

# Ackerman Nominated to Be Academy President-Elect

**SHAWNA ACKERMAN** has been nominated to be the Academy's next president-elect, as announced by the Nominating Committee.

"Shawna's commitment to the mission of the Academy is evidenced by her long and impressive volunteer history," said Mary D. Miller, Nominating Committee chairperson and Academy past president. "The committee has every confidence that she will be an outstanding presidential officer."

Ackerman has been an Academy volunteer since 2000 and was vice president of the Academy's Casualty Practice Council (CPC) from 2014 to 2016. During her time as vice president, the CPC was active on the national stage, helping to develop the Actuaries Climate Index and engaging with the National Association of Insurance Commissioners and the National Conference of Insurance



Legislators on the emerging area of price optimization. She has also served on numerous committees and task forces for the Actuarial Standards Board.

"I am humbled by the honor of being nominated and very excited to take on this role knowing the strength of the staff and the many volunteers who support the Acade-

my's mission to serve the public and the profession," Ackerman said.

Ackerman received an Outstanding Volunteerism Award from the Academy in 2012, in recognition of her efforts in spearheading a multi-year effort that spanned all actuarial disciplines and resulted in the publication of a special report on actuarial soundness. That report provided a platform for engaging and educating policymakers and regulators about the meaning, variations, and importance of the phrase "actuarial soundness."

Currently chief actuary of the California Earthquake Authority in Sacramento, Calif., Ackerman previously worked as a principal and consulting actuary at Pinnacle Actuarial Resources and Miller, Herbers, Lehmann & Associates, and as senior casualty actuary at the California Department of Insurance.

The Nominating Committee will be announcing the slate of nominations for other Academy officer posi-

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# Academy Releases Flood Insurance Monograph

**THE FLOOD INSURANCE WORK GROUP** released a new [public policy monograph](#), *The National Flood Insurance Program: Challenges and Solutions*. The monograph, released April 19, provides objective information to policymakers on differing approaches to premium setting and program financing for the National Flood Insurance Program (NFIP), including both public and private financing mechanisms, and other potential reforms. It examines improvements in flood risk assessment and modeling that are reducing the uncertainties surrounding flood coverage and could lead to greater market participation by private insurers and reinsurers.

"Better data and more advanced models are giving us a clearer view of flood risk, which opens up additional oppor-

tunities for private insurers and reinsurers to underwrite flood risk. That may have important implications for the NFIP," said Rade Musulin, chairperson of the work group and the Academy's vice president for casualty. "The reauthorization process can lead to reassessment of the role of the NFIP, which historically has operated under financial conditions and rules different from those of private issuers, and with a different purpose."

The [monograph](#) received widespread interest from national media outlets, including [BestWeek](#), [Bloomberg BNA](#), [Insurance Journal](#), [Business Insurance](#), [Property Casualty 360](#), the [Tampa Bay Times](#), and [E&E News](#).

The examination of potential NFIP reform approaches and aspects of the private flood insurance market covers:

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Nominations Open For Academy Service Awards

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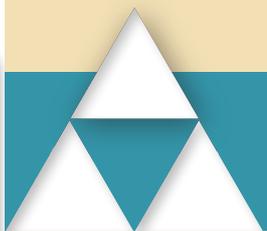
Representing the U.S. Profession at IAA Meeting

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Academy Presents at NAIC Spring Meeting

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EA Meeting Addresses Key Pension Issues



## MAY

18 Webinar: [An Introduction to the Actuaries Climate Index](#)

22-24 [PBR Boot Camp: Basic Training and Beyond](#), Orlando, Fla.

## JUNE

26 Webinar: Credit for Life Reinsurance

28 Professionalism Webinar: Actuary-to-Actuary Communications

## NOVEMBER

12-16 [Life and Health Qualifications Seminar](#), Arlington, Va.

14-15 [Annual Meeting and Public Policy Forum](#), Washington, D.C.

For a list of all previous and upcoming Academy events, please visit the Academy's online [Events Calendar](#).

# Academy NEWS Briefs

## Nominations Open for 2017 Academy Service Awards

**IT'S TIME ONCE AGAIN** to nominate a deserving colleague or respected mentor for one of the Academy's prestigious annual awards, either for public service or for a lifetime of service to the actuarial profession and the Academy, as described below.

Academy President Bob Beuerlein wrote in a letter to members this month that the Academy's vital work happens only thanks to those members who dedicate their skills and time to accomplishing higher public policy and professionalism purposes that benefit the public and the profession.

"What they accomplish—and what we accomplish together—is amazing: incisive

analysis and thought leadership on public policy issues that improve the lives of our fellow citizens, and a professionalism structure that embodies the high standards that we and others expect of our profession," Beuerlein wrote.

### The awards are:

- ➔ The [Robert J. Myers Public Service Award](#), which honors an actuary who made an exceptional contribution to the common good, specifically through a single noteworthy public service achievement or a career devoted to public service.
- ➔ The [Jarvis Farley Service Award](#), a lifetime achievement award presented to an actuary whose volunteer efforts on behalf of the Academy have made significant contributions to the advancement of the profession through a lifetime of service.
- ➔ The [Outstanding Volunteerism Award](#), which honors Academy volunteers who have made a single, noteworthy volunteerism contribution in the past year.

The deadline for nominations is June 30, and the awards will be presented at the Academy's Annual Meeting and Public Policy Forum Nov. 14-15 in Washington. ▲



Jarvis Farley Service Award

## Dues Reminder; Staying Connected

**IT'S NOT TOO LATE** to renew your Academy membership without being assessed a late fee. Payments made after May 1 will be charged a 20 percent late fee. You can use our fast, efficient online dues payment system anytime—just go to Academy's [website and login](#).

### Your Academy Membership

Are you making the most of your Academy membership? Please take a moment to verify your membership profile via the [Academy's website](#). We are committed to providing services to our members that help them get connected and stay connected. Having current

contact information is an important part of that process. While online, take a moment to check out two Academy member-only perks: archived Academy Alerts that keep you in the know about key legislative and regulatory developments as they happen. And even if you missed them the first time, you may still gain continuing education credits by tuning in to archived versions of the Academy's popular [professionalism webinars](#).

If you need assistance renewing or have questions about your Academy membership, contact the Academy's membership department—[membership@actuary.org](mailto:membership@actuary.org); 202-223-8196. ▲

To continue receiving the *Update* and other Academy publications on time, make sure the Academy has your correct contact information. Academy members can update their member profile at the [member login](#) page on the Academy [website](#).

# Academy NEWS

## Representing the U.S. Profession Globally

**A**GING AND MORTALITY, the Actuaries Climate Index, membership processes, model standards of practice, and international capital standards are just a few of the issues that were highlighted during the April International Actuarial Association (IAA) meeting in Budapest, Hungary. More than 20 representatives from the Academy attended the meeting, representing the U.S. actuarial perspective in various committee meetings and sharing experiences of mutual interest with actuaries from more than 50 countries and jurisdictions around the world.

One issue continues to dominate consideration and discussion at the IAA—a draft education syllabus. In 2015, the IAA's Education Committee introduced a proposed education syllabus that would have essentially mandated what some associations believe to be best basic educational syllabus and designate that syllabus as a minimum requirement for full member associations (FMAs). After multiple rounds of discussion and debate, a Syllabus Governance Task Force was created to consider the implementation process for the proposed syllabus.

No Council vote has yet been taken on the syllabus; however, in Budapest, delegates to the IAA Council were asked to assess their willingness and interest in moving forward to adopt the draft core

syllabus, which currently includes nine learning areas, 41 topics, and more than 200 subtopics and learning objectives.

Generally, the delegates expressed some concern with moving forward with the syllabus without a more detailed understanding of how the governance of the syllabus would be implemented, and the Executive Committee agreed to flesh out those details in advance of the next IAA meeting in Chicago in October.

The Academy has indicated its support for the IAA in the goal of assisting FMAs with developing and improving their educational programs and advancing model syllabi for best practices in actuarial education, but has consistently expressed concerns with any effort by the IAA to establish a universal educational benchmark for all its FMAs.

In a February memo to the IAA's Executive Committee, President Bob Beuerlein

and Immediate Past President Tom Wildsmith outlined a number of the Academy's concerns and recommendations for proceeding with a model syllabus, stressing that actuarial practice is jurisdiction-specific, reflecting local laws, regulations, business practices, and markets. The Academy continues to emphasize the importance of flexibility for local jurisdictions, the profession's trend toward increased specialization, and the IAA's role as an association of associations that does not stand in the way of local governance of education, discipline, and/or standards. ▲



### Best Discounts Available for Annual Meeting and Public Policy Forum

**E**XTRA-EARLY registration rates are now available for the Academy's 2017 [Annual Meeting and Public Policy Forum](#), to be held Nov. 14–15 at the Fairmont Hotel in Washington, D.C. [Register now](#) to ensure you are there to get the information you need to stay on top of the issues that matter the most to you, your profession, and our nation. ▲

## Academy Exposes Proposed Advocacy Statement

**T**HE ACADEMY SOUGHT comments from members this month on the whether to issue a public interest [advocacy statement](#), *Retirement Income Options in Employer-Sponsored Defined Contribution Plans*.

A memorandum to the Academy's full membership from President-elect Steve Alpert who is the chair of the Public Interest Committee (PIC) explained the background of the proposed statement and outlined relevant questions to consider.

The impetus for this statement originated in the Lifetime Income Risk Joint Task Force (LITF), as an extension of

the significant number of public policy documents developed under the [Lifetime Income Initiative](#). The draft advocacy statement reflects a thorough period of drafting, collaboration, editing, and review involving the PIC, LITF and Life and Pension Practice Councils.

The Academy's [mission statement](#) provides: "The Academy identifies and addresses issues on behalf of the public interest on matters in which actuarial science provides a unique understanding." Advocacy statements are unique and distinct from, the more usual public policy statements produced by the Academy's

practice councils and committees.

Because of their higher profile, the Board of Directors has retained the responsibility for making the decision on whether or not to issue an advocacy statement. The Board has delegated to the PIC the responsibility for doing the due diligence and vetting needed to support a recommendation to the Board on an advocacy statement.

This request for feedback from the membership is a critical step in that due diligence process. The PIC will now deliberate on a recommendation to the Board based on review of the responses received. ▲

# Academy Presents at NAIC Spring Meeting

**T**HE ACADEMY MADE numerous presentations at the NAIC Spring 2017 National Meeting this month in Denver. In addition to public policy presentations, Academy representatives also gave several professionalism updates at the meeting, including at the regulator-only professionalism breakfast.

The Academy released a [post-NAIC alert](#) covering key NAIC actions and related Academy activities at the NAIC meeting. Highlights included:

- ➔ Mary Bahna-Nolan, chairperson of the joint committee of the Academy's Life Experience Committee and Society of Actuaries' Preferred Mortality Oversight Group, presented updates on the joint committee's work to the NAIC's Life Actuarial Task Force (LATF) on [guaranteed issue and preneed mortality tables](#), and [simplified issue and accelerated underwriting mortality](#) under VM-20.
- ➔ The Life Experience Committee [gave a report](#) to LATF on 2017 guaranteed issue mortality tables, including spreadsheets with a blended mortality table, a male mortality table, and a female mortality table.
- ➔ The Health Practice Council (HPC) presented to the NAIC's Health Actuarial Task Force on [potential legislative and administrative actions](#) affecting Affordable Care Act (ACA) implementation, along with the actuarial considerations raised by those actions.
- ➔ The HPC presented to the NAIC's Health Insurance and Managed Care Committee on potential legislative and administrative actions [affecting ACA implementation](#), and related actuarial considerations.



- ➔ The Longevity Risk Task Force [presented an update](#) on efforts to develop a methodology for recognizing longevity risk in statutory reserves and risk-based capital to the NAIC's Life RBC Working Group.
- ➔ Lisa Slotznick, chairperson of the Academy's Committee on Property and Liability Financial Reporting, provided the NAIC's Casualty Actuarial and Statistical Task Force (CASTF) with an update on recent committee activity. Jim MacGinnitie, Academy senior casualty fellow, updated CASTF with a Casualty Practice Council report, including a preview of the Academy's predictive modeling session at the NAIC's upcoming [Insurance Summit](#), the latest [Actuaries Climate Index](#) data, and the release of the Academy's new [flood insurance monograph](#).

## Professionalism Presentations

Academy representatives made several professionalism presentations at the NAIC meeting. Past president Mary D. Miller and others gave updates at the LATF and Health Actuarial Task Force meetings on Academy professionalism work of interest to regulators.

And at the Academy-hosted, regulators-only Professionalism Breakfast on April 8, Miller, Actuarial Board for Counseling and Discipline (ABCD) member Janet Carstens, Actuarial Standards Board (ASB) Chairperson Maryellen Coggins, and Committee on Qualifications (COQ) member Tom Campbell gave overviews of the Academy's professionalism efforts in each of their groups and on the well-received U.S. Qualification Standards Attestation Form that was released by the Academy last year.

Carstens gave an overview of the ABCD's activity during the course of 2016, including the number of inquiries worked on and requests for guidance (RFGs) received. The ABCD received a record 108 RFGs last year, surpassing the previous high of 96 in 2015. Carstens said the steady increase in RFGs is a positive development, because it means that actuaries are reaching out for guidance before concerns can become problems, and gave general examples of regulator-related RFGs that have been brought to the ABCD during the past year.

Coggins provided an overview of the relationship between cross-practice and practice-specific actuarial standards of practice (ASOPs) and outlined revisions to ASOPs that the ASB adopted since the last NAIC meeting, in December, which included revisions to ASOP Nos. 5, 23, and 24. Coggins also reviewed a number of new standards in the development and exposure process, such as the first exposure draft of the proposed ASOP, *Setting Assumptions*.

She noted the ASB's approval of proposals to revise ASOPs No. 2 and No. 11, and to create a task force on Big Data. She also thanked regulators for participating in the ASB regulator survey last year, noting that



the ASB is now considering how to structure focus groups among regulators dealing with specific topics of interest to the ASB.

Campbell noted that the COQ had responded to 35 qualifications-related questions in 2016 and added three new answers to its FAQs. Last year, the COQ issued FAQs pertaining to long-term care, basic education and experience requirements for issuing statements of actuarial opinion in a new practice area, and the experience requirement under the specific qualifications standards.

Miller updated the regulators on the well-received Attestation Form released by the Academy early last year, noting that more than 1,800 unique users have accessed and used the form since its inception. She gave an overview of recent and

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upcoming Academy events that would be of interest to the regulators, including the Academy's upcoming PBR Boot Camp on May 22-24 in Orlando, Fla.

The panel's presentations were followed by a Q&A session with regulators on a variety of professionalism topics. The Academy will host a regulators-only professionalism breakfast at the NAIC Summer 2017 National Meeting in Philadelphia in August.

### Post-NAIC Webinars

The Academy also hosted follow-up webinars covering life and property/casualty issues from the NAIC meeting. In the April 20 [post-NAIC life webinar](#), panelists discussed life issues that were covered at the NAIC meeting, and looked ahead to future developments in principle-based reserving (PBR) and the Valuation Manuals (VM).

Moderated by Dave Neve, chairperson of the Academy's Life Reserves Work Group, it featured Mike Boerner, a member of the Academy's Life Practice Council and chairperson of LATF's PBR Review Working Group; Philip Barlow, chairperson of NAIC's Life Risk-Based Capital Working Group; and Sheldon Summers, a member of the Academy's Life Reinsurance Work Group.

Boerner covered the latest developments in regulator PBR review and support, as well as the health VM-25 exposure that was exposed for comment through April 24. Wyoming is the most recent state to adopt PBR, bringing the total to 47 states, while Massachusetts is considering it. He covered



the new VM-22 section of the Valuation Manual, as well as VM interest rates, and a series of VM amendments under consideration, including those for VM-30 and VM-51.

Barlow covered recent developments of the Life RBC Working Group; the Investment Risk-Based Capital Working Group; the Capital Adequacy Task Force; and the Group Capital Calculation Working Group. The Investment Risk-Based Capital Working Group also received a report from the Academy's C1 Working Group, which is updating corporate bond factors as a result of interested party input.

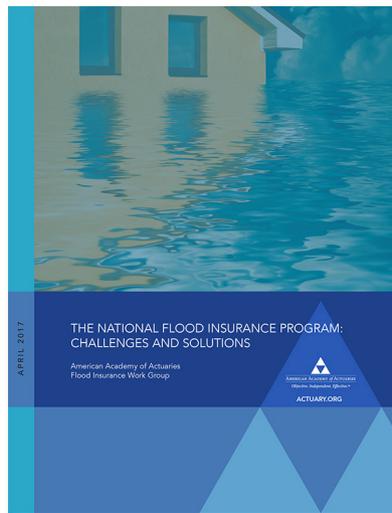
Summers covered reinsurance issues, and noted that the Academy's Life Reinsurance Work Group has put together a document discussing alternative YRT (yearly renewable term) reinsurance premium assumptions.

At the April 25 [post-NAIC casualty webinar](#) hosted by the Casualty Practice Council, presenters provided a high-level overview of key P/C issues discussed in at the NAIC's Spring 2017 National Meeting in Denver. Topics included discussions from the NAIC's Casualty Actuarial and Statistical Task Force meeting, risk-based capital, flood insurance, proposed changes to rules for underwriting, operational and investment risk factors, data calls for auto insurance and terrorism risk, and a discussion of how the states evaluate filings that include generalized linear models.

There was a preview of the course on predictive modeling that will be presented by the Academy at the NAIC's [Insurance Summit](#) in May, and a review of a proposal for appointed actuaries to include a statement of their credentials when filing opinions. The webinar was moderated by CPC Vice President Rade Musulin, and the presenters were Lisa Slotznick, chairperson of the Academy's Committee on Property and Liability Financial Reporting, and Kris DeFrain, director of research and actuarial for the NAIC. ▲

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- Options for paying for the program's debt and financing its future obligations, including consideration of where public contributions to NFIP finances may be appropriate and of the time horizon to be used to measure future obligations.
- The need for clarity around NFIP funding sources for actuarially sound rates to be computed.
- Take-up rates in "low-risk" areas and the potential benefits and challenges of improving the NFIP risk pool to include more properties that are at lesser risk.
- How improved data and modeling may affect private market underwriting.
- Potential implications of flood insurance privatization, including the possibility of adverse selection for the NFIP if private insurers underwrite more policies, as well as incorporation of private flood insurers within the state-level system of insurance regulation.



- Evaluation of existing approaches to property insurance market challenges at the state level and whether they could be used or adapted for the NFIP.
- Assessment of the value of the non-insurance activities of the NFIP,

such as promulgating maps and encouraging smart land use policy, and consideration of how changes in those activities might affect other federal budget outlays such as disaster assistance.

In addition, the monograph encourages Congress to take a forward look at the NFIP in the context of rising sea levels, noting the prospect of sea level rise of 3 feet or more in the coming decades and observing that the United States is especially vulnerable to large property losses because of the amount of valuable property in at-risk coastal areas.

"In the face of rising sea levels and increased losses, it will be impossible [for the NFIP] to maintain current premiums, coverage, and eligibility without severe limits on building, strong mitigation requirements, or exposure to enormous program losses and additional U.S. debt," the monograph states. ▲

# Enrolled Actuaries Meeting Addresses Key Pension Issues

**A**BOUT 700 ACTUARIES and other pension professionals attended the Enrolled Actuaries Meeting, held April 2–5 in Washington, D.C., where they heard presentations on a wide spectrum of retirement and pension issues, while gaining valuable—and professionally necessary—continuing education (CE) credit.

Academy President Bob Beuerlein gave an opening address, noting that the pension community’s work “analyzing retirement income plans and programs has consequences for virtually every American,” and telling the assembled audience of EAs that the Academy is looking out for them in discussions of their credential at international meetings.

At the meeting—jointly sponsored by the Academy and the Conference of Consulting Actuaries—there were several lively sessions featuring Academy work and volunteers. Senior Pension Fellow Ted Goldman made session presentations on lifetime income and financial wellness; Eric Keener, chairperson of the Pension Practice Council’s (PPC) Forward Thinking Task Force, gave an overview of the

Academy’s [Retirement for the AGES](#) initiative during a plenary session on composite plans and other risk-sharing retirement plans; and the recent issue briefs on [alternative pension cost recognition](#) by the Academy’s Pension Cost Work Group were discussed in a lively session.

“A confluence of factors is making your important work more challenging,” Beuerlein said at the opening plenary session. They include longer lifespans; low individual savings rates; a low-interest rate environment that continues despite recent rake hikes; Baby Boomers’ retirement; multiemployer and public plan funding issues; and pension risk transfers and plan terminations.

He said the Academy’s Pension Practice Council is “attuned to the policy discussions on retirement security issues here in the nation’s capital [and is] working hard to bring actuarial considerations to policymakers’ attention” in discussions on issues including tax and Social



Security reform; lifetime income; multi-employer issues; defined benefit reductions under the Multiemployer Pension Reform Act of 2014; public plans; the Retirement for the AGES framework, which helps to assess strengths and shortcomings of pension plans and systems, including composite plans; the maturity of pension plans; different roles and responsibilities in managing a pension system; and the setting of expected returns on investments.

Look for in-depth coverage in the forthcoming *Enrolled Actuaries Report*. ▲

## Ackerman, continued from page 1

tions in the near future. In accordance with the Academy bylaws, the Academy Board of Directors will vote on the slate of officer nominees at the annual meeting of the Board on Oct. 19.

As announced in the March edition of *Actuarial Update*, the Nominating Committee is also seeking recommendations from the membership for regular director openings. The slate of regular directors will be voted on by the membership during an online

election to be held this summer. All new Board terms will begin immediately following the close of the Academy’s annual meeting, to be held on Nov. 14.

This year’s Nominating Committee, a presidential committee, is chaired by Past President Mary D. Miller; its members are Steve Alpert, Bob Beuerlein, Bill Hallmark, Ken Hohman, Jeffrey Schlinsof, Lisa Slotznick, Tom Wildsmith, and Joeff Williams. ▲

## Recently Released

**T**HE APRIL [HealthCheck](#) covers the Academy’s responses to recent Affordable Care Act and American Health Care Act legislative activity; the Medicaid Funding Work Group’s issue brief on proposed Medicaid funding approaches; and the March 24 global health webinar on long-term care approaches in the United States and Germany. ▲



## Academy Files Motion to Dismiss Legal Complaint Regarding Discipline Process

**O**N FEB. 8, 2017, Timothy W. Sharpe filed a complaint against the Academy in the U.S. District Court for the District of Columbia. Sharpe filed an amended complaint on March 16. The Academy considers the suit without merit and intends to defend it vigorously. Read the Academy’s [motion to dismiss](#) the amended complaint, which was filed on April 4. ▲



# ASB Approves Two ASOP Exposure Drafts

**T**HE ACTUARIAL STANDARDS Board (ASB) recently approved exposure drafts of revisions of two actuarial standards of practice (ASOPs).

The first was an exposure draft of a proposed [new ASOP](#) titled *Principle-Based Reserves for Life Products*. The proposed ASOP will apply to actuaries when performing actuarial services on behalf of life insurance companies in connection with the calculation or review of reserves for individual life insurance policies subject to Chapter VM-20: Requirements for

Principle-Based Reserves for Life Products of the Valuation Manual (VM-20).

The ASB approved a first exposure draft in 2013 and a second exposure draft in 2014. Changes to the second exposure draft were approved in 2015; however, since the draft involved compliance with a regulation that had not yet taken effect, the ASB issued a “pending draft,” to be updated when the Standard Valuation Law and the Valuation Manual describing the principle-based reserves for life products took effect. The comment deadline for this exposure draft is May 31. Information on

how to submit comments can be found in the [exposure document](#).

The second was an exposure draft of a revision of ASOP No. 17, [Expert Testimony by Actuaries](#). The proposed revised standard will apply to actuaries who are qualified as experts under the evidentiary rules applicable in a forum when they provide testimony in court hearings, dispute resolutions, depositions or other adversarial proceedings, and in rate hearings. The comment deadline for this exposure draft is June 30. Information on how to submit comments can be found [in the draft](#). ▲

## IN THE NEWS



House Democratic Leader Nancy Pelosi and Senate Democratic Leader Chuck Schumer [cited](#) the Academy’s actuarial assessment of the Affordable Care Act’s insurance marketplaces in a letter to President Donald Trump on improving health care and reducing costs.

[Employee Benefit Adviser](#) and [Employee Benefit News](#) reprinted an opinion piece on the aftermath of the failure to pass the American Health Care Act that points lawmakers to the Academy’s [issue paper](#) evaluating the health insurance individual market and reform options as a valuable resource for working on issues facing the current market.

A weekly newsletter published by [The Journal of Light Construction](#) cited a [Bloomberg BNA](#) article covering the Academy’s new public policy monograph, [The National Flood Insurance Program: Challenges and Solutions](#).

A subscriber-only [Bloomberg BNA](#) story cited Individual and Small Group Markets Committee Chairperson Karen Bender’s comments at a health care summit sponsored by the Alliance for Health Reform on the potential consequences if insurers have to fund cost-sharing subsidies.

A subscriber-only [Bloomberg BNA](#) story on the Financial Accounting Standards Board’s

proposed accounting rules quoted Leonard Reback, a current member and past chairperson of the Financial Reporting Committee, on how the proposed rules would be beneficial for users and preparers.

Senior Pension Fellow Ted Goldman’s comments on financial wellness and retirement at an Enrolled Actuaries Meeting session that he co-presented on April 5 were highlighted by [ASPPA Net](#).

Longevity Risk Task Force Chairperson Tricia Matson’s presentation on annuity holder longevity risk was included in [Think Advisor](#)’s coverage of the NAIC Spring 2017 National Meeting in Denver.

A [CBS News](#) story on Social Security’s financial condition referred readers to the Academy’s [Social Security Game](#), which analyzes various potential changes to the system and calculates their effects on its condition. The story was republished by [WDEF News 12](#) (Chattanooga, Tenn.).

A [MarketWatch](#) story discussing underfunding of state and local pensions noted the ASB Pension Task Force’s recommendation that pension plans calculate and disclose a market-based alternative liability measurement.

A nationally syndicated “Military Update” [column](#) discussing the Department of

Defense’s (DoD) Blended Retirement System cited the Pension Practice Council’s 2016 [comment letter](#) to DoD regarding the use of personal discount rates to calculate lump-sum payments from military pensions. The article was republished by the [Daily Republic](#) (Calif.), [The Progress-Index](#) (Va.), [The Sierra Vista Herald](#) (Ariz.), [Herald Net](#) (Wash.), [Kitsap Sun](#) (Wash.), [Daily Press](#) (Va.), [Northwest Florida Daily News](#), and [The Montgomery Advertiser](#) (Ala.).

A [Pensions & Investments](#) story on longevity risk and systemic challenges to retirement mentioned the Academy’s evaluation of a previous congressional retirement policy proposal based on the Academy’s “Retirement for the AGES” framework, which assesses strengths and shortcomings of retirement systems based upon four key principles: alignment, governance, efficiency, and sustainability (AGES).

[Property Casualty 360](#) ran a column on the Academy’s jointly sponsored [Actuaries Climate Index](#), which provides a quarterly gauge of changes in extreme weather events and sea levels. The story was republished by [Credit Union Times](#).

A [PlanAdviser](#) story reported on a new survey analysis from MetLife on consumer lifetime income decisions that cites the Academy’s “Pension Risk Transfer” [issue brief](#). ▲



## Academy Researching Value of Developing Professionalism Structure for ‘Para-Actuaries’

**T**HE ACADEMY IS WORKING with a consulting firm, Censeo, to conduct research about “para-actuaries” in the United States to help assess whether there is a need and an opportunity to professionalize these actuarial support personnel in a way that would benefit the U.S. actuarial profession.

Read President Bob Beuerlein’s [letter to members](#) for more details. ▲

## COQ’s Passwater Speaks at Columbus Actuarial Club

**C**OMMITTEE ON QUALIFICATIONS Chairperson Keith Passwater delivered a professionalism presentation to an audience of 75 people at the Columbus (Ohio) Actuarial Club’s meeting on Tuesday. “This was a great refresher on the topic of professionalism,” said club Vice President Bethany Coffey. “The presentation and speaker were highly engaging ... well-organized ... a productive dialogue.” ▲

### PROFESSIONALISM BRIEFS

- **Keith Passwater** has joined the Life and Health Qualifications Committee.
- **Andrew Erman** has joined the Actuarial Standards Board General Committee.

## LIFE & HEALTH QUALIFICATIONS SEMINAR

NOVEMBER 12-16, 2017 | KEY BRIDGE MARRIOTT, ARLINGTON, VA



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Asset adequacy testing | Statutory insurance accounting | Valuation and nonforfeiture requirements  
Health insurance valuation topics | Premium, loss, expense, and contingency reserves | Risk-based capital

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# Which ASOPs Apply? Check the Applicability Guidelines

**U**NDER THE CODE of Professional Conduct, actuaries must ensure that their work follows applicable actuarial standards of practice (ASOPs). The Code also requires actuaries to keep current with changes in ASOPs as they are newly issued or revised.

Despite the clarity of this mandate, there may be times when you are unsure which ASOPs apply. This may occur when you are working on a new actuarial assignment or an assignment for which a relevant ASOP has recently been revised. Or, you may be familiar with the ASOPs, but would benefit from a checklist of sorts to assure yourself that you have looked at all of the relevant ASOPs with respect to a given assignment.

The Academy's Council on Professionalism publishes a handy tool, the [Applicability Guidelines](#), that can help practicing actuaries determine which ASOPs might apply to the assignment at hand. Although the Applicability Guidelines are not binding guidance, we encourage you to use them.

When the Actuarial Standards Board issues a new or revised ASOP, the relevant Academy practice council reviews the ASOP and the types of assignments to which it might apply and then determines whether the existing Applicability Guidelines should be updated. The involvement of the Academy's practice councils means that every practicing actuary who uses the Guidelines leverages the experience and insights of the members of the practice councils, which is of tremendous value.

The Applicability Guidelines are also user-friendly. Organized by practice area, the Applicability Guidelines are published in Excel format, with a tab for each practice area. At the top of each tab is a reminder that three ASOPs apply to **every** assignment: ASOP No. 1, *Introductory Standard of Practice*; No. 23, *Data Quality*; and No. 41, *Actuarial Communications*. For easy access, a link is provided to these and other relevant ASOPs at the top of each tab. The guidelines list tasks commonly performed by actuaries

in each practice area. Next to this list of tasks is a list of the ASOPs that usually apply to each task. So, for example, if you are a health actuary performing a trend analysis, you can go to line 5.7 on the health tab and see that ASOP Nos. 5, 25, 42, and 45 might apply.

You may find it helpful to review all sections of the Applicability Guidelines that might apply when performing particular tasks. For example, life actuaries performing an appraisal of a life company writing health coverages may wish to review the health section as well as the life section.

As mentioned above, the Applicability Guidelines are not binding guidance. Instead, they provide actuaries with a non-authoritative reference to standards that usually apply to various actuarial assignments. Ultimately, you are responsible for identifying the standards that apply to each assignment and for applying them appropriately when performing that assignment.

Recently, the ASB issued revisions of three ASOPs:

- No. 21, *Responding to or Assisting Auditors or Examiners in Connection with Financial Audits, Financial Reviews, and Financial Examinations*;
- No. 23, *Data Quality*; and
- No. 24, *Compliance with the NAIC Life Insurance Illustrations Model Regulation*.

The Academy practice councils have been busy revising the Applicability Guidelines to reflect changes to these ASOPs. Other updates have also been made, particularly in the pension and life practice areas.

The updated [Applicability Guidelines](#) are available on the Academy website. They are provided at no cost, and you can use them to gain additional confidence that you have correctly identified the applicable ASOPs for a particular assignment. Please take this opportunity to learn about this important tool and to tell other practicing actuaries about it. ▲

The Academy practice councils have been busy revising the Applicability Guidelines, although they are not binding guidance. Instead, they provide actuaries with a non-authoritative reference to standards that usually apply to various actuarial assignments.



## Actuaries Climate Index Webinar Set for May 18

**T**HE ACADEMY WILL co-host a free webinar in May, “[An Introduction to the Actuaries Climate Index](#).” The [Actuaries Climate Index \(ACI\)](#) was designed to provide actuaries, public policymakers, and the general public with objective data about changes in the frequency of extreme climate events over recent decades. The webinar will give an overview of the ACI, and a discussion of its goals and future improvements. It will also include a preview of the Actuaries Climate Risk

Index (ACRI), which shifts the question from “Is the incidence of extreme weather events increasing?” to “Are they happening where there are people and property?” with a goal of producing an index especially useful to public policymakers.

The webinar, which will be held on Thursday, May 18, from noon to 1:30 p.m. EDT, is being sponsored by the Academy along with the Canadian Institute of Actuaries, the Casualty Actuarial Society, and the Society of Actuaries. [Register today](#) for this free webinar, in which attendees will get a behind-the-scenes look at the ACI from those who were involved in its development and launch. ▲



## Workers' Comp Committee Comments on California Regulation

**T**HE WORKERS' Compensation Committee submitted a [comment letter](#) to California's Office of Self-Insurance Plans that raises concerns regarding guidance issued to actuaries who are evaluating self-insured workers' compensation plans.

“The overwhelming concern is that the Informational Bulletin appears to add requirements beyond those found in the regulation, particularly in the area of reliance by, and the duty to, third parties.” ▲

### CASUALTY BRIEFS

➔ **Julie Hall** and **David Pochettino** have joined the Travel Insurance Task Force.



## HPC Releases Issue Brief on Individual Health Insurance Market

**T**HE HEALTH PRACTICE COUNCIL (HPC) released an [issue brief](#) examining ways in which the individual health insurance market can be strengthened and made more viable.

Serious challenges to the stability and sustainability of the individual health insurance market for 2018 need immediate attention from federal policymakers, warns the issue brief, which the HPC sent to all members of Congress on April 24.

“With the deadlines for insurer rate filings fast approaching, policymakers need to act soon to address individual market issues for next year,” said Academy Senior Health Fellow Cori Uccello. “The consumers, insurers, and health care providers in the individual market will all be affected by whether and how

these challenges are addressed.”

The issue brief, *Steps Toward a More Sustainable Individual Health Insurance Market*, states that actions need to be taken to reduce legislative and regulatory uncertainty and to improve stability in the individual health insurance market, and that continued uncertainty could lead to additional insurers exiting the market, leaving some consumers with fewer insurance choices—or none at all.

The issue brief describes how individual market stability, including insurer

decisions on whether and to what extent to participate in the market for 2018, hinges on:

- ➔ Continued funding of cost-sharing reduction (CSR) reimbursements;
- ➔ Enforcement of the individual responsibility penalty;
- ➔ Increased external funding aimed at lowering premiums, increasing enrollment, and improving the risk pool; and
- ➔ Avoiding legislative or regulatory actions that could increase uncertainty or threaten stability. ▲

### HEALTH BRIEFS

- ➔ **Andie Christopherson** has joined the Individual and Small Group Markets Committee.
- ➔ **Colby Schaeffer** has joined the Medicaid Subcommittee.
- ➔ **David Fox** has joined the Medicare Supplement Work Group.



## SVL Work Group Seeks Volunteers for Interest Rate Project

**THE SVL INTEREST RATE** Modernization Work Group is looking for volunteers to work on a project related to the SVL interest rates for fixed annuities, excluding single premium immediate annuities. For the purposes of this project, the work group expects to focus initially on fixed indexed annuities with guaranteed living benefits (FIA GLBs).

In particular, it is looking for expertise on FIA GLBs but is open to any volunteers interested in participating in the group. The work group generally meets weekly on Wednesdays from 3 to 4 p.m. Eastern and asks that volunteers be able to devote at least one hour per week outside of that for the project.

If interested, please contact Heather Jerbi, assistant director of public policy, [jerbi@actuary.org](mailto:jerbi@actuary.org). ▲

## Work Group Releases Model Governance Practice Note

**THE PRINCIPLE-BASED** Reserve (PBR) Model Governance Practice Note Work Group released a new [practice note](#), *Model Governance: Some Considerations for Practicing Life Actuaries*, to provide additional information for practicing life actuaries seeking to better understand models, model risks, model governance, and related issues, as these actuaries implement PBR.

It notes that because PBR for life insurance is new and model governance is an emerging area, this practice note was not developed from a survey of current actuarial practices, and the document instead represents the approaches of a range of actuaries in industry, the

regulatory community, and supporting organizations who are knowledgeable about models, model governance, and PBR.

The practice note covers the definition of model—referring to the draft actuarial standard of practice (ASOP) on [modeling](#)—and outlines what models can be used for and interpretations of them, as well as some of the background on their development.

It also covers model risk, governance, processes and control, validation and documentation requirements. PBR model governance considerations include applicable sections of the valuation manual and applicable ASOPs. ▲

### LIFE BRIEFS

- ➔ **David Ruiz** has joined the Life Practice Council.
- ➔ **Chris Strom** has joined the Life Financial Reporting Committee.
- ➔ **Ryan Morris, Kyle Price, and Jim Reiskytl** joined the Annuity Reserves Work Group.
- ➔ **Chanho Lee** has joined the Life Reserves Work Group.
- ➔ **Nicholas Gabriele, Heather Gordon, and John Miller** have joined the SVL Interest Rate Modernization Work Group.



## Pension Committee Submits Letter to IRS

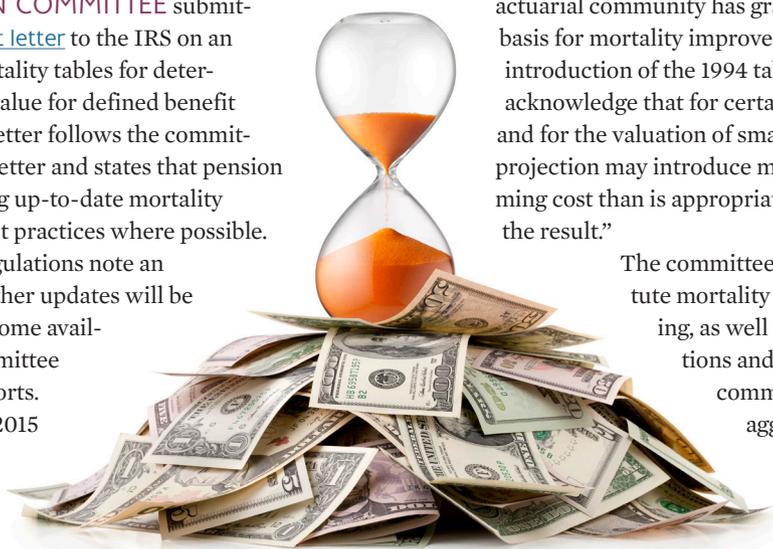
**THE PENSION COMMITTEE** submitted a [comment letter](#) to the IRS on an update to mortality tables for determining the present value for defined benefit pension plans. The letter follows the committee's February 2015 letter and states that pension plans should be using up-to-date mortality assumptions and best practices where possible.

The proposed regulations note an expectation that further updates will be reflected as they become available, which the committee said it strongly supports.

“As noted in our 2015 comment letter, the pension

actuarial community has gradually moved toward a generational basis for mortality improvement over the past 20 years since the introduction of the 1994 tables,” the letter states. “However, we acknowledge that for certain purposes such as administration and for the valuation of smaller plans, requiring generational projection may introduce more complication and reprogramming cost than is appropriate for the associated refinement of the result.”

The committee offered several suggestions on substitute mortality tables to help clarity and understanding, as well as comments on additional simplifications and automatic approvals. The letter also comments on construction of §417(e) tables, aggregation of male and female experience, and noted the challenges for large multiemployer plans. ▲



# PPC Sends Letter to Congress on Pension-Related Revenue

**T**HE PENSION PRACTICE COUNCIL (PPC) sent a [letter to congressional leaders](#) on pension-related revenue.

The April 17 letter cites concerns about recent legislation scored by the Congressional Budget Office as raising revenue from the private sector pension system to offset unrelated spending increases. Provisions in this recent legislation appear to raise revenue, but this appearance is due to anomalies in the current scoring mechanism. The PPC said that it believes that this scoring approach should be changed.

Pension Benefit Guaranty Corporation (PBGC) premiums are deposited into on-budget revolving funds, and the receipt of these premiums is now

counted as revenue without any offset for the payment of benefits that will be provided by those premiums, the letter states, adding that such treatment would be appropriate if the premiums could be used for purposes unrelated to the PBGC or if general revenues could be used to support the PBGC.

But, it notes, premiums have been collected from plan sponsors solely to support the PBGC's guaranteed level of retirement income from employer-sponsored pension plans. Diverting premiums to other pur-

poses is not permitted under current law, nor does current law allow the PBGC to draw on other federal revenues to provide the retirement income it guarantees.

The letter noted that two bills introduced earlier this year—S. 270 in the Senate and H.R. 761 in the House—would prevent PBGC premiums from being inappropriately counted for budget scoring purposes. “Passage of such legislation would better align the scoring of PBGC-related legislation with its financial impact,” the PPC wrote. ▲

## PENSION BRIEFS

➔ **James Clark** has become a volunteer for the Pension Assistance List (PAL) program.

## RISK MANAGEMENT & FINANCIAL REPORTING NEWS

# ERM/ORSA Presents at New Orleans Symposium

**T**HE ERM/ORSA COMMITTEE [gave a presentation](#) at the ERM Symposium in New Orleans on its 2016 practice note, *Quantifying Risk Exposures for Own Risk and Solvency Assessment Reports*.

Committee members Lesley Bosniack and William Wilkins gave the April 21 presentation, offering background on how Academy practice notes are drafted, and risk categories within ORSA reports.

Addressing questions of how often a formal enterprise risk identification or assessment process is performed, or what may cause monitoring frequency to change, they noted that can vary by com-

pany (including reporting periods); that some companies may use informal processes, particularly if they are smaller and management tends to see more of the risks directly; that in rapidly changing business or risk environments more frequent analysis may be needed; and that emerging risks may require more frequent monitoring.

They outlined what companies are using stress testing for, how companies use stress scenarios for the purpose of risk categorization, as well as how inherent versus residual risk is addressed, and how management action can be integrated into the risk quantification process. ▲

## Reback Participates in FASB Roundtable on Insurance Accounting

**L**EONARD REBACK, past chairperson and a current member of the Financial Reporting Committee (FRC), participated in a Financial Accounting Standards Board (FASB) public roundtable meeting April 19 on proposed improvements to insurance accounting. He provided background regarding the FRC's December [comments](#) on FASB's Proposed Accounting Standards Update on long-duration contract disclosures. ▲

## RISK MANAGEMENT BRIEFS

➔ **Kathryn Marangola Rook** has joined the Solvency Committee.



## Actuarial Update

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