

# PBR BOOT CAMP

**Basic Training and Beyond for  
Principle-Based Reserving  
Implementation**

SEPTEMBER 11-13, 2017

WESTIN LAS VEGAS



AMERICAN ACADEMY of ACTUARIES

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# PBR BOOT CAMP

## BASIC TRAINING AND BEYOND FOR PRINCIPLE-BASED RESERVING IMPLEMENTATION

MONDAY, SEPT. 11

**7–8 a.m.**

### BREAKFAST

ACACIA D

**8–10 a.m.**

### PBR 101: The Basics

Overview of the PBR Valuation Manual; VM-20 overview; Qualified Actuary; stochastic, deterministic, and NPR Reserves and company exclusion testing; and changes to VM-22.

PALO VERDE AB

**10–10:15 a.m.**

### BREAK

**10:15–11:45 a.m.**

### NAIC Actuarial/Modeling Support

Discussion of the NAIC support staff, and examples of assistance that can be provided; e.g., NAIC staff has an actuarial model, and they can send a standard portfolio and 1,000 policies for companies to run to compare results to the NAIC model. Other support includes VAWG and NAIC Q&A support. Discussion of changes to Financial Condition Examiners Handbook and Financial Analysis Handbook.

PALO VERDE AB

**11:45 a.m.–12:45 p.m.**

### LUNCH

ACACIA D

**12:45–2:15 p.m.**

### PBR Model Governance Checklist, Practice Notes

Introduction of the developments in the *PBR Model Governance Checklist*, which consists of a broad set of questions intended to solicit discussion and to capture model governance issues of concern to practitioners, auditors, and regulators alike. This session will also discuss the revised VM-20 practice note, the new *PBR Model Governance* practice note, and a new publication in development looking at common practices of examining actuaries involved in statutory financial solvency examinations.

PALO VERDE AB

**2:15–2:30 p.m.**

### BREAK

**2:30–3:45 p.m.**

### Regulatory and Other Considerations

Will include regulatory overview, reporting, experience studies, a sample report, and Annual Statement changes; and discussion of VM-30, VM-31, and VM-G. This session will include a mock regulatory review of a PBR submission.

PALO VERDE AB

**3:45–4:30 p.m.**

### Breakout Sessions

Review of sample reports.

PALO VERDE AB

**4:30–5 p.m.**

### Wrap-Up

**6–7:30 p.m.**

### RECEPTION

LOFT

## TUESDAY, SEPT. 12

7–8 a.m.

### BREAKFAST

ACACIA D

8–9 a.m.

### Experience Studies

Discussion of NAIC work on collection of data and experience studies; demo of process of experience studies.

PALO VERDE AB

9–9:30 a.m.

### Discussion of Pilot Project

Overview of the NAIC pilot project on PBR.

PALO VERDE AB

9:30–9:45 a.m.

### BREAK

9:45–11:15 a.m.

### Asset Overview

Includes considerations of choosing inforce assets for PBA testing, assets to be assumed for reinvestments, and use of tables for spreads and default assumptions. Will include discussion of spreads and default work done by NAIC staff as well as the work to support the new VM-22.

PALO VERDE AB

11:15 a.m.–12:15 p.m.

### Mortality Overview

Includes consideration of aggregation of products in determining mortality rates and credibility percentages and blending into industry tables. Will include some observations from NAIC pilot project.

PALO VERDE AB

12:15–1:15 p.m.

### LUNCH

ACACIA D

1:15–2:30 p.m.

### Additional Liability Assumption Overview

Will cover the main assumptions necessary for a Term and/or ULSG PBR model. Assumptions covered will include lapses, premium persistency, credited rate function, expenses, and taxes. Will include some observations from the PBR Assumption Resource Manual Work Group.

PALO VERDE AB

2:30–3:15 p.m.

### Case Study

Case study from an auditing perspective regarding liability assumptions, e.g., mortality, lapses, expenses, and premium persistency.

PALO VERDE AB

3:15–3:30 p.m.

### BREAK

3:30–5:15 p.m.

### Reinsurance Overview

Includes considerations by the ceding company and the reinsurer in projecting reinsurance cash flows, a brief refresher on risk transfer requirement, and highlights of AG48 and the new model regulation to replace it.

PALO VERDE AB

## WEDNESDAY, SEPT. 13

7–8 a.m.

### BREAKFAST

ACACIA D

8–9:15 a.m.

### Reviewing PBR From a Corporate and Auditor's Perspective

What companies are typically doing to set up for PBR, and what auditors would look for in a PBR review regarding methodologies used, governance controls, and experience studies.

PALO VERDE AB

9:15–10:30 a.m.

### Regulatory Update

This session will provide a forum for the regulators to discuss what is happening on the regulatory front, including possible changes in future VM.

PALO VERDE AB

10:30–10:45 a.m.

### BREAK

10:45–11:45 a.m.

### PBR Jeopardy

PALO VERDE AB

11:45 a.m.–12:15 p.m.

### Regulatory Discussion

(Regulators Only)

PALO VERDE AB

12:15–1 p.m.

### Final Q&A

All speakers will be in attendance.

PALO VERDE AB

# PBR BOOT CAMP SPEAKERS



**Rhonda Ahrens, MAAA, FSA**

Rhonda Ahrens is the life and health examination actuary for the Nebraska Department of Insurance. In that role, she has performed the actuarial specialist duties on several risk-focused financial examinations of insurance companies domiciled in Nebraska. Other areas of practice include actuarial review of Own Risk and Solvency Assessments, supervision of the Nebraska's rate review functions, and representing the Department on several NAIC committees including LATF, HATF, and PBR-related groups. Her experience working in the insurance industry for 17 years prior to joining the Department includes pricing and risk management of annuities and long-term care insurance products, asset liability management functions across several product lines, and government relations.



**Mary Bahna-Nolan, MAAA, CERA, FSA**

Mary Bahna-Nolan is executive vice president, head of life R&D for SCOR Global Life. In her role, she is responsible for leading SCOR's global research initiatives regarding mortality and policyholder behavior, and the interaction of mortality, underwriting, medical research, and business development. Bahna-Nolan is also responsible for experience analysis including support and expert judgment for best estimate assumptions as well as the mortality and policyholder behavior risk calibration for SCOR's internal model under Solvency II. Over her 28-year career, she has served in senior management roles, including chief actuary, chief product actuary, and chief risk officer for various domestic and global organizations. Bahna-Nolan also spent seven years with PwC, where she provided audit and advisory services to life insurance and reinsurance clients, focusing on principles based reporting standards, ERM, capital management, merger and acquisition, governance and controls, market consistent embedded value, and expense and performance management. Bahna-Nolan has a Bachelor of Science degree from the University of Michigan in actuarial mathematics and economics. She is a member of the American Academy of Actuaries and a fellow and chartered enterprise risk analyst in the Society of Actuaries. Bahna-Nolan has served on the boards of directors for both the American Academy of Actuaries and the Society

of Actuaries and has served on and/or chaired numerous committees for both organizations. She is a frequent speaker at industry meetings and author of several papers and articles.



**Mike Boerner, MAAA, ASA**

Mike Boerner is the director of the Actuarial Office within the Financial Regulation Division at the Texas Department of Insurance. Regulatory responsibilities include oversight of annual actuarial reviews and the actuarial portion of insurance company examinations in Texas. NAIC involvement includes chairing the Life Actuarial (A) Task Force (LATF), the PBR Review (EX) Working Group, and the Valuation Analysis (E) Working Group. Boerner also participates as a member of the Principle-Based Reserving Implementation (EX) Task Force and other NAIC groups. Significant contributions includes those with LATF that supported the NAIC adoption and implementation of the Valuation Manual. He is a member of the American Academy of Actuaries, serving on the Life Practice Council



**Larry Bruning, MAAA, FSA**

Larry J. Bruning serves as the National Association of Insurance Commissioners (NAIC) managing life actuary in the Financial Regulatory Affairs Division. He joined the NAIC in 2011. In his current role, Bruning works on domestic issues including the implementation of the principle-based reserving methodology within the state insurance regulatory structure as well as supporting state insurance regulators providing input to the Federal Insurance Office and the Financial Stability Oversight Council. Prior to joining the NAIC, he was chief actuary for the Kansas Insurance Department. In that role, he participated in various NAIC committees in developing model insurance laws and regulations. Bruning also served as chair of the NAIC's Life and Health Actuarial Task Force. He has 37 years of insurance industry experience and has worked as an actuary for AmerUs Annuity Group and Security Benefit Life. Bruning is a member of the American Academy of Actuaries and a fellow of the Society of Actuaries, having served on both associations' boards of directors.



**Donna R. Claire, MAAA, FSA, CERA, CLU, ChFC, FLMI**

Donna Claire is president of her own consulting firm, Claire Thinking Inc., which specializes in risk management and regulatory issues. She has been involved with various aspects of the principle-based approach to reserves and capital, including chairing the PBR Governance Committee and the PBR Boot camps. Previously, Claire had served as vice president of the American Academy of Actuaries and as vice president of the Society of Actuaries. Claire is the winner of the 2005 Jarvis Farley Service Award for volunteer service to the Academy and profession and one of the 2016 winners of the Outstanding Volunteer Award for the Academy for work on PBR.



**Rich Daillak, MAAA, FSA**

Richard Daillak is chief risk officer with Swiss Re Life & Health America, where he has been since 2005. He has more than 30 years of experience in the industry, beginning his career with a large direct writer. Daillak serves on several committees of the American Academy of Actuaries, including the Life Practice Council, as chairperson of the Life Reinsurance Work Group, and as a member of the Academy's Board of Directors. Daillak received a bachelor's degree in mathematics from the University of California, Berkeley, and a Ph.D. in educational research methods and program evaluation from UCLA. He is member of the American Academy of Actuaries and a fellow of the Society of Actuaries.



**Arnold A. Dicke, MAAA, FSA, CERA**

Arnold A. Dicke is the president of AADicke LLC and president of New World Actuaries. He has been chief actuary or chief line of business actuary at three mutual companies and two stock companies in the United States. He was also a consultant with KPMG and Tillinghast and was an internal consultant at AXA-Equitable during its demutualization. He has extensive experience in life insurance product development, risk classification and financial reporting, and in life insurance and financial reinsurance. Since starting his own consulting practice in 2007, Dicke has conducted projects involving the development of international life insurance products and innovative products for the U.S. life insurance market, strategic planning, federal tax issues, and expert witness testimony on a variety of topics. Dicke graduated from Harvard College, cum laude in physics, and received his master's degree in mathematical physics from Princeton University. He attended the Advanced Management Program at Harvard Business School. He is a member and former vice president of the Life Practice Council of the American Academy of Actuaries a fellow and former vice president of the Society of Actuaries. Dicke currently chairs the Academy's Reinsurance Committee and is a member of the Academy's Life Reserves Work Group, the group that is responsible for developing the Academy's recommendations regarding principle-based reserving for life insurance products.



**Alice Fontaine, MAAA, FSA, FCIA**

Alice Fontaine is president of Fontaine Consulting LLC. In addition to managing the firm, she focuses primarily on providing statutory financial examination and related support to states. Fontaine has over 25 years in the industry including experience working at a large publicly held insurer as well as consulting with small and mid-size insurers, fraternal, and various regulatory agencies including the IIPRC. Fontaine is very active in the actuarial community, being a volunteer, presenter and leader for various American Academy of Actuaries life and health work groups, Society of Actuaries sections, and actuarial clubs. She is currently chair of the Academy's Life Valuation Committee and has been active in various workgroups for principle-based approaches for risk-based capital and reserves since 2006.



**Leslie Jones, MAAA, ASA**

Leslie Jones is a consulting actuary with Risk and Regulatory Consulting LLC, where she provides life and health actuarial consulting services to insurance companies, self-insureds and state insurance departments.

Prior to joining RRC, Jones served for nearly 20 years with the South Carolina Department of Insurance in various capacities, including deputy director and chief actuary. In her capacity as deputy director of actuarial and market services, she managed the activities of the department's Division of Actuarial and Market Services, which included the department's review of insurers' policy forms and rates for life, accident and health, and property and casualty insurance products; ensuring proper oversight of insurers' market conduct activities; licensing of captive insurers, including special purpose financial captives (SPFCs) and ensuring a healthy competitive insurance marketplace. Jones was also actively involved with the NAIC and served as chair and vice-chair of various working groups and task forces, including the NAIC's Risk Retention Group (C) Working Group and (E) Task Force, the Life & Health Actuarial Task Force, and the Life Actuarial Task Force. She is a member of the American Academy of Actuaries and an associate of the Society of Actuaries. Jones received a Bachelor of Science degree in mathematics from the College of Charleston and a Master of Science degree in statistics from the University of South Carolina.



**Jason Kehrberg, MAAA, FSA**

Jason Kehrberg is vice president of sales at PolySystems, where he heads up PBR readiness and works with clients to help them meet their end-to-end actuarial modeling needs at the product and enterprise level.



**Linda Lankowski, MAAA, FSA**

Linda Lankowski is vice president and actuary at Prudential Financial. In her current role, she coordinates Prudential's response to emerging actuarial issues. She is the chairperson of the LPC Strategy

Subgroup at the American Academy of Actuaries, and led both the Life Settlements Consumer Guide Work Group and the Life Settlements Investor Guide Work Group. Lankowski formerly served as chairperson of the Academy's Life Products Committee and as vice chairperson of the Life Practice Council. She is on the Life Committee of the Actuarial Standards Board and recently chaired the task force that updated the recently exposed actuarial standard of practice on PBR. She sits on several American Council of Life Insurers committees.



**Chanho Lee, MAAA, FSA, PhD**

Chanho Lee is a life actuary within the Financial Regulatory Services Department at the NAIC Central Office in Kansas City, MO. His major responsibilities at the NAIC include providing actuarial staff support

to the states on financial analysis and examination of PBR valuations, helping the states in their efforts to collect of company experience data, development of industry range of assumptions to be used as benchmarks, recommending changes to Valuation Manual and/or valuation issues, validating modeling assumptions, asset and liability modeling tools for the states, and quantification of modeling calibration. Lee provides assistance to the NAIC groups, including the Life Actuarial (A) Task Force and PBR Review (EX) Working Group. He was leading the NAIC project to license actuarial modeling software to assist state regulators in the implementation and operation of PBR. Lee is a member of the American Academy of Actuaries and a fellow of the Society of Actuaries. He holds a PhD in applied mathematics.



**Alexandre Lemieux, MAAA, FSA**

Alex Lemieux is a member of the Actuarial Service group at PricewaterhouseCoopers LLP. Lemieux has over 10 years of insurance industry experience with particular emphasis on valuation, financial reporting,

and risk management. He joined PwC from Great-West Financial, where he led the FP&A, capital, and financial risk functions. Lemieux had FP&A responsibilities for Great-West Financial including budgeting and management reporting responsibilities for products issued through the Great-West Financial and/or Empower Financial brand. Lemieux also oversaw the annuity valuation function including all variable annuities. The financial risk function includes oversight of the dynamic hedging function (including review of trade execution), monitoring and reporting of macro hedge positions, and updating of hedge triggers. Lemieux also oversaw the reporting of RBC requirement for the Great-West Financial (including Empower Retirement) to the relevant authorities including the board of directors. He also served as principal accounting officer for Great-West of NY, CEO of Great-West of South Carolina, and as the U.S. representative to the global IFRS Phase 2 implementation committee.

Lemieux graduated from the Universite Laval with a Bachelor of Science degree specialized in actuarial science. He is a member of the American Academy of Actuaries and a fellow of the Society of Actuaries. He has participated on committees focused on contingent deferred annuities, annuity mortality experience, and economic capital calculations.



**Ben Slutsker, MAAA, FSA**

Ben Slutsker is a corporate vice president & actuary for New York Life Insurance Company and is responsible for the implementation of principle-based reserving. Slutsker has worked within the

New York Life departments of Individual Life Financial Reporting, Office of the Chief Actuary New Business Oversight, International Actuarial Support, and BOLI/COLI Product Pricing. He currently serves as a member on the American Academy of Actuaries PBR Review Procedures Work Group, PBA Model Governance Work Group, PBR Intensive Seminar Work Group, Solvency Committee, and Simplified Issue / Accelerated Underwriting VM-20 Reserve Subgroup, in addition to chairing the PBR Assumptions Resource Manual Work Group. Slutsker also volunteers for the Society of Actuaries Individual Life Curriculum Committee. He is a member of the Academy and a fellow of the Society of Actuaries.



**Sheldon Summers, MAAA, FSA**

Sheldon Summers is a consulting actuary with Claire Thinking Inc. He was previously chief actuary of the California Department of Insurance until his retirement in September 2009. While there, he was a

member of several NAIC committees, including the Life and Health Actuarial Task Force, on which he served as vice chair from 1995 to 2001. He also served as chair of the NAIC working group that drafted the Life and Health Reinsurance Agreements Model Regulation regarding risk transfer rules for life and health reinsurance agreements, and as chair of the PBR Reinsurance Subgroup of the Life and Health Actuarial Task Force.

Summers holds a Bachelor of Science degree in business administration from Boston University and a Master of Business Administration degree from the University of Southern California. In addition to participating on various American Academy of Actuaries committees, he currently participates on and is the former chairperson of the Life Reinsurance Work Group and has for several years been part of the faculty that annually teaches the Life and Health Qualification Seminar to enable actuaries to become qualified to issue certain statements of actuarial opinion. In 2010, Summers received the Academy's Robert J. Myers Public Service Award in recognition of contributions to the public good.



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