

## Comments on JDC Rules Due Oct. 4

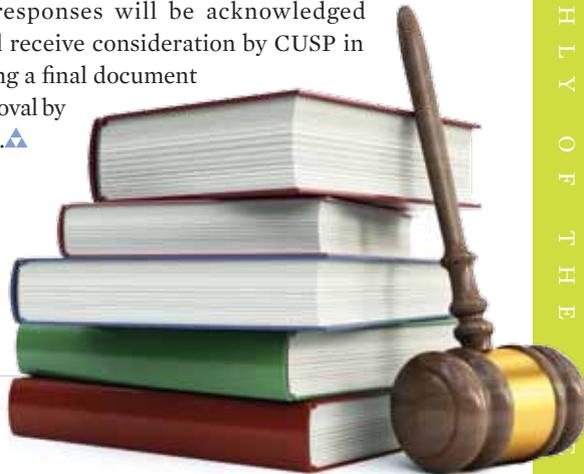
**C**OMMENTS ON THE JOINT DISCIPLINE COUNCIL (JDC) [Rules of Procedure for Disciplinary Actions](#) are due Oct. 4. The rules, developed by a task force appointed by the Council of U.S. Presidents (CUSP), govern the process for considering disciplinary action involving members of any of the participating organizations. The rules were exposed to Academy membership in a Sept. 4 email [message](#) from Academy President Dave Sandberg.

“The creation of appropriate rules of procedure is a vital step toward a fair and equitable joint discipline process for our profession,” Sandberg wrote.

Members are encouraged to submit comments via email to [jdcrulescomments@actuary.org](mailto:jdcrulescomments@actuary.org) with the phrase “JDC RULES COMMENTS” in the subject line. Please note that any message not containing this exact phrase in the subject line will be deleted by the system’s spam filter. Comments can be included in the body of the message or as an attachment prepared in any commonly used word processing format. Please do not password-protect any attachments.

Comments also can be mailed to:  
 Attn: General Counsel  
 JDC Rules Comments  
 American Academy of Actuaries  
 1850 M Street, NW, Suite 300  
 Washington, DC 20036

All responses will be acknowledged and will receive consideration by CUSP in preparing a final document for approval by the JDC.▲



## Voter Guides Offer Insight on Key Issues

**T**HE ACADEMY has developed a series of voter guides that provide nonpartisan information on issues of particular concern to actuaries, in an effort to aid voters, the media, and candidates as

the 2012 election season moves into its final weeks.

Three guides currently are available on the Academy’s Campaign 2012 web page:

➔ [Making Health Care Reform](#)

[Work : Why Broad Participation Is Necessary](#)

➔ [A Guide to Analyzing the Issues: What Voters Should Know About Medicare](#)

➔ [A Guide to Analyzing the Issues: Social Security Reform](#)

Two additional voter guides—on Medicare premium support and health care costs—will be posted soon. Watch your email inbox for details.

Campaign 2012 toolkits on the website help Academy members deliver objective policy information to professional and community groups. The toolkits include a range of resources: voter guides, sample slide decks, notes to assist with crafting public presentations, issue briefs, and other policy statements that can be handed out or used to enhance a presentation.

Visit [Campaign 2012](#) to download the voter guides and toolkits and learn more about the Academy initiative.▲

**Campaign 2012  
 TOOLKITS  
 VOTER GUIDES**

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### [Precept 13](#)

Professionalism webinar examines why it is essential to the profession

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### [Parting Thoughts](#)

Academy VPs reflect on past two years

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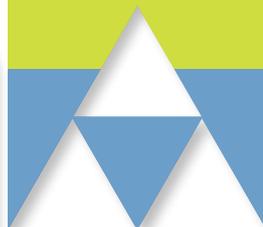
### [Learn & Earn](#)

Actuaries can earn CE credit at four upcoming webinars hosted by the Academy

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### [Medicaid Expansion](#)

New decision brief looks at the implications of states' decisions



## SEPTEMBER

- 5-7 Casualty Loss Reserve Seminar (Academy, CAS, CCA)
- 11-12 Life PBR seminar: *Test-Drive the New VM-20 Principles*, Los Angeles (Academy, SOA)
- 13 Professionalism webinar: *Precept 13 of the Code* (Academy, ASPPA, CAS, CCA, SOA)

## OCTOBER

- 5-6 NAAC meeting, Mexico City
- 10 CUSP meeting, Washington
- 11 Board of Directors meeting, Washington
- 12 Health webinar: *Understanding the ACA-Rate Filing Review and Disclosure* (Academy)
- 14-17 SOA meeting, Washington
- 15 Academy Annual Meeting, Washington
- 21-24 CCA annual meeting, Boca Raton, Fla.
- 28-31 ASPPA annual meeting, National Harbor, Md.
- 31 Health webinar: *Understanding LTC Rate Stability* (Academy)

## NOVEMBER

- 1 Risk Management and Financial Reporting webinar: *IFRS Update* (Academy)
- 7-8 Seminar on Effective Loss Reserve Opinions, Baltimore (Academy)
- 11-14 CAS annual meeting, Lake Buena Vista, Fla.
- 12-15 *Life and Health Qualifications Seminar*, Arlington, Va. (Academy, SOA)
- 14-18 IAA meeting, Nassau, Bahamas
- 15-18 NCOIL annual meeting, Clear Point, Ala.
- 27 Pension webinar: *Social Security: Assumptions and Projections* (Academy)
- 29-Dec. 2 NAIC fall meeting, Washington

## DECEMBER

- 3 Executive Committee meeting, 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](http://www.actuary.org).

# Academy NEWS Briefs

## Don't Be Dropped!

**A**CADEMY MEMBERS who haven't paid their 2012 Academy dues will be transferred to inactive status in October and will no longer be able to use the M.A.A.A. designation. To avoid being dropped from Academy membership, go to [www.actuary.org/con-](http://www.actuary.org/con-)

[tent/member-login](http://www.actuary.org/con-tent/member-login). You will find several fast, user-friendly options for paying dues. If you have any questions about your membership status or about paying dues, contact Mary McCracken at [membership@actuary.org](mailto:membership@actuary.org) or 202-223-8196. ▲

## New Academy Writer

**D**OUG ABRAHMS joined the Academy on Sept. 5 as its senior policy writer and editor. In this new position, Abrahms will work with public policy staff and Academy volunteers to help make the Academy's public policy work more accessible to wider audiences both on paper and on the Internet. Abrahms

holds a bachelors degree from the University of California, Berkeley, and a masters in journalism from American University. He has extensive experience as a business reporter and editor, worked as a communications manager for an association, and served as communications director for Rep. Heath Shuler (D-N.C.). ▲

### IN THE NEWS

#### LIFE

In "[ACLI Asks Federal Insurance Office for Help on Reinsurance](#)," *LifeHealthPro* on Aug. 31 reported that in its appeal to the Federal Insurance Office to speed up modernization of state risk-transfer or reinsurance regulations, the American Council of Life Insurance agrees with the Academy that 1992 limitations on risk transfer are outdated and should not be included in the draft Valuation Manual.

*MarketWatch.com* columnist Robert Powell quoted the Academy's recent publication on [contingent deferred annuities](#) on Sept. 6, in "[Five Annuity Moves Raising the Stakes for Retirement](#)."

The Academy was cited for its work in using a Society of Actuaries experience study to create a new valuation table and for its update on the project provided to the National

Association of Insurance Commissioners at its summer meeting last month in the Sept. 12 *LifeHealthPro* article, "[Actuaries Add Ways to Slice Group Disability Valuation Table Data](#)."

#### HEALTH

**Senior Health Fellow Cori Uccello** was quoted by *The Medicare News Group* on Aug. 24 in "[Raising the Medicare Eligibility Age Harms Minorities; Is a Benefits Reduction, Experts Say](#)." Uccello explained why estimating the effect of an increase in Medicare's eligibility age can be more complex than estimating the same adjustment in Social Security eligibility.

The Academy's [2010 MLR critical issues paper](#) was referenced in a *Smart Business* Aug. 29 online article, "[How Health Insurance Companies and Employers are Dealing with the New Medical Loss Ratio Mandate](#)."

The Academy's recently released decision brief, [Implications of Medicaid Expansion Decisions on Private Coverage](#) (see story on Page 8), has earned significant coverage in the trade media and public policy blogs. Highlights include:

- ➡ *Washington Post Wonk-Blog*: "[Medicaid opt-out states could increase your premiums—even if you have private insurance](#)"
- ➡ George Washington University *Health Reform GPS*: "[Actuaries brief explores relationship between Medicaid expansion and premiums](#)"
- ➡ *Law 360*: "[Medicaid Expansion will Keep Premiums Lower, Report Says](#)"
- ➡ *LifeHealthPro*: "[What Private Medicaid expansion means for private plans](#)"
- ➡ *CCH Health Reform Talk*: "[Employers at higher risk of ACA penalties depending on location](#)" ▲

# The Challenge of Applying Precept 13

**WHAT SHOULD YOU DO** when you have knowledge of an apparent, unresolved, material violation of the Code of Professional Conduct by another actuary? Approximately 5,600 actuaries attended a Sept. 13 professionalism webinar to find out.

Examining why Precept 13 is essential to a self-regulating profession were Tracy Braun and Lloyd Spencer, members of the Academy's Committee on Professional Responsibility, and Sheila Kalkunte, the Academy's assistant general counsel.

"This precept particularly is uncomfortable for some of us," said Braun. "All of the other precepts involve our own conduct, but Precept 13 involves another actuary. Even though it is uncomfortable, it is an important precept to guarantee that we continue to be self-regulating."

That sentiment was echoed by Kalkunte, who stressed that if actuaries don't watch what each other do, they run the risk of having someone else say that it is time for the federal or state government to regulate not actuaries' work product but actuaries themselves.

"The ability to identify a violation of the Code is predicated on a good working knowledge of the Code itself as well as relevant standards of practice," said Spencer. He also said that actuaries need an understanding of the qualification standards that are applicable to actuaries in each practice area.

The presenters reviewed Precept 13 and then delved into what an "apparent," "unresolved," and "material violation" of the Code means. They also presented several case studies and offered some concrete suggestions for what actuaries should consider when determining how to proceed.

If you believe there has been an apparent material (unresolved) violation of the Code, the presenters told the audience, you don't need to build the case, but you are obliged to report it to the Actuarial Board for Counseling and Discipline (ABCD). The ABCD will do the investigative work and recommend disciplinary action if it is warranted.

Many of the issues discussed during the webinar are covered in a soon-to-be-released discussion paper developed by the Commit-



Tracy Braun and Lloyd Spencer prepare for the webinar

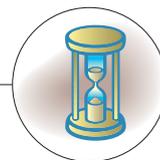
tee on Professional Responsibility to help actuaries consider their Precept 13 responsibilities.

This was the third webinar of the year presented by the Academy's Council on Professionalism and cosponsored by the American Society of Pension Professionals and Actuaries, the Casualty Actuarial Society, the Conference of Consulting Actuaries, and the Society of Actuaries. Slides and audio recordings of this webinar and previous professionalism webinars are available to Academy members at no cost. To learn more, go to <http://www.actuary.org/professionalism-webinars>.

## PRECEPT 13

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.

## LIFE NEWS



## Actuaries Test-Drive New Valuation Manual

**MORE THAN 90 ACTUARIES** traveled to Los Angeles in September for an intensive, hands-on seminar to hone their knowledge of Section VM-20 of the newly adopted Valuation Manual. During the two-day seminar, attendees had an opportunity to work with principle-based reserving scenarios for the first time.

The Valuation Manual sets forth minimum reserve and related requirements for jurisdictions in which the enabling NAIC Standard Valuation Law is adopted. Section VM-20 specifically focuses on requirements for principle-based reserves for life products.

Attendees at the seminar, *Life PBR—Test-Drive the New VM-20*, were given a general VM-20 status update from Life Valuation Subcommittee Chairperson Alice Fontaine. Life Experience Subcommittee Chairperson Mary Bahna-Nolan spoke to attendees

about mortality assumption requirements. After the presentations, attendees broke into small groups to tackle hypothetical case studies that focused on three different aspects of PBR application:

- Prospective planning of reserve calculation;
- Application of mortality requirements;
- Determination of experience and margin assumptions.

Seminar moderators Dave Neve, Jim Merwald, and Tom Campbell followed with an open discussion period in which attendees raised questions regarding the VM-20 methodology and the challenges of its implementation process.

The seminar followed the 2012 Valuation Symposium and was jointly sponsored by the Academy's Life Practice Council and the Society of Actuaries.

— JOHN MEETZ

# THE CONTINUING PURSUIT OF PROFESSIONALISM

BY JOHN GLEBA



IT IS WITH SADNESS THAT I STEP DOWN AS THE ACADEMY'S VICE PRESIDENT FOR PROFESSIONALISM ISSUES. TO SAY THAT THE PAST TWO YEARS HAVE BEEN AN EXCITING ADVENTURE WOULD BE AN UNDERSTATEMENT. I OWE A GREAT DEAL OF GRATITUDE TO MY PREDECESSOR, KATHLEEN RILEY, FOR HER EXCELLENT STEWARDSHIP AND FOR SETTING SUCH A HIGH BAR TO FOLLOW—ONE THAT I'M STILL TRYING TO REACH.

My goal as the leader of the Council on Professionalism has been to strengthen the Academy's commitment to professionalism and ensure a high level of professionalism among our members. Over the past two years, we've undertaken several initiatives to promote professionalism both within and outside the Academy.

The council hosted eight webinars that addressed various professionalism issues, including Actuarial Standard of Practice No. 41, *Actuarial Communications*; the profession's responsibility to the public; the Code of Professional Conduct; international standards; and the U.S. Qualification Standards. The success of these webinars is evidenced by the large number of participants—the attendance for several webinars was well over 5,000. To help U.S. actuaries meet their requirements for professionalism continuing education (CE), the council offered these webinars at a very low cost and recordings of each webinar are available for free to Academy members.

To strengthen professionalism at the Academy, the Board of Directors in 2011 accepted the council's recommendation that all members who serve on Academy committees, task forces, or work groups be required to attest annually that they have complied with the U.S. Qualification Standards' CE requirements. Volunteers also are required to acknowledge annually the Academy's conflict of interest policy. To provide guidance and direction to Academy members fulfilling their volunteer duties, the council published the *Conflicts of Interest When Doing Volunteer Work* discussion paper in 2011.

The council has helped strengthen the Academy's relationship with regulators by participating at various NAIC meetings and by holding events at NAIC national meetings. It has hosted a reception, a breakfast, and "office hours" so that regulators were able to meet and talk with key leaders of professionalism.

These are just a few of our accomplishments over the past two years. There certainly have been many more. Even as you read this, the council is working with faculty and researchers from Drake Univer-

sity to undertake a survey of professionalism among actuaries. It's our hope that the results of this survey will provide the council with additional insight and guidance as it continues to promote and maintain the high standards of professionalism that we expect of our members.

No farewell would be complete without mentioning the extraordinary work of the volunteers and staff of the Academy. First, to the members of the board, and especially the Executive Committee, thank you for letting me serve with you. It has been an honor to get to know all of you. I consider each of you a friend and look forward to working with you again in the future. To the members of the Council on Professionalism, thank you for putting up with me over the past two years—I hope I have led you well and set a good example. To Mary Downs, thank you for your excellent mentoring and worldly wisdom. And finally, none of the accomplishments enumerated above would have been possible without the hard work and dedication of Sheila Kalkunte, the Academy's assistant general counsel. Thank you, Sheila, for all that you have done. I wish everyone all the best as the council continues to advance the Academy's professionalism mission. ▲

## Life and Health Qualifications Seminar

Nov. 12–15, Arlington, Va.

**Enrollment is limited to 100—only a few spaces are left!**

The Life and Health Qualifications Seminar offers state- and country-specific basic education that may not have been provided as part of the Society of Actuaries examination process or for your specialty track or acquired through subsequent testing or alternative education. It also can be a basic education refresher or a source of continuing education for more experienced actuaries as required under Section 3 of the U.S. Qualification Standards.

For more information or to register, visit

<http://www.actuary.org/seminar/2012/index.asp>.

## 2012 John Hanson Memorial Prize Winners Announced

The Actuarial Foundation awarded the 2012 John Hanson Memorial Prize to James Pierlot and Faisal Siddiqi for their paper *Legal for Life: Why Canadians Need a Lifetime Retirement Savings Limit*. [Click here](#) to learn more about the John Hanson Memorial Prize and to read their paper.

# THE ROLE OF THE ACADEMY

BY TOM WILDSMITH



**T**HE ACADEMY HAS A UNIQUE ROLE IN THE PROFESSION BECAUSE IT IS THE ONLY ACTUARIAL ORGANIZATION THAT FOCUSES EXCLUSIVELY ON THE UNITED STATES WHILE REPRESENTING ALL AREAS OF ACTUARIAL PRACTICE. THAT ROLE IS WELL-ILLUSTRATED BY THE ONGOING NATIONAL EFFORT TO REFORM OUR HEALTH CARE SYSTEM.

As Congress debated the recent health care reform legislation, Academy volunteers and staff met with congressional members and staff from both parties, testified before congressional subcommittees, answered innumerable technical questions, held Capitol Hill briefings on key issues related to health care financing, and published issue papers that have been widely recognized for their objectivity and technical insight.

When the Affordable Care Act (ACA) was passed, our efforts didn't stop—they intensified. Implementing the ACA has required federal agencies to take on completely new responsibilities, make thousands of critical implementation decisions, issue dozens of complex regulations, and release a flood of other forms of guidance. Academy volunteers and staff have been in the middle of it all, meeting with federal agency staff, submitting formal comments on proposed regulations, and publishing issue papers on key implementation questions. And that's only part of the story. Much of the responsibility for making health care reform work falls on the states. The Academy has been there as well, providing actuarial advice to the NAIC, individual state insurance regulators, and state legislators.

Congress is still active, and we continue to meet with members of Congress and their staffs, answer technical questions, testify, and hold Capitol Hill briefings on vital issues such as Medicare's long-term financial viability. The Academy earlier this year submitted an amicus curiae brief to the Supreme Court in the recent challenge to the ACA, and Academy publications were referenced in briefs submitted by the litigants.

What does this tell us about the Academy's role? The Academy has represented the profession by providing technical actuarial advice during all stages in the debate, at both the federal and state levels, and to all three branches of government. Members of both political parties come to the Academy for technical assistance. When it comes to U.S. health policy, the Academy is an active, trusted voice for the actuarial profession.

What has made this possible? An Academy culture that prizes objectivity and impartiality, and scrupulously avoids even the appearance of bias. This culture has earned the Academy both respect and trust.

Another vital factor is the Academy's dedicated volunteers. They give countless hours on behalf of the profession and have a proven track record of providing unbiased, nonpartisan advice on actuarial issues.

Of course, nothing could be accomplished without the Academy staff supporting and coordinating volunteer efforts—in particular, Cori Uccello, senior health fellow, Heather Jerbi, senior policy analyst for health issues, and Tim Mahony, policy analyst for state health issues.

I am deeply grateful for the opportunity to have served as the Academy's vice president for health issues, and thank the volunteers and staff who do the real work. Because of their dedication, the future of the Academy is assured. 

## ICA 2014 Abstracts Due Sept. 30

Actuaries and nonactuaries interested in presenting a paper or making a presentation at the 2014 International Congress of Actuaries (ICA) are invited to submit an abstract of their proposed paper/presentation to the ICA's Scientific Committee by Sept. 30.

View the complete call for papers and presentations on the [ICA 2014 Web Site](#) for proposal submission procedures and requirements.

Questions? Contact David Core ([dcore@casact.org](mailto:dcore@casact.org)).

## New Curriculum Challenges Students to Think Like an Actuary

The Actuarial Foundation has launched the web version of a new curriculum for accelerated high school math students. [Probability & Statistics: Modular Learning Exercises](#) introduces students to real-world math concepts and problems that property and casualty actuaries come across in their work. The curriculum engages students as they take on the role of an actuary to help an insurance company estimate the risk of storm activity and calculate potentially costly damages. Teacher and student editions are available in PDF format at no cost.



THE ACTUARIAL  
FOUNDATION®

# WE'VE GOT A GOOD THING GOING!

BY TIM WISECARVER

**T**HE ACADEMY'S VOLUNTEERS FORM AN EXTRAORDINARY NETWORK OF PROFESSIONAL, PERSONABLE, AND MUTUALLY SUPPORTIVE INDIVIDUALS. THEY ALL SERVE THE ACADEMY WITH TRUE DISTINCTION, AND I HAVE BENEFITED IMMEASURABLY FROM THE WORK AND LEADERSHIP OF THIS DEDICATED GROUP. I'VE ENJOYED THEIR THOUGHTFUL AND CONSTRUCTIVE INPUT AND MARVELED AT THE SELFLESS, GENEROUS, AND EXTREMELY PRODUCTIVE PLANNING AND TECHNICAL WORK THEY HAVE CONTRIBUTED.

When I assumed the chair of the Academy's Casualty Practice Council two years ago, members of the Board of Directors and Executive Committee guided my integration into their activities and welcomed my participation in their proceedings. I found all the practice council leaders to be responsive and genuinely interested in issues presented for their consideration. The chairs of Casualty Practice Council committees, subcommittees, and task forces are energetic, motivated, and knowledgeable, capably maintaining the course and striving for progress on a myriad of changing fronts. Their supporting volunteers are productive and cooperative, enabling timely issuance of quality work products that address recurring topics as well as newly emerging issues.

I have a profound appreciation for the diversity and scope of issues on which the Academy is engaged. Compelling topics such as health care reform, lifetime income, solvency regulation, and professionalism are being addressed capably and responsibly. Relationships and lines of communication are being cultivated and managed to add actuarial perspectives to public policy debate at appropriate and opportune times. Until I was exposed firsthand to the strategic and operational considerations associated with many of these enterprises, my understanding of the Academy's real reach was vague, limited by my own work interests and insights.

In addition to the valuable work of its volunteers, the unique value the Academy brings to this broad spectrum of subjects is the result of a seasoned and dedicated complement of internal staff. I have worked with many of them, and I have observed their interactions with other volunteers and outside constituencies. All are capable professionals and personable associates. Access to Academy staff has been an indispensable resource for me throughout my association with the Academy. In particular, Lauren Pachman,

the Academy's casualty policy analyst, has provided organization, preparation, a positive outlook, and a wonderful sense of humor—without which my Academy experiences would have been far less enjoyable and productive.

I believe that the Academy's volunteer resources, institutional focus and determination, and extraordinary staff position it to continue to serve the U.S. profession and the public in a critical and unique fashion. ▲



## **P/C EFFECTIVE LOSS RESERVE OPINION SEMINAR: TOOLS FOR THE APPOINTED ACTUARY** **Nov. 7–8, Baltimore**

Actuaries who write P/C loss reserve opinions and who want to stay up to date on regulations and standards applicable in drafting loss reserve opinions should plan to attend.

### **New this year:**

- Breakout sessions focusing on intercompany pooling, premium reserves, reinsurance, and extended reporting contracts
- Workshops covering sample opinions and report documentation

### **Don't miss out on this opportunity to learn more about:**

- Changes to the 2012 NAIC opinion instructions
- Accepting an opinion assignment
- Documentation and disclosure
- Point estimates, ranges, and management's best estimate
- Regulatory expectations
- Disclosing risk of material adverse deviation
- Dealing with difficult situations
- ASOP No. 36 ([Statement of Actuarial Opinion Regarding Property/Casualty Loss and Loss Adjustment Expense Reserve](#))
- ASOP No. 43 ([Property/Casualty Unpaid Claim Estimates](#))

[Click here](#) for more information and to register.

# Don't miss these upcoming WEBINARS!

## **Understanding the ACA—Rate Filing Review and Disclosure An Overview of the New Rate Review Practice Note**

Oct. 12, Noon–1:00 p.m. EDT

The Affordable Care Act (ACA) changes the nature of health insurance rate filings and reviews, requiring the review and disclosure of “unreasonable” rate increases.

Join members of the Rate Review Practice Note Work Group on Oct. 12 to learn more about the review and disclosure requirements of “unreasonable” rate increases under the ACA. The presenters will provide an overview of the final Rate Review Practice Note, which will be released in October, and answer any questions you have on topics covered in the note, including:

- Review of unreasonable rate increases
- Recommendations for completing required HHS documentation
- State reporting requirements to HHS
- Considerations for developing rate increases for health benefit plans subject to the ACA

Click [here](#) to register or for more information.

## **Understanding LTC Rate Stability**

Oct. 31, Noon–1:00 p.m. EDT

Join members of the Long-Term Care Practice Note Work Group to learn more about current practice for pricing actuaries when completing an actuarial certification related to pricing long-term care insurance (LTCI) policy forms under the rate stability provisions of the NAIC Long-Term Care Model Regulation. The presenters will provide an overview of the practice note, which will be released in October, and answer any questions you have on topics covered in the note, including:

- Overview of the of the Requirements on the Pricing Actuary
- Process for Pricing Initial Premium Rates
- Process for Preparing Premium Rate Increases for In-force Policies
- Reporting Requirements for Rate Filings and Certifications

Click [here](#) for more information!

## **IFRS Update Webinar**

Nov. 1, Noon–1:30 p.m. EDT

Join members of the International Accounting Standards Task Force as they discuss:

- The status of the Financial Accounting Standards Board (FASB) and International Accounting Standards Board (IASB) insurance contracts project;
- IASB's work on Phase 2 and the resulting significant changes to the International Financial Reporting Standard (IFRS) on insurance contracts; and
- Potential changes to U.S. GAAP.

Click [here](#) for more information!

## **Social Security: Actuarial Status and Assumptions**

Nov. 27, Noon to 1:30 p.m. EST

Join members of the Academy's Social Security Committee for an actuarial perspective on the 2012 Social Security Trustees Report and the assumptions used in Social Security projections. Presenters include Eric Klieber, associate principal, consulting actuary at Buck Consultants; Timothy Marnell, consulting actuary at Tim Marnell Actuarial and Benefits Consulting; and moderator Mark Shemtob, president of Abar Pension Services.

Steve Goss, chief actuary for the Social Security Administration, will be available to provide additional comments and answer questions.

Look for more information in your inbox soon.

## **CE Credit**

The Academy believes in good faith that your attendance at these live webinars constitutes an “organized activity” as defined under the current Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States, depending upon your area of practice. Under the U.S. Qualification Standards, an hour of continuing education is defined as 50 minutes, and fractions of an hour may be counted.

## **REGISTRATION IS OPEN**

### **American Academy of Actuaries Annual Meeting and Awards Luncheon**

Monday, October 15, 2012

Gaylord National Resort Hotel & Convention Center  
National Harbor, Md.

Keynote Speaker: Stu Rothenberg,  
political analyst and editor  
of the *Rothenberg  
Political Report*



AMERICAN ACADEMY  
of ACTUARIES



## Actuarial Update

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# Risk-Sharing Needed in Global Reinsurance Market

**I**N AN AUG. 27 [LETTER TO THE TREASURY DEPARTMENT](#), the Academy's Reinsurance Committee responded to a request for comments from the Federal Insurance Office, *Public Input on the Report to Congress on the U.S. and Global Reinsurance Market*, which was published in the *Federal Register* in June.

The Academy committee's response discussed the purpose of reinsurance, identified situations in which an insurer would pursue reinsurance, and described how and when reinsurance is purchased. The committee's

comments include graphs that portray the extensiveness of the global reinsurance market.

"The prominent participation of foreign-headquartered reinsurance groups (either directly from a foreign entity or through U.S. subsidiaries) in the U.S. market allows for additional risk-sharing and for the spread of capital that is allocated to paying claims," the committee stated.

With regard to the effect of domestic and international regulation on reinsurance, the committee stated that a regulatory regime that facilitated the proper function of the reinsur-

ance market was necessary to preserve the ability of insurance entities to share risk.

— TINA GETACHEW



## HEALTH NEWS



# Implications of Medicaid Expansion

**S**TATES' DECISIONS about whether to expand Medicaid coverage can have implications for private health insurance plans, the Academy's Health Practice Council explained in a new decision brief. [Implications of Medicaid Expansion Decisions on Private Coverage](#) highlights some of the issues that federal and state policymakers and regulators should consider when making their Medicaid expansion decisions.

The U.S. Supreme Court's June 28 decision on the Affordable Care Act (ACA) makes the implementation of the ACA's Medicaid expansion optional for states. Many states currently are considering whether and to what extent to implement the expansion, which would increase Medicaid eligibility to 133 percent of the federal poverty level.

"States need to consider the impact on private plan premiums and on employer penalties as they make their decisions on implementing the Med-

icaid expansion provisions in the ACA," said Mita Lodh, a member of the council and one of the authors of the brief.

In looking at how individual state decisions to expand Medicaid coverage could affect private health care plans, the council makes the following observations:

- Individual market premiums could increase in states that opt out of the Medicaid expansion, due to health status differences of new enrollees;
- Exchange premiums also may increase because fixed reinsurance subsidies would be spread over larger enrollee populations;
- Basic health program decisions by states, pending clarifications from the Department of Health and

Human Services, could affect the risk profile of enrollees in an exchange;

- Employers may be at greater risk of penalties in states that don't expand Medicaid eligibility. ▲

