and Solvency Assessment (ORSA) Guidance Manual.

The council will continue to work with the NAIC on product-related issues, including nonforfeiture modernization, life and annuity disclosure, and new products such as contingent deferred annuities. The council will work with the Academy's Pension Practice Council, Joint Lifetime Income Risk Task Force, and Public Interest Committee to promote long-term solutions in the areas of lifetime income and retirement security.

Pension Practice Council

To strengthen its relationships with policymakers, the council will continue discussions and congressional briefings about the state of the defined benefit pension system, design and financing of sustainable retirement security systems, and new ideas for the future of retirement. The council hopes to leverage the work of its Forward Thinking Task Force, Joint Lifetime Income Risk Task Force, and research collaboration with the Society of Actuaries, to find innovative solutions for a 21st-century retirement system.

The council also will continue to highlight the importance of a lifetime stream of retirement benefits and use of annuities in employer-sponsored pension plans, as well as educate the public, media, and policymakers on Social Security's long-term solvency challenges. Specific efforts include:

- Continuing to monitor and analyze congressional and executive branch policy development and other stakeholder activities within the retirement arena, especially with respect to state and local government pension plans and multiemployer plans.
- Participating in discussions within the profession and among policymakers about appropriate funding, governance, and disclosure for public pension plans. In particular, this year the council expects to focus on appropriate funding policies, given the now-concluded Governmental Accounting Standards Board (GASB) project on pension accounting and financial reporting that clearly separated accounting from funding.
- Focusing on the evaluation of new proposals to address benefit security and the potential 2014 sunset of certain funding rules, as well as efforts to rebalance the risk exposure among participants, employers, and the Pension Benefit Guaranty Corp.

Risk Management and Financial Reporting Council

The Financial Regulatory Reform Task Force will continue to provide Congress and other stakeholders with actuarial perspectives on the implementation of the Dodd-Frank Act, which created various reforms in the financial sector in the wake of the recent recession. The task force also will monitor and review announcements by international organizations that may affect the federal regulation of insurance in the United States, especially relating to systemic-risk regulation.

The Financial Reporting Committee and its International Accounting Standards Task Force plan to monitor and respond to developments of the International Accounting Standards Board surrounding accounting standards set for insurance contracts. The task force will monitor any changes by the Financial Accounting Standards Board (FASB) to the U.S. generally accepted accounting principles (GAAP) for insurance contracts. The task force also will review the international financial reporting standards produced by the International Actuarial Association.

The council's newly formed ORSA Subgroup will monitor ORSA developments domestically and abroad, while reviewing ORSA in the context of an overall enterprise risk management (ERM) framework. The Solvency Committee and the ERM Committee will respond to national and international initiatives by the NAIC and the International Association of Insurance Supervisors concerning capital adequacy and solvency assessments, ERM, and the group supervision of insurance enterprises.

CASUALTY BRIEFS

- **Neil Bodoff**, executive vice president at Willis Re in New York, and **Shiwen Jiang**, vice president for Arch Insurance Group in Jersey City, N.J., have joined the Property and Casualty Risk-Based Capital Committee.
- **Dave Otto**, director for Towers Watson in San Diego, has joined the Casualty Practice Council in his capacity as chair of the Actuarial Standards Board Casualty Committee.
- **Zoe Rico**, a consulting actuary for Aon Risk Consultants Inc. in Dallas, has joined the Terrorism Risk Insurance Subcommittee.

LIFE BRIEFS

- **Eric Walta**, executive director and actuary for RGA Reinsurance Co. in St. Charles, Mo., has joined the Deposit Fund Subgroup.
- **Jane Hamrick**, vice president and actuary for New York Life Insurance Co. in New York, has joined the Tax Work Group.
- **Ejaz Haroon**, assistant vice president for USAA Life Insurance Co. in San Antonio; **Chris Trost**, senior actuary for Northwestern Mutual in Milwaukee; and **Lisa Thomas**, an actuary from Canton, Conn., have joined the C1 Work Group.
- **Jeff Lortie**, a manager at Deloitte Consulting LLP in Chicago, has joined the Life Valuation Subcommittee.

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Assumptions, continued from Page 1

The Pension Practice Council has studied a number of proposals—means testing, raising the retirement age, raising payroll taxes, and lowering cost-of-living increases—that have been put forward as ways to ensure that Social Security remains solvent well into the future. The Academy letter calls on the president and Congress to begin now to address Social Security reforms rather than waiting until later, when more drastic measures will be needed.

Steve Goss, chief actuary of the Social Security Administration and a member of the Academy's Social Security Committee, in conjunction with Alice Wade, Michael Morris, and Karen Glenn, wrote a longer response to the *New York Times* Op-Ed that is available on the Social Security Administration's website.