Big Data Webinar Cites Growth, Potential Issues, and Concerns

THE ACADEMY HOSTED A WEBINAR, “Big Data and the Role of the Actuary,” drawing on the Academy’s Big Data Task Force monograph of the same name that was released earlier this year. Panelists discussed current and emerging practices, important regulatory and professionalism considerations, and the current state of the InsurTech field.

The Dec. 19 cross-practice webinar was moderated by task force Vice Chairperson Dorothy Andrews. Presenting were task force members Audrey Halvorson, Academy vice president, health; Bob Miccolis, who looked at property/casualty issues; and Martin Snow, who discussed life issues.

“The advent of Big Data has ushered in a whole new host of data-privacy issues,” Andrews said. “Big Data is growing at factorial—surpassing exponential—rates.” High rates of data being produced and identifying correlation in predicting outcomes “is getting a lot of attention from regulators,” she said. “As a result, we are facing two dilemmas in privacy issues versus technological advances: One is [that] future technology needs data in order to work, and the other is [that] future generations view privacy quite differently from older generations.”

Presenters cited some of the regulatory concerns that have come about with the growing use of such things as predictive analytics. Two issues cited in the Academy’s monograph were ethical and professionalism issues that are emerging as more actuaries, statisticians, and data scientists become involved with projects that use Big Data.

Andrews noted the U.S. Government Accountability Office (GAO) sought the task force’s expertise as part of its audit on data privacy.

‘More Tales From the Dark Side’
Professionalism Webinar Looks at Ethical Cases at the ABCD

THE FINAL PROFESSIONALISM webinar of the year, “More Tales From the Dark Side: Ethical Cases at the ABCD” held on Dec. 20, offered more insight from Actuarial Board for Counseling and Discipline (ABCD) members David Driscoll and Godfrey Perrott on ethical issues faced by practicing actuaries.

Perrott and Driscoll drew upon staples of popular culture to provide entertaining and enlightening examples of professionalism issues that have come before the ABCD. More than 2,000 people attended the webinar, and slides and audio are available free to members.

Driscoll gave an overview of the ABCD, noting that the board can only recommend discipline to the actuarial organizations that have adopted the Code of Professional Conduct and of which a subject actuary is a member. Perrott described the request for guidance (RFG) process, which allows actuaries to receive confidential guidance from an ABCD member. In recent years, the ABCD has handled more than 100 RFGs each year.

The presenters then used StateScan Quarterly, Casualty Quarterly Released

StateScan Quarterly, Casualty Quarterly Released

Capacity Attendance at P/C Opinion Seminar

‘Professionalism Counts’—An Interview With Outgoing ABCD Chairperson Rick Block

Health Groups Comment on ACA, Medicare
2019

APRIL
6–9 NAIC Spring National Meeting, Orlando, Fla.
7–10 Enrolled Actuaries Meeting, Washington, D.C.
8–10 PBR Boot Camp, Orlando, Fla.

AUGUST
3–6 NAIC Summer National Meeting, New York City

SEPTEMBER
16–18 Casualty Loss Reserve Seminar and Workshops (CLRS), Austin, Texas

NOVEMBER
5–6 Annual Meeting and Public Policy Forum, Washington, D.C.

DECEMBER
7–10 NAIC Fall National Meeting, Austin, Texas

Recently Released

The Winter StateScan Quarterly highlights state legislation and regulation in the last quarter of the year, including casualty issues related to auto insurance, flood insurance and climate risk, and medical professional liability; health issues including the individual health insurance market, Medicaid, long-term care, and prescription drugs; life insurance issues including principle-based reserving; public pension plans; and cross-practice issues. For a more comprehensive scan of state legislative and regulatory activity, log in to the StateScan portal, free for Academy members.

The winter Casualty Quarterly includes a Q&A with Robert Hartwig—past president of the Insurance Information Institute and current director of the Center for Risk and Uncertainty Management at the University of South Carolina’s Darla Moore School of Business—about issues ranging from the effects of tariffs on auto and homeowners’ insurance costs to fiscal and economic policy. Also in this issue, a recap of the P/C sessions from the Academy’s Annual Meeting and Public Policy Forum, a heads-up on the forthcoming P/C loss reserves practice note, and recent legislative and regulatory activity.

The December HealthCheck includes a comment letter from the Individual and Small Group Markets Committee about Section 1332 of the Affordable Care Act; a comment letter to the IRS on a proposed rule regarding health reimbursement arrangements; a Health Practice Council letter to the Centers for Medicare and Medicaid Services about the Medicare Advantage program; state and federal legislative and regulatory activity; and information on how to order the 2019 Life and Health Valuation Law Manual.

In Memoriam: Past Presidents

Two Academy past presidents passed away in December

BARTLEY “BART” MUNSON (president 1985–86) was a charter member of the Academy and was instrumental in the development of standards related to long-term care.

In a 1985 interview with Actuarial Update, Munson described the Academy as “healthy ... needed ... useful ... and maturing,” and said he would like actuaries of 100 years hence to say that 1980s actuaries served society’s needs and helped meet challenges of the day such as Social Security and pensions, and health care cost containment.

ROBERT WINTERS (president 1976–77), also a charter member of the Academy, was a Korean War veteran, former chairman and CEO of the Prudential Insurance Company of America, and a board member of the Business Roundtable, the Mayo Clinic, the Episcopal Divinity School, Honeywell International, and the Boston Symphony Orchestra. “He was so tremendously proud to be an actuary, and to continue to build the field through his work with the Academy,” said his daughter, Beth Porter.
Academy NEWS

Sold-Out P/C Opinion Seminar Held in Chicago

All seats were filled at the 2018 Seminar on Effective P/C Loss Reserve Opinions: Tools for the Appointed Actuary, held Dec. 6–7 in the Chicago area. The two-day seminar provided participants with information on the relevant requirements and instructions for P/C actuaries working on reserve opinions, included reviews of applicable actuarial standards of practice and qualification standards and provided attendees with examples through interactive case studies.

Presenters included Academy Committee on Property and Liability Financial Reporting (COPLFR) Chairperson Kathy Odomirok; COPLFR member and Academy Past President Mary Frances Miller; and members of COPLFR and its Opinion Seminar Subcommittee, including those who have a regulatory background.

Schedule

Registration Open for April PBR Boot Camp

Registration is open for the Academy’s 2019 PBR Boot Camp, which will be held April 8–10 in Orlando, Fla. Hear lessons learned from those who have been at the forefront of the implementation of principle-based reserving (PBR) for life insurance. As actuaries and regulators look ahead to the final 2020 deadline for mandatory implementation for companies not otherwise exempt, this seminar will provide useful and practical information for all levels of familiarity with the PBR methodologies and reserve requirements.

The robust agenda includes:

- Insight from regulators who have been reviewing the submissions to date about what is working well and where improvements can be made;
- “War stories” from those who have implemented PBR on what worked and what problems occurred in the process; and
- Discussions about modeling, model governance, setting assumptions, pricing, use of mortality tables, reinsurance, and more.

Register early and save—discounted rates are available through Jan. 31.

This seminar was the best I have attended, because it laid out all the information that actuaries who issue opinions need to know.” – 2018 Attendee

IN THE NEWS / MEDIA ACTIVITY

The Centers for Medicare & Medicaid Services’ / Department of Health and Human Services’ Dec. 10 final rule cited the Health Practice Council’s (HPC) issue paper on the Affordable Care Act’s (ACA) risk-adjustment program.

In a Washington Examiner story, Senior Health Fellow Cori Uccello discussed the impact of shortening the ACA’s open-enrollment period.

An article published by Illinois News Network noted the Academy’s analysis that pension plans should have the objective of accumulating assets equal to 100 percent of a relevant pension obligation. The article was reprinted by Marietta Daily Journal (III.), Newspressnow.com (III.), Cherokee Ledger News (III.), and Riverbender.com (III).

A Lexology subscriber-only blog post summarizing the highlights from the NAIC’s Fall 2018 National Meeting noted the Academy’s assistance in preparing a guidance document for state regulators regarding changes to life risk-based capital following federal tax reform.

A Sacramento Bee (Calif.) story cited the HPC’s policy paper presenting FAQs on risk pooling and explaining how it works in the individual health insurance market. The story was reprinted by Insurancenewsnet.com and by California newspapers the Fresno Bee, the Merced Sun-Star, and The Tribune.

Tell us about your views on the role the ABCD plays in the self-regulation of the profession, and how important is it?
It's extraordinarily important. The standards, the Code of Professional Conduct [the Code], and the qualification standards don't have any meaning unless there is a process to ensure that actuaries abide by them. If we don't have that process, and if we don't have the confidence of regulators and legislators, we will be regulated by law.

This has already happened. In 2006, Congress passed the Pension Protection Act of 2006 (PPA), which was precipitated by a number of large retirement plans that had failed. Actuaries lost the ability to choose a funding method that might be appropriate for a client and the ability to determine what discount rates would be appropriate.

How much of the ABCD’s time is spent dealing with complaints versus dealing with requests for guidance (RFGs)?
With the case work, it's not unusual to have hundreds of pages to go through in an investigation. I think the record was somewhere around 20,000 pages a number of years ago! Before each quarterly meeting, we will have easily a couple of thousand pages to run through in preparation. So we spend more time on case work. [See ABCD’s guidance link.]

We respond to more than 100 RFGs a year. For the RFGs, the conversation is actuary-to-actuary. The ABCD does not give any official response. It’s what an ABCD member feels is the best approach for a particular question.

A lot of times we get questions asking about moving into a slightly different practice area. Typically the requester says, “Well, I’ve been doing this for a while, and now I want to become the responsible actuary.” That’s where you get into “the-look-in-the-mirror” test—what does the actuary truly believe of himself or herself? Is that person responsible and knowledgeable in that practice area?

If an actuary submits an RFG, how long will it take for someone at the ABCD to get back to him or her?
A couple of days at most. We’re here as a sounding board. We ask, did you think about this? Or have you thought about some other things? We get into areas that may not even be actuarial. In one case, I’ve said that if you do this you may get into trouble with your client, and I explained why, and the actuary was like, “Yeah, I didn’t think of that.”

How can an actuary requesting guidance get the most out of the process?
We expect the actuary to have done a little bit of homework, whether it’s looking at the Code, or some ASOPs [actuarial standards of practice], or the qualification standards. Most of the RFGs confirm the actuary was on the right road, and it was a way to say, “Yes, you’re right. You've thought this through, and if I were in your shoes I probably would come to the same conclusion.” There have been very few RFGs that were not resolved this way.

Have you seen cases where the inquiring actuary is off base in the way they’re approaching their issue?
Not really. My first RFG was a pension actuary who believed that the requirements of the PPA weren’t appropriate on the retirement plan. My response was, “Whether you feel that is the case or not, you’re still obligated to follow the law.” The actuary was hoping that I would say, “Well, if you find a case where this doesn’t work, you don’t have to follow the law.” And no, I would not say that, and we had two or three separate conversations in which he kept coming back to that. But I would say most of the actuaries are satisfied with the ABCD member’s response.

Let’s turn to the complaint process. How does an actuary start the complaint process?
They can send an email to info@ABCDboard.org, or call 202-872-1948, both of which are on the ABCD’s website. In both cases they’ll be in communication with the ABCD’s staff attorney, Brian Jackson. Brian's role at this point is to try to elicit enough information so that we can decide how to proceed. The more information they can include in their initial communications with ABCD staff, the better. The actuary should be clear and objective, and not inject any kind of emotional content into the complaint.
How should an actuary think about Precept 13 if they suspect that there’s been some violation?

Precept 13 is important in a self-regulated profession. The ABCD has nine actuaries, and we clearly can’t review actuarial reports from all disciplines across the country to see if there’s any problem. It’s up to the actuaries to say something if they see something. Precept 13 is a way of saying to the profession that if you see something that might be a violation of the Code of Conduct, your first obligation is to try to resolve the issue. If the issue cannot be resolved, a complaint to the ABCD is in order.

There are some caveats to that, because, due to confidentiality issues, an actuary may not be able to submit a complaint. But we have had a number of complaints submitted under Precept 13. For example, in the pension field. An actuary for a retirement plan is replaced by a second actuary, and that second actuary sees serious problems with the first actuary’s work. But the second actuary thinks “there but for the grace of God, go I,” so we don’t get a complaint. That means the second actuary takes on the problems of the first actuary.

Then this retirement plan takes on a third actuary. The third actuary looks at the first actuary’s work and says, “You know, that should have been ... let’s refer to the ABCD.” And the second actuary, by not doing anything, was probably in violation of Precept 13. So the second actuary should be referred to the ABCD. There is a case in which exactly that happened.

How do you decide which complaints to investigate and which to dismiss?

After the complaint is completed, it is forwarded to the subject actuary for response. When we receive the response, the chair, the two vice chairs, and the ABCD staff attorney look at the initial complaint and the response and decide whether to get more information, dismiss the complaint, or appoint an investigator.

What advice would you give to an actuary who is the subject of a complaint?

No one likes being told that they might have violated the Code. Sometimes emotions come to the fore, but the actuary has to put them in a box. In my opinion, the actuary should never, ever contact the complainant. That typically doesn’t help at all. The actuary must comply with any requests from the ABCD, including requests from the investigator appointed by the ABCD. That is Precept 14.

It’s rare, but there are times when the actuary doesn’t cooperate, so in addition to other alleged Code violations, we have to say, “Well, we got no cooperation, so we’re adding Precept 14 to the mix.”

What are some of the factors the ABCD might consider when determining whether to administer counseling or recommend discipline?

After the board gets the investigator’s report, the subject actuary has the opportunity to respond to that report. Both the response and the investigator’s report are reviewed by the ABCD. If the ABCD decides to hold a hearing, the actuary will be asked to meet face-to-face with the board and will be given plenty of opportunity to state his or her position. The investigator will also be there. So we go through this whole process, and then the ABCD meets privately.

We have a discussion, and some of the things that we try to get to are: How long has this actuary been in the profession? Has he or she had any complaints? Are they a competent person? What were the consequences of the work? If we discover that there was a material violation of the Code, was someone harmed? Was there economic damage? Did the actuary deliberately ignore facts or distort facts?

The Academy thanks you for the service you’ve provided to the profession and the ABCD. Are there any other thoughts you’d like to share?

There are two things that I’m particularly proud of. First, we re-wrote the instructions to investigators to make it clear what we expect from the investigators’ report. And second, a few years ago, we resolved a case against an actuary and the actuary then decided to write an article for Contingencies in praise of the process resolving the complaint against her.

My tenure on the board has been challenging and very, very rewarding. At times it was a lot of hard work, and at times there were difficult decisions and I labored about whether the recommendations we make would affect the actuary’s livelihood. Overall, I’m glad that I’ve spent these six years with the ABCD, and it will be the highlight of my career.
of GAO’s exploration of InsurTech, the innovative use of technology in insurance, and said GAO plans to release a report in the near future that will include the task force’s input.

Snow cited “improved business dynamics” in the life area being brought about by greater use of Big Data and analytics. “There are complex causal relationships that affect the performance of our business,” he said. “Using predictive analytics, we can get a better understanding in real time ... which can also result in lower variability in our financials because we have better dynamics in addition to actually influencing the outcome of the business.”

Attendee questions were mostly regarding privacy issues and related regulatory concerns, and Halvorson noted there are regulations in the health area that limit the use of Big Data for underwriting and rating, for example.

Halvorson and Miccolis both cited potential professionalism challenges. Halvorson noted that multidisciplinary teams can include non-actuaries—for example, data scientists, as that role becomes more important.

“The most important professionalism challenge in this area is communicating and understanding responsibilities—clarifying the role of the actuarial input and how the predictive models and the use of those models is being applied,” Miccolis said.

The primary P/C areas that have used Big Data are in the pricing and rating of policies, which has been done for many years, he said. Other factors include underwriting risk selection, renewals, and rating classifications.

Slides and audio are available free for members on the Academy’s website.

Professionalism Outreach

MORE THAN 160 PEOPLE ATTENDED Academy Past President Cecil Bykerk’s Dec. 11 presentation to the Iowa Actuaries Club in Des Moines, in which he reviewed the infrastructure of, and recent developments in, actuarial professionalism.

Academy Secretary-Treasurer and Committee on Qualifications member Tom Campbell recapped the Academy’s recent professionalism activities and the structure of actuarial professionalism, including the Code of Professional Conduct and the U.S. Qualification Standards, at Aetna’s Dec. 7 actuarial forum in Hartford, Conn.


THE ACADEMY’S forthcoming P/C Loss Reserve Law Manual is designed to help appointed actuaries know the NAIC annual statement requirements for statements of actuarial opinion.

The manual, updated annually, contains a compilation of insurance laws relating to P/C loss and loss expense reserves for all 50 states; Washington, D.C.; and Puerto Rico. It is designed to allow users to directly access each jurisdiction’s laws, making it a useful reference tool for actuaries. The manual is available for delivery this winter—place your order today.

P/C Loss Practice Note On Its Way

THE COMMITTEE ON PROPERTY and Liability Financial Reporting (COPLFR) will release its updated Statements of Actuarial Opinion on P/C Loss Reserve practice note soon. The purpose of the practice note is to provide information to actuaries on current or emerging practices relevant to signing NAIC P/C statements of actuarial opinion (SAOs) and actuarial opinion summaries (AOSs).

It is intended to assist actuaries by describing practices that COPLFR believes are commonly employed in issuing SAOs and AOSs on loss and loss-adjustment expense reserves in compliance with the P/C Annual Statement Instructions for 2018 issued by the NAIC. Actuaries may also find this information useful in preparing SAOs for other audiences.

Public Employment Opportunity

THE U.S. GOVERNMENT Accountability Office (GAO) has a public employment opportunity for a senior property and casualty/general insurance actuary position. The incumbent, which will report to GAO’s chief actuary, will provide technical analysis and conceptual insight on actuarial aspects of federal programs and policies related to P&C / general insurance.


characters from popular culture to illustrate ethical issues. In the first case study, Mary Richards, a new ASA, worries that her overworked boss, Lou Grant, FSA, is asking her to do things she is not yet qualified to do, and that Lou will sign the opinion without really reviewing her work. During the discussion, Perrott said that in addition to Precepts 1 (integrity) and 2 (qualifications), Precept 8 (control of work product) also applied. Even though Mary was not qualified to sign the memorandum, it would still be her work product, he said. She would need to take reasonable actions to prevent misuse of her work product, because if Lou signed the memorandum without reading it, this could mislead other parties, he continued.

In “Movin’ on Up,” George Jefferson faces a dilemma when a competitor to his current client offers him a significant raise to work exclusively for them, raising issues related to conflicts of interest and confidentiality (Precepts 7 and 9). Perrott said, “It’s not necessarily a conflict of interest for a consultant to work for two or more clients who are competitors, even concurrently. But if there is an actual or potential conflict of interest, you can’t do an assignment unless you can look in the mirror and tell yourself honestly that your ability to act fairly is unimpaired.” In addition, you must disclose that conflict to the principals, and you need express agreement from the principals that you can do the work, he added.

In “Some ‘splainin’ to Do,” Lucy and Ethel are asked transfer information to a competitor firm, run by Laverne and Shirley. Lucy and Ethel transfer only some of the requested information and miss the deadline. When Laverne and Shirley try to replicate some of Lucy’s results, they cannot, and complain to the ABCD that Lucy and Ethel have violated Precepts 1 (skill and care) and 10 (courtesy and cooperation). Driscoll and Perrott agreed that although Lucy and Ethel may be at fault for providing incomplete information in a tardy manner, Laverne and Shirley have an obligation to work with Lucy and Ethel to resolve the differences in their results.

Wrapping up, both presenters warned against being a loner when it comes to professionalism issues. “Working by yourself, trusting only in your own judgment in difficult situations, can result in a less-than-optimal outcome,” Driscoll said. This is especially important for people who are working as solo practitioners or in small organizations, Perrott added.

Driscoll also urged actuaries to use the RFG process when they have questions. “It’s quick, it’s easy, and usually, it’s helpful. People tell us that the guidance they have received has illuminated their thinking about what their responsibilities are. You should view this as a lifeline—it’s your opportunity to ask the ABCD how you can be compliant in situations where compliance might not be that well defined. The ABCD is here to help actuaries manage professionalism matters before they turn into disciplinary matters.”

See ABCD’s guidance link.  

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**CASUALTY BRIEFS**

- David Heppen is vice chairperson of the Workers’ Compensation Committee.
- James Christie joined the Casualty Practice Council.
- Janet Duncan, Brenda Hebert, Michelle Iarkowski.
- Judy Mottar joined the Property and Casualty Risk-Based Capital Committee.

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THE ACADEMY’S ANNUAL

Law Manuals

- **The Life and Health Valuation Law Manual** is designed to help appointed actuaries know the requirements of the NAIC model Standard Valuation Law and the Model Actuarial Opinion and Memorandum Regulation.
- **The P/C Loss Reserve Law Manual** contains useful information to help appointed actuaries know the National Association of Insurance Commissioners (NAIC) Annual Statement requirements for Statements of Actuarial Opinion (SAOs).

Both manuals are available in a variety of formats, allowing you to pick the version that best suits your needs.

**ORDER YOUR COPY TODAY | ACTUARY.ORG**
HPC Comments to CMS on Medicare Advantage Program

The Health Practice Council (HPC) provided comments to the Centers for Medicare & Medicaid Services (CMS) in response to its request for comments on proposed rules pertaining to the Medicare Advantage program. The proposed rules include provisions to revise the risk adjustment data validation payment error calculation methodology and process. CMS also released an accompanying study and technical appendix regarding the fee-for-service adjuster.

Committee Comment Letter on Section 1332
The Academy’s Individual and Small Group Markets Committee sent a comment letter Dec. 18 to CMS on the October guidance from the U.S. Department of the Treasury and U.S. Department of Health and Human Services on state relief and empowerment waivers under Section 1332 of the Affordable Care Act.

The comments focus on the three areas: evaluation of coverage comprehensiveness and affordability, evaluation of coverage, and waiver funding. With respect to evaluation of coverage comprehensiveness and affordability, the guidance makes clear the departments intend to evaluate the comprehensiveness and affordability of coverage together, the letter states. Within comprehensiveness and affordability, the letter includes comments addressing the combined nature of the guardrail evaluation, comprehensiveness standards, and the impact of risk selection.

Academy, SOA Host Life Webinar


The study’s aim is to provide practitioners and regulators with greater clarity and benchmarks around emerging underwriting techniques and suggest possible adjustments to base mortality tables with respect to VM-20—Requirements for Principle-Based Reserves for Life Products. Presenters were Lauren Cross and Matt Monson, and the webcast was moderated by Mary Bahna-Nolan, chairperson of the Academy’s Life Experience Committee.

LIFE BRIEFS

- Frank Reynolds joined the Health Practice International Committee.
- Diane Mui joined the LTC Valuation Work Group.
- Paul Fischer is vice chairperson and Gayle Donato is a member of the Life Illustrations Work Group.
- Judy Hanna joined the Tax Work Group.
- Jeff Johnson and Sam Early joined the Government Mandates Work Group.
- Judy Hanna joined the Tax Work Group.
- Jeff Johnson and Sam Early joined the Government Mandates Work Group.
- Judy Hanna joined the Tax Work Group.

DISCIPLINARY NOTICE

The following was posted to the Academy’s Public Discipline page on Dec. 3, 2018.

Notice of Public Discipline (Effective Date Dec. 3, 2018)

Effective December 3, 2018, the American Academy of Actuaries (Academy), acting in accordance with the Academy’s bylaws and in light of the findings and recommendation from the Actuarial Board for Counseling and Discipline (ABCD) and a decision of an Academy Disciplinary Committee, hereby expels Patrick E. Sutherland from the Academy for materially failing to comply with his obligations under Precept 1 of the Code of Professional Conduct.

Mr. Sutherland was found guilty by a jury of tax fraud and obstruction of justice in a federal court and sentenced by a federal judge to 33 months in prison, followed by three years of supervised release. His actions have been determined to reflect adversely on the actuarial profession and undermine the profession’s responsibility to the public in violation of Precept 1 of the Code of Professional Conduct.
Pension Letter Addresses Retirement Legislation


The letter notes that in recent years, policymakers have been focusing on ways to expand the portion of the workforce covered by employer-sponsored retirement plans. Among other research, this focus is supported by a 2017 report by the Government Accountability Office, which concluded that many households are not well prepared for retirement and have little or no retirement savings, and is corroborated by research cosponsored by the Academy on retirement readiness, the letter states.

The act’s retirement provisions would relax requirements for companies to group together to sponsor a multiemployer pension plan, as well as provide a measure of protection for employers from compliance failures that occur beyond their control, the letter states. While these provisions might not address all of the reasons that small businesses are reluctant to sponsor retirement plans, they would make plan sponsorship more attractive to these companies, which could be an important step towards addressing some of the issues identified in recent retirement readiness research, it states.

Academy Comments on ERISA Rule

THE RETIREMENT SYSTEM Assessment and Policy Committee submitted comments Dec. 21 related to the Employee Benefits Security Administration of the Department of Labor (DOL) regarding the proposed rule on the definition of “Employer” under Section 3(5) of the Employee Retirement Income Security Act of 1974, as amended (ERISA).

In response to an Aug. 31 executive order, the DOL proposed the rule in late October that would clarify that an employer group, association, or professional employer organization can constitute an “Employer” under ERISA if it satisfies certain criteria. The proposed rule is similar to regulations the DOL issued earlier this year with regard to association health plans.

In its analysis, the committee stated that the proposed rule could help expand access to employer-sponsored retirement plans by making it more affordable for small companies to offer employer-sponsored retirement plans by making it more affordable for small companies to offer plans to their employees. The committee went on to outline the benefits of allowing Multiple Employer Plans (MEPs) to be treated as single plans for ERISA purposes, rather than as a collection of unrelated employers.