

## Academy Addresses NAIC Summer Meeting

**A**CADEMY REPRESENTATIVES spoke to hundreds of state regulators and insurance industry leaders gathered in Louisville, Ky., this month for the Summer 2014 National Meeting of the National Association of Insurance Commissioners (NAIC). Topics included Academy efforts to help regulators document the specific expertise of the actuaries they work with, and the impact of climate change on insurance.

### Professionalism Update

Academy President-Elect Mary D. Miller spoke to the NAIC's three actuarial task forces—the Life Actuarial Task Force (LATF), Health Actuarial Task Force (HATF), and Casualty Actuarial and Statistical Task Force, previewing a new [“U.S. Qualification Standards Attestation for 2014”](#) form.

Statutory opinions must be signed by actuaries who meet specific qualifications in addition to the general qualifications for all actuaries who practice in the U.S. As the issuer of the [Qualification Standards for Actu-](#)



Academy President-Elect Mary D. Miller speaks to the National Association of Insurance Commissioners Summer 2014 National Meeting.

[aries Issuing Statements of Actuarial Opinion](#) in the United States, the Academy has drafted a voluntary template that actuaries can use to document how they meet those qualifications.

With the attestation form, she told LATF members, “we are looking to create a database that members

will be able to voluntarily populate.” The form, she said, “goes through all of the elements of the Qualification Standards, and allows a member to identify how they meet each of them,” and provides “an area for documentation to be attached.”

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## Academy Hosts Professionalism Conversation With Regulators

**T**HE ACADEMY HOSTED a well-attended breakfast for regulators at the National Association of Insurance Commissioners (NAIC) meeting in Louisville, Ky., this month. The session included an update on the Academy's professionalism work over the past few months and a preview of a new Academy effort to document how actuaries meet the Qualification Standards for issuing statements of actuarial opinion.

Academy President-Elect Mary D. Miller presented a draft of a new [“U.S. Qualification Standards Attestation for 2014”](#) form.

State insurance departments require NAIC annual statements of actuarial opinion (SAOs) to be signed by

actuaries who meet qualifications beyond the minimum requirements for an actuary to practice in the United States. The proposed attestation form is intended as a voluntary template that actuaries can use to demonstrate their qualifications to sign statutory opinions.

The Academy has invited comments on the form, with an eye toward bringing an updated edition to the next NAIC meeting, Nov. 16-19 in Washington. The information is intended to be housed in an Academy-maintained database.

Patrician Matson, chairperson of the Actuarial Standards Board (ASB), spoke on updating actuarial standards

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### Discipline Process

How the ABCD handles complaints

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### New Members

The Academy welcomes 442 to its ranks

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### Officer Nominees

Candidates for officer positions announced



## SEPTEMBER

15-16 Casualty Loss Reserve Seminar, San Diego

## OCTOBER

7-8 Academy Board of Directors meeting, Washington

## NOVEMBER

10-13 2014 Life and Health Qualifications Seminar, Arlington, Va.

13-14 Academy Annual Meeting, Washington

16-20 NAIC fall meeting, Washington

19-23 NCOIL annual meeting, San Francisco

## DECEMBER

2-3 Seminar on P/C Effective Loss Reserve Opinions, Baltimore, Md.

4 Executive Committee meeting, Washington

7-8 North American Actuarial Council, Merida, Mexico

# Academy NEWS Briefs

## Senator Ben Nelson to Headline Annual Meeting

**F**ORMER SENATOR BEN NELSON, the chief executive officer of the National Association of Insurance Commissioners, has been confirmed as the Nov. 14 keynote speaker for the Academy's Annual Meeting and Public Policy Forum.

The Academy is launching a new format for the annual meeting this year. This year's gathering will feature 1-1/2 days of issue-focused plenary sessions, practice-specific breakout sessions, and networking opportunities with colleagues in all practice areas. Attendees may earn up to 12.2 organized activity continuing education (CE) credits, depending upon area of practice, including 1.5 in professionalism.

Speakers will include representatives of the Congressional

Budget Office and federal agencies with key oversight roles in insurance and pension regulation, state insurance commissioners, Academy leaders and representatives of U.S. actuarial professionalism bodies.

Nelson began his career in the insurance industry, serving as CEO of the Central National Insurance Group, before moving into public service as director of the Nebraska Department of Insurance. He served as governor of that state from 1990 to 1998 and was elected to the U.S. Senate twice, retiring in 2012.

The meeting will be held at the Hyatt Regency on Capitol Hill, where discounted rooms will be available. [Learn more and register.](#)

Steven Salky, a law partner at Zuckerman Spaeder, will speak



on the intersection of public policy and professionalism by examining the requirements of the Stop Trading on Congressional Knowledge (STOCK) Act and the risks potentially posed to actuaries (and others) who interact with congressional staff or employees of the executive branch on public issues. Satirist Mark Russell will also appear, offering his famous musical take on the political headlines of the day during the Nov. 13 dinner featuring presentation of the 2014 Robert J. Myers Service Award. ▲

## Online Voting for Regular Directors Has Begun

**V**OTING has now started for the three open positions on the Academy's Board of Directors.

The Academy's Nominating Committee selected three candidates, nominated by members, for three open regular director

positions. The new regular directors will serve for a three-year term expiring in 2017.

They are:

➤ [Mike Angelina](#)

➤ [Rich Dailak](#)

➤ [D. Joeff Williams](#)

The voting period opened

on Aug. 25 at 9:00 a.m. EDT, and will end on Sept. 15 at 11:59 p.m. EDT. Voting instructions were emailed to members earlier this month, and candidate bios and statements are posted on the [Academy Board Election Center](#). ▲

### IN THE NEWS

The Academy's senior pension and health fellows provided context on the solvency and sustainability of Social Security and Medicare to several media outlets following the publication of the trustees' reports on July 28. Senior Health Fellow Cori Uccello pointed to

Medicare's long-term solvency challenges in a (subscriber-only) *Modern Healthcare* story and a (subscriber-only) Bloomberg BNA story. Senior Pension Fellow Donald Fuerst told the [Bankrate.com Retirement Blog](#) that policymakers should consider smaller, earlier adjustments to Social

Security rather than waiting until more substantial adjustments can't be avoided.

Additionally, Fuerst provided perspective on the risks of allocating more pension assets to higher-risk investments

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](#).

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for readers of *The* (Memphis, Tenn.) *Commercial Appeal*.

Uccello's [comments](#) in a June 27 Capitol Hill panel discussion regarding the reduction in the Affordable Care Act's (ACA) transitional reinsurance program from 2014 to 2015 were cited in a Covering Health blog [post-ing](#). Uccello also commented on drivers of health insurance premiums in a story for the Baton Rouge-based newspaper, *The Advocate*. She [explained](#) that insurers are looking at the composition of the risk pool, but information about some key drivers of premium changes, such as medical spending for new enrollees, is limited.

A Congress Blog [posting](#) published by *The Hill* marking the

four-year anniversary of the Dodd-Frank legislation cited the Solvency Committee's June 5 [letter](#) to members of the U.S. House of Representatives. The letters encouraged them to enact the capital requirements legislation passed by the Senate.

The Brookings Institution's [coverage](#) of a webinar on the risk-bearing capacity of accountable care organizations (ACOs) noted concerns raised in the Academy's June 2011 issue brief, "[An Actuarial Perspective on Accountable Care Organizations](#)."

A Health News Colorado [column](#) examining proposed changes in 2015 health insurance rates in the state cited the Academy's work. The column contemplated the effects of a relative increase in enrollment

of lower-cost individuals.

*LifeHealthPro* [reported on](#) the Cancer Claims Cost Group's work to update cancer claim tables.

A Vanguard [story](#), "Social Security: How to Decide When It's Time," was sourced with an Academy-developed chart illustrating Social Security's normal retirement ages and primary insurance amounts.

A Center on Budget and Policy Priorities [analysis](#) of the 2014 Social Security Trustees Report cited Academy [comments](#) regarding long-term valuations of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds.

A posting about generational

accounting on the Center on Budget and Policy Priorities' Off the Charts blog [quoted](#) an Academy [analysis](#) of infinite-time-period estimates.

The (Scranton, Pa.) *Times-Tribune* [cited](#) an Academy issue brief on the different approaches for selecting discount rates used in [measuring pension obligations](#). The article examined the reasons behind differing estimates of Scranton's unfunded pension liabilities.

A (subscriber-only) Risk.net [story](#) examining life insurance statutory reserve policies and prescribed valuation methods quoted the Principle-Based Reserves Strategy Subgroup's April 11 [letter](#) clarifying its suggestion to eliminate the net premium reserve component of VM-20. ▲

## LIFE NEWS

# Seminar Covers Practical Approach to Implementing VM-20

**T**HE ACADEMY continued its focus on principle-based reserving (PBR) by jointly sponsoring its annual PBR seminar—this year in New York. Following the Valuation Actuarial Symposium, this year's one-day seminar, [Implementing VM-20: A Practical Approach](#), provided attendees with both basic and advanced sessions to help actuaries get up to speed with the (soon to come) requirements.

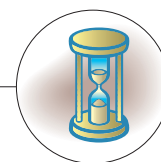
The new VM-20 principle-based valuation methodology for the calculation of statutory reserves for life insurance products is intended to help create products that more accurately reflect risks, adjust as economic conditions change, and eliminate the need for constant adjustment of laws and regulations as new products are introduced. It could also help lower costs to consumers, and allow companies to more accurately assess risks.

PBR will be effective only after a supermajority of states and territories (42), representing 75 percent of written premiums, adopt the revised law, and will apply only to new life insurance business.

Seminar attendees learned which products will likely be covered by VM-20, viewed the timeline for amending and adopting it, and studied a practical example of how to implement the new requirements. Advanced sessions focused on how to develop asset assumptions and margins, mortality assumptions, and the documentation and reporting requirements associated with the method.

Speakers included Tim Cardinal, Donna Claire, Todd Erkis, Karen Grote, Jason Kehrberg, Joshua Kendrach, Dave Neve, and Karen Rudolph,

More information on the seminar and PBR are available in the Academy's new quarterly publication, [PBA Perspectives](#). ▲



## Life and Health Qualifications Seminar

Do you meet the basic and continuing education requirements of Section 3 of the U.S. Qualification Standards to issue actuarial opinions for the NAIC Life or Health Annual Statements? Join us for a succinct and effective seminar that will give you the qualifications.

## LIFE BRIEFS

➔ **John Miller**, chief actuary for American Equity Investment Life Insurance Co. in West Des Moines, Iowa, and **Christopher Olechowski**, consultant for Actuarial Resources Corp. Overland Park, Kan., have joined the Life Practice Council.

➔ **Stephen McNamara**, vice president and actuary for New York Life Insurance Co. in New York, has joined the Life Illustrations Work Group.



## What Does the ABCD Complaint Timeline Look Like?

**W**hen a person submits a complaint about a credentialed actuary to the Actuarial Board for Counseling and Discipline (ABCD), it launches a process that may ultimately result in a discipline recommendation to the actuary's credentialing organization(s). Before that occurs, however, the ABCD goes through a series of steps to ensure fairness in its decision making before reaching a conclusion. To make the process a little more transparent, the ABCD has published a target [timeline](#) on its website (see image) that gives a brief visual overview of the process.

First, a copy of the complaint is sent to the subject of the complaint, also known as the subject actuary. Once the subject actuary responds, the ABCD chair and vice chairs review the complaint and any related information and decide how to deal with the complaint. They have three options:

- Dismiss the matter, if there appears to be no possible violation of the Code of Professional Conduct (Code) or if a violation does not rise to the level of material;
- Recommend mediation, if the matter

appears to be a dispute rather than a possible violation of the Code; or,

- Refer the matter to an investigator, if the matter appears to be a possible material violation of the Code.

If they decide to refer the matter for investigation, the chair appoints an investigator, and the subject actuary either accepts the appointment or objects.

Next, case-specific documents are sent to the investigator. Once the investigator has completed the investigation, he or she submits an investigative report to the ABCD. The subject actuary also receives a copy of the report and may respond. The entire ABCD then considers all relevant material, including the original complaint, the investigative report, and the subject actuary's response. At this point, the ABCD has four options:

- Seek additional information;
- Dismiss the matter, if it appears not to involve a material violation of the Code;
- Counsel the subject actuary; or,
- Call for a fact-finding hearing, if the evidence indicates that the subject actuary

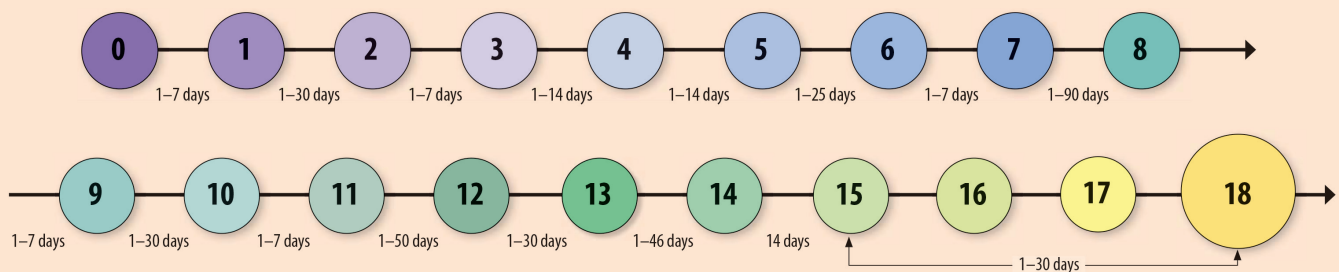
may have materially violated the Code.

If the ABCD decides that a hearing is warranted, the subject actuary is notified and may respond. The investigator, the subject actuary, and the subject actuary's counsel may all attend the hearing. Once the hearing takes place, the ABCD again has four options:

- Investigate further;
- Dismiss the matter, if it appears not to involve a material violation of the Code;
- Counsel the subject actuary; or
- Recommend discipline.

If the ABCD recommends discipline, it prepares a report that identifies which precepts of the Code have been violated, states the nature of the violations, and recommends discipline. The report, transcripts of the hearing, and copies of all documents considered at the hearing are sent to the subject actuary and any actuarial organizations of which he or she is a member. The ABCD's role ends here; it is up to the membership organization to decide whether to impose the recommended discipline or otherwise dispose of the matter. ▲

### ABCD Investigation Process Target Timeline\*



0. Receive complaint
1. Send complaint to subject actuary (SA)
2. Receive SA's response
3. Transmit to Chair and Vice Chairs (VCs)
4. Decide whether to dismiss, assign to mediator, or assign to investigator
5. Select investigator and inform SA
6. SA accepts appointment or objects
7. Send case specific docs to investigator

8. Receive investigative report
9. Send report to SA
10. Receive SA's response
11. Transmit to ABCD
12. Decide whether to dismiss, counsel, investigate further, or schedule hearing
13. Send SA hearing notice
14. SA responds

15. Conduct hearing
16. Recommend dismissal, counseling, further investigation, or discipline recommendation
17. As applicable, notify SA/ complainant, effect counseling, prepare report with transcript to SA and membership organizations
18. Refer to member organization(s) for discipline process

\*ABCD rules dictate some time frames.

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# NEW Academy Members

**I**N THE FIRST SIX MONTHS OF 2014, 442 new members joined the Academy. This year's new members are a young group, with an average age of just 30, and 34 percent of them are women. The majority (288) are employed by an insurance organization or organizations serving the insurance industry, while 145 are consulting actuaries, three identified themselves as government employees, and

six listed their employer as miscellaneous. When asked to specify a practice area, casualty was the most popular answer, followed by health, life, pension, and risk management. Eighteen of our new members listed their area of practice as "other"—evidence that actuarial skills are finding purchase in other industries.



Ellen M. Acton  
Kelsee Adams  
Brian W. Alexander  
Rakesh Amaram  
Lauren E. Amendo  
Pranav M. Amin  
Robert B. Anderson  
Wei Zou Ang  
Jennifer M. Anglin  
Amanda Aponte  
Wesley A. Arai  
Adam S. Augspurger  
Kristen Y. Augustine  
David Matthew Baldwin  
James M. Balogh  
Krystal Baltos  
Thomas J. Barberesi  
Sheila Marie Barrett  
Joel B. Barz  
James L. Bedford  
Paige Beilby  
Julie Elizabeth Belknap  
Carl A. Benson  
Christopher M. Berg  
Matthew G. Berg  
Sanket Bhimani  
Nicole Bigos  
Kathleen Blasco  
Jennifer A. Boburka  
Andrew L. Bochner  
Elie J. Bochner  
Ben M. Bosco  
Alison M. Bowen  
Natalie A. Bradley  
Carrie Brandine  
Mark Brann  
Martine Brisson-Lemieux  
Elizabeth J. Brown  
Daniel Bruno Jr.  
Phillip T. Buchan

Michael E. Budzisz  
Joseph D. Buehner  
Aaron Burkhard  
Timothy J. Butler  
Ann Christine Byman  
Colin T. Caes  
Xiangrong R. Cai  
John R. Calcagno  
Grant J. Campbell  
David M. Carr  
Brent P. Carroll  
Jesse Carroll  
Richard C. Carter  
Nicole Casally  
Emily M. Cassidy  
Brian Cavett  
Jordi Chandra  
Yichieh Chang  
Serena K. Chao  
Jaclyn A. Chapman  
Oneida N. Charrett  
Farhan Naseer Chaudhry  
Boon - Yi Cheah  
Hao Chen  
Jiayang Chen  
Kui K. Chen  
Karen L. Cheng  
Tully S. Cheng  
Hui Y. Chin  
Fuiying (Esther) Chong  
Jiyeong Chong  
Sana Chughtai  
Cindy J. Chung  
Shawn J. Citrowske  
Wendy E. Coffing  
Amy Beth Coleman  
Jeffrey B. Collie  
David Enrique Colon  
Allison Lynn Cox  
Michael Cremisi

Lyndsey M. Cromartie  
James C. Cruise  
Joshua J. Crumley  
Charles K. Darkoh  
Gordon A. Davis  
Renee H. Davis  
Sean R. Davis  
David H. Deacon Jr.  
Belinda Nguyen DeArce  
Nathan S. DeBoer  
Douglas L. Dee  
Sara Murphy Delach  
David Joseph Dewsnap  
Vasilis P. Dikeakos  
Robert Dohner  
Bo Dong  
Andrew J. Draper  
Tracy L. Dreps  
Lauren N. DuBois  
Daniel K. Duggin  
Stephanie M. Dulz  
Jennifer Edwards  
Adam J. Eggert  
Katherine A. Eisbrener  
Ron-zeev Elkounovitch  
Philip J. Ellis  
Brandon P. Emerson  
Adina Erdfarb  
Aaron M. Evans  
Peter Alan Faber  
Michael J. Fairchild  
Perangelo Falcucci  
Matthew C. Feipel  
Sterling A. Felsted  
Daniel E. Fernandez  
Glenn Fink Jr.  
Kristen L. Flacco  
Brandon M. Flowers  
Ryan Yinfatt Foo  
Nicholas K. Fox

Joan Freeman  
Paul R. Freeman  
Justin Frerich  
Scott A. Fry  
Melissa Galbraith  
Daniel Foster Gibson  
William A. Gibula  
Brandon D. Gilbert  
Matthew Ross Gilliland  
Michelle M. Ginnetti  
Jennifer S. Glowacki  
Marina Goldovski  
Gilbert Grady Jr.  
Jacob Paul Grosser  
Julie A. Guthrie  
Kyle M. Hall  
Jeremy J. Hamilton  
Nina Han  
Courtney Hanson  
Michael A. Hantelman  
Andrew Harrison  
Mark William Harrison  
Bryan Hartwig  
Andrew W. Hayden  
Michael J. Hebenstreit  
Ben Henig  
Laura C. Hennessey  
Katherine Hess  
Steven T. Hessler  
Nienh Ho  
Tra T. Ho  
Lauren M. Hoeck  
Garrett L. Hoffman  
Bryan K. Hoge  
Matthew Holm  
Zachary A. Horsch  
Jennifer O. Howard  
Shari R. Howiler

SEE **NEW MEMBERS**, PAGE 6 →



Guangyu Hu	Luyao Li	Cody B. Mitchell	Edric A. Prince
Ruoyan Hua	Rosanna Lo Shan Li	Benjamin David Mobley	Erik Pronovost
Zhen G. Huang	Yingxuan Li	Emily R. Mock	Nicholas D. Pucci
Jonathon L. Huber	Henry Hang-Lei Lim	Justin L. Moehle	Bonnie M. Punch
Andrea J. Huckaba	Sheng-Lun Lin	Mitchell Nyakundi Momanyi	Ying Qiao-Grider
Jordan T. Hull	Brian Linde	Matthew Morris	Kathleen Rahilly
Andrew M. Hupfer	Joseph Kenneth Lindner	Ari Moskowitz	Prince Rajbhandari
Dwayne A. Husbands	Dana A. Lipperman	Darrin R. Most	Sean S. Ramlal
Anderson Huynh	Kimberly Lippincott	Gregory R. Moyer	Christopher R. Reaume
Kimiko Inouye	Anna Liu	Michelle S. Moyer	Sonia Maria Reigles
Kimberly Jackewicz	Qing Liu	Regis B. Murayi	Andrew Remington
Chad R. Jenkins	Yi Chieh Liu	Matthew J. Murdock	Yi Ren
Brian W. Jennings	Nicole D. Loiacano	Robert J. Murray	Matthew W. Richard
Dao Jiang	James Lombardi	Kevin M. Muse	Alec Richards
Daniel E. Jock	Jennifer W. Louie	Rutendo Valentine	Joshua Rickard
Peter J. Johnson	Christine Luthi	Mwaramba	Lara N. Roberts
Virginia Jones	Anne Lutz	Duane J. Myers	Thomas Robison
Cyprian M. Juma	Stephanie I. Lynn	Ana R. Neira	Austin M. Rombalski
Jonathan J. Kamensky	Lu Ma	Hieu T. Nguyen	Roger R. Rosales
Hyeji Kang	Priscilla (Ping) Ma	Pradnya Nimkar	Matthew R. Rudman
Sandip Kapadia	Ryan C. McCartney	Chanyuth Norachaippeerapat	Andrew Ruskiewicz
Bryan W. Kassing	Elena G. Madden	Jennifer M. Ober	Alexis M. Russell
Heather M. Kauffman	Christopher R. Manhave	Charlie M. Oh	Drew R. Russell
Radhika Kedia	Zhehui Mao	William W. Olaprath	Marcella L. Ruzicka
Dean A. Kerr	Ajay K. Marathe	Stephen Olmsted	James A. Samson
Adam S. Kessler	Melissa Mark	Erin M. Olson	Gabrielle Marie Savaglio
Sherrie T. Kessler	Cody L. Marsh	Billy J. Onion	Mark A. Sayre
Kyle R. Kinkade	Jasen S. Marshall	Theodore S. Ori	Colby R. Schaeffer
Sarah G. Knabe	Lisa Martell	Andrew R. Orlando	Aaron M. Schaffer
Anton Kobelev	William Martin Jr	Jennifer A. Ostetrico	Eric P. Schleusner
Kathryn R. Koch	Robert E. Maxwell III	Kathryn E. Oswald	Dianne Schmidt
Jennifer Ann Kocsak	Sarah E. Mayer	Archie Otu	Michael D. Schmidt
David L. Kohlhaase Jr	Ebene Mboumi	Senol Ozturk	Brian P. Scott
Alexei Korotin	Patrick W. McCabe	Joshua Taylor Pace	Daniel W. Scott
Tatyana Kotlovskiy	Luo-Yao McCormick	Craig Pacelli	Lindsey M. Scott
Danielle R. Kuhn	Scott J. McDevitt	Mitchell Paden	Aaron J. Seiler
Gouri Kumaran	Laura A. McDonald	Julie L. Palmer	Andrew Shapiro
Jeremy J. Kush	Ryan McDonald	Ryan C. Pandofini	Jamie M. Shooks
Frederick F. Kwan	Scott McEachern	Rita Parhar	Ishan S. Shukla
Andrew S. Kwon	Daniel T. McFarlane	Hyun Ji Park	Louis H. Silvers
Kevin Ladny	Steven W. McFarling	Jim Park	Erie J. Sitzman
Matthew E. Laeder	Eric W. McInturff	Sunghoon Park	Adam J. Slatky
Douglas O. Lamm	Bryan Taylor McMeen	Joshua W. Parvin	Jason T. Smith
Nathan Lance	Clifford D. Mefford III	Timothy J. Pates	Robert E. F. Smith
Erin R. Lannan	Daniel Megelick	Keith J. Patterson	Christopher G. Snel
Eric Lawless	Elizabeth Mennen	Blake P. Pelzer	Brian T. Sokul
Melanie Leavy	Joshua David Merck	Angela Peters	Andrew K. Somers
Joan W. Lee	Kevin Jerome Meyer	Sarah Peterson	Phillip A. Souzek
Samantha Lee	Yan Miao	Evan Petzoldt	Stephen C. Spears
Charles W. Lei	Jacqueline Micheller	Hoang Anh T. Phan	Brooke S. Spencer
Anthony J. Lencioni	Laura A. Miller	Ashley Piggush	
David S. Levy	Jie Ming	Joshua Lee Price	

SEE NEW MEMBERS, PAGE 7 →



Joshua L. Spencer  
Justin Spitler  
Daniel Sprik  
Eric Y. Spunberg  
Steve C. Starling  
Sam M. Steinmann  
Abby L. Sternberg  
Tyler H. Stevens  
Glenn Stewart  
Beth A. Sticklor  
Kelly A. Stolyar  
David Stratton  
Kirsten A. Stryker  
David Stulman  
Philip A. Sugar  
Wenwen Sun  
Vinayak Swaminathan  
Alexandra Takeva  
Jingli Tang  
Peter M. Thies  
Brian John Thomas  
Mayer Toplan

Joseph A. Toth  
Lauren Ann Train  
Eric L. Truax  
Darcie Truttmann  
Nicole Tumaitis  
Sin C. Tung  
Christopher Turner  
Kyndra M. Vasi  
Matthew Todd Veibell  
Allison C. Vergotz  
Alex R. Vogel  
Emily R. Volz  
Cecily A. Vottero  
Lisa Mai-Anh Vu  
Christopher J. Waclawik  
Christy Wagner  
Jennifer B. Wagner  
Yi Wang  
Yuqi Wang  
Dr. Zhekan Wang  
Daniel M. Ward  
Brett G. Warren

Lawrence Parker Watts Jr.  
Paul G. Wedding  
Andrew Weinecke  
Andrew Lee Weller  
Brian T. Wellman  
Yu Wen  
Thomas C. Werner  
Alex Wesseling  
Barry M. Wilken  
Katherine A. Williamson  
Chase Wilson  
Danielle R. Winegardner  
David A. Wingard Jr.  
Brandon Wolfe  
Randall Xayachack  
Michael Yue Xiao  
Yaling Xie  
Marcus M. Yamashiro  
Hua Yang  
Jeff X. Yang  
Wenting Yang  
Yuchen Jennifer Yen

Liang Yin  
Jia Yu  
Jianhui Yu  
Kaihua Yu  
Andrew Ryan Yuhasz  
Richard Maine Yule  
Tszhong Francis Yung  
Kyle Matthew Zachary  
Mingjie Zhai  
Congyi Zhang  
Yosef D. Ziegler  
John E. Zomchick Jr.

**Earn up to 12.2 continuing education (CE) credits, including 1.5 professionalism CE credits**

## The American Academy of Actuaries Annual Meeting and Public Policy Forum

**Nov. 13–14, 2014 • Hyatt Regency Washington on Capitol Hill**

Right after the fall congressional elections, learn about breaking public policy and professionalism developments that affect the U.S. actuarial profession at this 1-1/2 day program of cross-practice and practice-specific sessions. Invited speakers include representatives from the White House, Congress, federal agencies, state insurance departments, and the actuarial profession, including U.S. professionalism bodies. Regular registration rates are \$350 (member)/\$650 (nonmember).

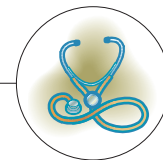
### Easy Registration Options – Online, Mail, Fax, or Phone

- Register online or download a printable form at <http://www.actuary.org/2014AnnualMeeting>.
- Fax printed registrations to 202-872-1948, attn: Denise Winston, or mail to: 2014 Academy Annual Meeting, Attn: Denise Winston, American Academy of Actuaries, 1850 M Street NW, Suite 300, Washington, DC 20036.
- Call 202-223-8196 to speak with Denise Winston.

**Early \$275  
member  
registration rate  
ends 9/19!**







## Curbing the High Cost of Diabetes

**THE HEALTH PRACTICE INTERNATIONAL TASK FORCE** has published a new [issue brief](#) discussing the approaches the United States and six other industrialized nations are taking to reduce the high costs of diabetes.

Based on a [Contingencies](#) story on the same topic, the brief examines efforts to enhance education to promote prevention, improve the collection of data, and use information technology to make prevention and care more effective.

It highlights how actuaries can offer their professional skills to assist “organizations ranging from insurance companies to public and government entities” in their efforts to reduce the cost of the disease.

The number of adults diagnosed with diabetes, worldwide, has more than doubled over the past three decades, due to population growth, aging, and an increase in prevalence at younger ages. The United States bears the greatest cost—spending an estimated \$197.8 billion in 2010 on diabetes care and prevention—a figure that is projected to grow. ▲

### HEALTH BRIEFS

➔ **Tim Deno**, vice president and valuation actuary for WellPoint in Indianapolis, has joined the Committee on State Health Issues

## Medicare's Financial Condition

**THE MEDICARE BOARD OF TRUSTEES** issued its annual report on the financial status of Medicare programs on July 28, and the Academy's Medicare Steering Committee followed quickly, updating and publishing its annual issue brief, [Beyond Actuarial Balance—Medicare's Financial Condition](#).

The brief offers policymakers an overview of Medicare's financial condition and highlights the need to address the program's long-term financial challenges. It notes that the program's Hospital Insurance Trust Fund, under current conditions, will be depleted in 2030, and that “total Medicare expenditures will make up an

increasing share of federal outlays and the gross domestic product (GDP), threatening the program's long-term stability.”

The committee, the brief says, “continues to have significant concerns about Medicare's financing problems, and strongly recommends that policymakers implement changes to improve Medicare's financial outlook.”

The long-term solvency and sustainability challenges of the program are also the subject of a new paper released as part of the Academy's [Essential Elements](#) series, which is designed to make actuarial analyses of public policy issues accessible to wider audiences. ▲

## Nominees Announced for Academy Officer Positions

**THE ACADEMY'S NOMINATING COMMITTEE** has announced six nominees to serve in officer positions on the Academy board. The board will vote on the slate on Oct. 7, with terms set to begin at the close of the Annual Meeting and Public Policy Forum Nov. 13-14.

The slate is headed by Tom Wildsmith, nominee to be the Academy's next president-elect. Wildsmith, currently serving as chairperson of the Health Practice Council Communications Committee and of the Medicare Steering Committee, served as the Academy's vice president, health, from 2010 to 2012. He is a member of the Public Interest Committee, and currently works as public policy manager in Aetna's Washington office.

The committee also named Art Panighetti, an actuary at Pacific Life Insurance Co. in Newport Beach, Calif., to serve a third year as the Academy's treasurer, and nominated John Moore, COO and chief actuary of the Terry Group in Englewood, Colo., to serve a

second year as secretary. Both positions are limited to three consecutive, one-year terms.

For the three open vice president positions, the committee has nominated:

- ➔ Shawna Ackerman, a consulting actuary for the California Earthquake Authority in Sacramento, Calif., who is a previous Award for Outstanding Volunteerism recipient and a current member of the Public Interest Committee, for vice president, casualty;
- ➔ Cathy Murphy-Barron, a consulting actuary with Milliman Inc., New York, who currently serves as a regular director on the board and as chairperson of the Committee on Federal Health Issues, for vice president, health; and
- ➔ Ken Kent, principal consulting actuary with Cheiron Inc. in McLean, Va., Academy chairperson of the Joint Committee on the Code of Professional Conduct and chairperson of the Audit Committee, for vice president, professionalism. ▲



The effort could have benefits for Academy members, but also for those they work with. Miller explained, “It can serve regulators, because you’ll be able to quickly see how someone has met the Qualification Standards.” It could also, she said, “be included in someone’s appointment as a qualified actuary by the board.”

For insurers, she said, “it could be used by a company to affirm that it has made its best effort to hire a qualified actuary.”

Miller invited regulators to provide input on the proposed form, adding that the Academy hopes to have an updated draft available for discussion at the next NAIC meeting, Nov. 16-19 in Washington.

Actuarial Standards Board (ASB) Chairperson Patricia Matson updated the HATF on the ASB’s activities for the past year, noting that the board has “issued a request for comments on public pension funding, and is interested in comments anyone may have, including non-actuaries.”

Matson also noted that the ASB is preparing to update ASOP [No. 21, Responding to or Assisting Auditors or Examiners in Connection With Financial Statements for All Practice Areas](#), and “we would really be interested in having representation from the regulatory community on that task force.”

John Purple, reporting for the Actuarial Board for Counseling and Discipline, told the HATF that, of the 82 requests for guidance the board received last year, 20 related to health insurance topics. “This year,” he said, “that number may be higher. We are averaging about 25 requests per quarter, with about 25 percent of those being related to health issues.”

### Climate Change and Other Presentations

Academy Vice President Mike Angelina gave a well-received presentation to the Climate Change and Global Warming Working Group of the NAIC’s Property and Casualty Insurance Committee, presenting an overview of the [Actuaries Climate Index \(ACI\) Research Project](#).

The project is a joint effort involving the Academy, the Canadian Institute of Actuaries, the Casualty Actuarial Society, and the Society of Actuaries. Its goal is to recommend, support, and perform research on climate change, and assess the potential risk management implications for the insurance industry.

The Actuarial Climate Index “will function as a useful monitoring tool for actuaries, policymakers, the public, and other interested parties.” It will include a website hosting “a variety of graphics depicting changes in ACI, its components, and regional distribution of changes,” to be updated quarterly.

Angelina walked attendees through some of the data the project is using to create its index, including quality-controlled observational data on temperature, precipitation, drought, wind, sea level, and soil moisture. “There are many ways to combine these components into the composite ACI,” he noted, “and a couple of options will be available via the final website.”

The chair of the working group asked Angelina to provide updates on the project as they become available.

## ASB Exposes PBR Draft for Feedback

The ASB has approved a second exposure draft of a proposed new actuarial standard of practice, [Principle-Based Reserves \(PBR\) for Life Products](#). This draft seeks feedback on issues such as whether the distinction between the company’s responsibility and the actuary’s responsibility is clear; whether the draft summarizes VM-20 text appropriately; and whether it is clear how the standard applies to actuaries who do not sign the PBR actuarial report but are involved in the preparation of principle-based reserves. The comment deadline is December 15, 2014.

### PROFESSIONALISM BRIEFS

➔ **Keith Passwater**, member of the Committee on Qualifications, provided an overview during the *Professionalism for Health Actuaries* session at the Valuation Actuary Symposium in New York, NY on Aug. 25 on the current proposed definition of a “qualified actuary” being considered by the three primary task forces of the NAIC and its status, as well as the latest qualifications issues discussed during the NAIC National Meeting held in August.

Academy Senior Life Fellow Nancy Bennett presented to the Investment Risk-Based Capital Working Group, as co-chair of the Academy’s C1 Work Group. Bennett presented an [update](#) on the group’s activities, including recommended C1 factors for corporate bonds. These factors will form the basis for industry and regulator testing and review.

Other presentations included:

- ➔ A Nonforfeiture Modernization Work Group [report](#) on the gross premium nonforfeiture method framework for multiple guarantees;
- ➔ An AG33 Non-Elective Incidence Task Force [variation](#) to Actuarial Guideline XXXIII; and
- ➔ An Academy/SOA Joint Project Oversight Group [update](#) on mortality table development;
- ➔ A Long-Term Care (LTC) Credibility Monograph Work Group [progress update](#) on the monograph addressing LTC credibility;
- ➔ A State LTC Principle-based Work Group [update](#) on the development of a principle-based approach model; and
- ➔ An LTC Terminations Work Group [progress report](#) on data collected on terminations for LTC insurance. ▲



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## RISK MANAGEMENT & FINANCIAL REPORTING NEWS



# Solvency Committee Comments on International Capital Requirements

**T**HE SOLVENCY COMMITTEE submitted comments to both the [NAIC](#) and the [International Actuarial Association](#) on the International Association of Insurance Supervisors' revised proposal, Basic Capital Requirements for Global Systemically Important Insurers (G-SIIs).

The committee noted, among other concerns, that the market-based valuation approach the

association has outlined "could have adverse consequences for insurers in many jurisdictions," particularly those providing long-term life and annuity products.

The comments suggested that "some combination of local requirements and models using internal risk exposure data will be required to sufficiently reflect local differences in risk." ▲

## Professionalism, continued from page 1

of practice (ASOPs), explaining that the board is "trying to include more regulatory input in development of standards." She asked attendees to consider volunteering to assist, noting, in particular, that the ASB is preparing to update ASOP [No. 21, Responding to or Assisting Auditors or Examiners in Connection With Financial Statements for All Practice Areas](#).

Actuarial Board for Counseling and Discipline (ABCD) member John Purple discussed a variety of disciplinary topics and fielded questions on when it is appropriate for regulators to contact the ABCD.

"If you see what you think is an unresolved material interpretation of the [actuarial Code of Professional Conduct]," he explained, "you do have a responsibility to do something about it. That can include trying to resolve it within the company, but you may need to tell them, if you can't resolve it, that you'll have to submit to the ABCD." Purple noted that a "material violation" can include a pattern of unsatisfactory work. "If it's happening once," he said, "that may not yet be material. But if it's happening repeatedly, we'd like to know about it."

Academy General Counsel and Director of Professionalism Keith Jones showed an example of the board's expanded disciplinary notices. He explained, "We've heard from regulators that, when we get to the end of the process and there is public discipline, they wanted more information and the Academy is committed to providing that to them to the maximum extent possible."

Regulators asked for clarification on the role of consulting actuaries. One attendee explained, "We understand that the consultant isn't able to do certain work if they aren't going to get paid for it. The problem for us, as regulators, is that we don't want to require them to do work they won't be paid for, but sometimes necessary activities aren't included within the scope of their engagement."

Matson noted that "if, in fact, the current standard is not being followed, they have to disclose that they did not comply with certain ASOPs, and explain why." That reason could include, she said, the limitations the principal placed on their contract.

Miller added, "When I run across this issue, I always try to work with financial examiners to write, in the management letter, that we told the audit committee or the board that, in their next engagement, this should be included."

Matson explained that the ASB routinely revisits the question of how much detail to include in requirements, saying, "We face the question of how prescriptive to be, and we try to ensure that everything in the standard is absolutely necessary." ▲

## Casualty Loss Reserve Seminar

September 15-17

Manchester Grand Hyatt, San Diego, Calif.

Attend the 2014 CLRS to stay current with industry developments and learn from expert analysis of innovation in reserving.