It’s Time to Nominate Academy Directors

It’s time to share your recommendations for Academy regular directors, who are elected to the Academy Board of Directors by Academy membership in an online election from a slate of candidates presented by the Academy’s Nominating Committee. The committee will meet in the coming weeks to identify new candidates for regular directors in accordance with the criteria provided in the Nominating Committee Guidelines.

“Presenting a slate of candidates who will advance the Academy’s mission starts with nominations by members who’ve directly seen their colleagues’ talents, experience, and leadership abilities being used to serve the Academy in our public policy and professionalism committees,” said past Academy President Bob Beuerlein, chairperson of the Nominating Committee. “Making the Academy’s Nominating Committee aware of the exceptional individuals you know and the qualities you believe make them suited to serve the Academy through Board service is the critical first step in ensuring the Academy will continue to have effective leadership to serve the U.S. profession and the public.”

Please share your recommendation by submitting the member’s name and information via the Academy Board Election Center no later than May 1, 2019. Results of the nominating process will be announced in future publications of This Week and Actuarial Update. Academy members are invited to nominate themselves or others for consideration.

The Academy holds uncontested elections. Some will recall that the Board experimented several years ago with contested elections for regular director seats over a two- or three-year period, as a means of testing a voting tradition that some other actuarial associations have. After several years of the experiment, the Board subsequently made a decision to reaffirm the longstanding Academy process of holding uncontested elections.

The Academy’s Nominating Committee tries to ensure that the Academy’s Board composition reflects our unique position as the U.S. national organization established to include actuaries from all practice areas—as well as an equitable distribution among actuarial specialties, business affiliations, and employers. To achieve such a balance, the Academy’s nominating process has long relied primarily on a Nominating Committee process that entrusts that committee with identifying Academy volunteers whose service to the Academy has made them an excellent candidate for service on our Board, which is dedicated to furthering our public policy and professionalism mission.

Academy Deepens International Focus With Election of Wildsmith to Board

The Academy’s Board of Directors has elected past president and current international secretary Tom Wildsmith to serve on the Academy’s Board to enhance discussions on international issues affecting the U.S. actuarial profession.

“Tom brings thorough, contemporaneous knowledge of international developments affecting the U.S. profession to the table,” said Academy President Shawna Ackerman. Wildsmith, who was the Academy’s 2015–16 president, has served in numerous Academy volunteer positions, including vice president of the Health Practice Council.

Read the Academy news release.
ACADEMY NEWS BRIEFS

2019

MARCH
21  Professionalism Webinar: “Making the Right Call: A Discussion of Professional Judgment”

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 & 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

For a list of all previous and upcoming Academy events, please visit the Academy’s online Events Calendar.

Review Your Membership Profile
To continue receiving Actuarial Update, Contingencies, and other Academy publications on time, please make sure the Academy has your correct contact information. Academy members can update their member profile, subscribe to Academy alerts, pay their dues, and review archived professionalism and public policy webinars at the member login page.

ACADEMY NEWS BRIEFS

Academy Sends Two Letters to NAIC Regarding P/C Opinion Instructions

MARY D. MILLER, past president of the Academy, sent two comment letters to the NAIC this month on behalf of the Academy. The first letter, to the Executive (EX) Committee’s Ad Hoc commissioner group, pertains to the proposed changes of the Property and Casualty 2019 Actuarial Opinion Instructions, including the Ad Hoc Group’s draft definition of “qualified actuary.” The letter is a comprehensive analysis of why the definition should use membership in the American Academy of Actuaries as its reference for qualification. The second letter, to the Casualty Actuarial and Statistical (C) Task Force (CASTF), is in regard to the CASTF’s draft qualification and related documentation requirements; it includes a copy of the above letter to the Ad Hoc group.

Recently Released

THE FEBRUARY HealthCheck covers the Long-Term Care (LTC) Practice Note Work Group’s exposure draft of an LTC insurance practice note, comments on which are due April 30. Also in this issue, state and federal legislative regulatory activity, including a White House Council of Economic Advisers report on the Affordable Care Act; regulatory actions by the Centers for Medicare & Medicaid Services; and health-related legislation in several states.

Don’t Forget to Order Your Academy Law Manuals


The Life and Health Valuation Law Manual contains a concise summary of the valuation laws (and NAIC regulations) of all 50 states, the District of Columbia, and Puerto Rico. It has been redesigned for 2019, streamlining the contents so users can easily access information. Order today.

Ackerman Highlights Public Policy Efforts in State of the Union Message

AS AMERICANS TUNED IN to the president’s State of the Union address in early February, the Academy used the occasion to highlight our continuing outreach to public policymakers with actuarial perspectives on health insurance, Social Security, retirement income, financial services, the National Flood Insurance Program, and other issues and public programs.

“The Academy has a long-established, well-respected track record of effectively working with policymakers on a nonpartisan basis to provide objective, actuarially informed analysis of insurance, pension, and other financial security and risk issues that impact Americans deeply,” said Academy President Shawna Ackerman. “The Academy stands ready to contribute its relevant expertise to the development of sound policy after the State of the Union address and throughout the 116th Congress.”

Read Ackerman’s message to Academy members, which included details from each of the Academy’s practice areas. ▲

Volunteer Action Needed on COI, CE

ONE OF THE ACADEMY’S essential measures to cultivate the highest level of professional objectivity and independence when performing Academy work is the annual acknowledgment of the Academy’s conflict of interest (COI) policy and continuing education (CE) attestation that every member volunteer must sign.

To emphasize the importance of objectivity, each year the Academy Board requires volunteers—and any individual who is an interested party on a committee, whether an Academy member or not—to acknowledge the Academy’s COI policy. Please take a moment now to review and sign your COI acknowledgment and CE attestation. Those who fail to do so may not participate in the work of Academy boards or committees.

Take these four easy steps today to submit your COI acknowledgment and CE attestation.
1. Log in to the Academy membership page.
2. Once logged in, click on the COI and CE Acknowledgment link in the right column to access the acknowledgment page.
3. Read and sign the document by clicking on the check boxes for each question.
4. Click just once on Submit acknowledgment for both to submit your response.

For more information about the Academy’s commitment to professional objectivity, please visit the Professional Objectivity at the Academy page. If you have questions, you may contact the Academy’s professionalism department at objectivity@actuary.org. If you experience any technical difficulties, please contact the Academy at membership@actuary.org or 202-223-8196. ▲

IN THE NEWS

Pension Committee and Academy Board member Tim Geddes was quoted about the use of mortality tables in pension benefits calculations in a subscriber-only Bloomberg BNA story.
WorkersCompensation.com cited the Academy’s March 2018 issue brief on U.S. prescription drug spending.
The U.S. Government Accountability Office’s testimony before the Senate Special Committee on Aging cited comments and suggestions from a panel of 15 retirement and pension experts that included Bill Hallmark, past Academy vice president, pension.
An Insure.com article on association health plans (AHPs) cited the Academy’s February 2017 issue brief on AHPs.
Morningstar cited the Actuaries Longevity Illustrator, developed jointly by the Academy and the Society of Actuaries. ▲
March Webinar to Highlight Professional Judgment

Join the Academy’s first professionalism webinar of 2019 for an exclusive, engaging discussion with a professor of business law and ethics who focuses on behavioral decision-making and compliance on what the latest research on ethics and compliance can tell actuaries about the common pitfalls of bias and self-interest and how to avoid them in fulfilling your professional responsibilities as an actuary. The webinar, “Making the Right Call: A Discussion of Professional Judgment,” will be held on Thursday, March 21, from noon to 1:30 p.m. EDT.

Adhering to professionalism standards and responsibilities requires having a complete understanding of and complying with a variety of principles and rules. This means not only being familiar with the current Code of Professional Conduct, qualification standards, and relevant actuarial standards of practice, but also making judgments based on them in your day-to-day work. While in most situations the right call is clear, in other situations judgments can become complicated or blurry very quickly.

The presenter will be Anita Cava, professor of business law and business ethics program director at the University of Miami School of Business. Council on Professionalism member Ken Kent and Lisa Slotznick, the Academy’s vice president, casualty, will be on the program. Registration will open soon.

LHQ Seminar to Offer CE, Professionalism Credit

The Academy’s 2019 Life and Health Qualifications Seminar, to be held Nov. 10–14 in Arlington, Va. (Washington, D.C., metro area) will provide attendees the opportunity to obtain qualifications or relevant continuing education (CE) credit necessary to issue actuarial opinions for either the NAIC Life and Accident & Health (A&H) Annual Statement or the NAIC Health Annual Statement, as well as professionalism credit. Limited space is available for this highly regarded seminar. Register today.

RESERVE YOUR COPY
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
Modeling ASOP: Fourth Exposure Draft
Open for Comment by ASB

The Actuarial Standards Board (ASB) recently released a fourth exposure draft of a proposed new actuarial standard of practice (ASOP) titled Modeling. The proposed ASOP will provide guidance to actuaries in any practice area when performing actuarial services with respect to designing, developing, selecting, modifying, or using all types of models.

Changes made from the third exposure draft, released in June 2016, include clearer accommodation of other forms of modeling (such as predictive and statistical modeling) different from those of financial projection modeling; a revision of section 1.2., Scope, to remove the concept of “simple models”; and inclusion of new section 3.4, Reliance on Experts. In addition, the section Presentation of Results was deleted.

“Modeling is so fundamental to so many different kinds of actuarial work, having a standard with the right scope and correct guidance is incredibly important. We welcome all comments—either confirmatory agreement or suggestions for improvement.”

— Dale Hagstrom, chairperson
ASB Modeling Task Force

Members of the profession are encouraged to comment on drafts, of course, but the comment process is also open to interested parties and the general public to ensure that anyone potentially affected by a standard can provide input. All comments received (anonymous comments are not accepted) are posted publicly on the ASB website so that all may see and understand the input that the ASB is receiving from the profession and the public. During its third exposure, the Modeling draft received 28 comment letters reflecting over 150 comments submitted. The first and second exposures received 48 and 37 comment letters, respectively.

The task force summarizes the issue raised in each significant comment and provides a response in an appendix that is published with the next version of the standard, whether a draft or a final ASOP. This highly detailed and exhaustive review of comments contributes to the transparency and integrity of the drafting and exposure process, as the appendix allows everyone—whether members of the public or the profession—to see each substantive comment and how the task force responded to it. In addition, the appendix allows everyone who took the time to comment to know that their comments have been seriously considered.

In many cases, and clearly in this one, more than one exposure is required. Comments made during an exposure period often result in changes to a draft that require further exposure. The comments received on this draft will determine whether a record-breaking fifth exposure draft is required!

The input gained through the exposure process is invaluable to the ASB, ensuring that the final ASOP not only provides guidance for appropriate practice but also serves both the profession and the public. We encourage you to review the Modeling draft and submit your comments, as directed in the transmittal memo, by May 15, 2019. Information on how to submit comments can be found in the exposure draft.

“Modeling is so fundamental to so many different kinds of actuarial work, having a standard with the right scope and correct guidance is incredibly important. We welcome all comments—either confirmatory agreement or suggestions for improvement.”

— Dale Hagstrom, chairperson
ASB Modeling Task Force
Webinar Dives Deep on P/C Actuarial Opinion Report Writing

**FEB. 1 ACADEMY PROPERTY/CASUALTY WEBINAR**

Hosted by the Academy’s Committee on Property and Liability Financial Reporting (COPLFR), included a review of the actuary’s responsibilities, NAIC instructions, and relevant actuarial standards of practice, and featured discussion of how clear communication and documentation of the actuary’s work is handled in each report chapter.

COPLFR Chairperson Kathy Odomirok moderated, and the presenters—COPLFR member and Opinion Seminar Subcommittee Chairperson John Gleba, and subcommittee member Chuck Emma—offered insight on differences in writing the narrative and technical components of the report, what kind of data and disclosures support the report, and what is included in the report to help the intended readers understand and navigate it. Presenters emphasized that actuaries understand their audience and provide pertinent background and historical information and details to help the reader navigate through the narrative and exhibits, while describing the process and steps along the way. “One of the most important feedback items we get from regulators is that organization is far more important than detail,” Emma said. Slides and audio are available without charge for Academy members.

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**January 2020 Payments Notice**

The Individual and Small Group Markets Committee and its Risk Sharing Subcommittee sent a comment letter to the Centers for Medicare & Medicaid Services on the proposed rule for the 2020 notice of benefit and payment parameters.

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**Draft LTC Insurance Practice Note Released**

**THE LONG-TERM CARE (LTC) PRACTICE NOTE EXPOSURE DRAFT**

The Medicaid and Long-Term Care (LTC) Insurance Work Group published an exposure draft of an LTC insurance practice note on Jan. 31. An update of a 1995 LTC insurance practice note, it is intended to provide a source of information to practicing LTC actuaries seeking to better understand the considerations in evaluating experience, setting assumptions, valuation, and financial reporting. The comment deadline for this exposure draft is April 30.

**Issue Brief on LTC & Medicaid**

The Medicaid and Long-Term Care (LTC) Insurance Work Group published an issue brief, Medicaid and Long-Term Care Insurance, exploring the potential for catastrophic long-term care costs as a major financial risk especially facing older Americans and to help clarify the options currently available for dealing with it.

The expected future increases in LTC service needs and costs will almost certainly stress LTC financing over the next several decades. Given that Medicaid funding already represents a substantial portion of federal and state budgets, its role, without modification/reform, as a long-term option for funding the LTC costs of the Baby Boomers and generations beyond raises many questions.

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**Committee Comments on 2020 Payments Notice**

Increasing awareness of the need to modify/reform Medicaid is but one indication—albeit a critical one—of the need for more comprehensive reviews of the existing LTC financing systems, with the ultimate goal of developing actuarially sound proposals for reform.
NEW Academy Members

In the second half of 2018, the Academy welcomed 413 new members, compared with 429 for the same period of 2017. The new members’ average age was 31, and 36.8 percent were women, up from 34 percent a year ago.

The majority of the new members, 287 (almost 70 percent, up from 64 percent a year earlier), are employed by an insurance organization or organizations serving the insurance industry. There were 114 (27.6 percent, down from 34 percent) working as consulting actuaries. Ten work in some form of government service, with one identified as miscellaneous and one in a university position.

Health was the most popular area of practice (158; 38.3 percent), followed by life (105; 25.2 percent), property/casualty (84; 20 percent), pension (47; 11.4 percent), and risk management (9; 2.2 percent), while 11 (2.7 percent) listed other.

At the end of 2018, the Academy had more than 19,000 members.

Matthew Abbrecht
William C. Abram
Kevin H. Ach
Janice Akomeah Acheampong
Mary E. Annesse
Adam R. Armstrong
Caleb D. Augspurger
Michael P. Badome
Patrick M. Bagan
Qianwen Bai
Carina Balan
Michael T. Banker
Daniel N. Barasa
Cory P. Barnes
Christopher R. Bartley
Rhett R. Barton
Brian R. Basiaga
Simone R. Beauford
Mallika Bender
Aviv Benhamo
Dwayne G. Bent
Brian J. Berkowitz
Justin D. Bevan
Adwaipta D. Bhagwat
Yash Bhalla
Kara M. Boehm
Gregory J. Breda
Seamus Breen
Craig R. Bridge
Matthew L. Briggs
James R. Broughton
Kelly A. Bruett
Alexander Buckley
Katherine M. Cable
Timothy S. Cabral
Cassidie J. Cade
Samuel C. Cargnel
Maria E. Carnovale
Sara J. Carstensen
Tory E. Carver
Jessica C. Cederquist
Alexander J. Cha
Anthony Champi
Maryellen Chansky
Sarah J. Chansky
Wendy L. Chao
Christopher J. Chen
Yueting Chen
Jeremy Chernofsky
Jessica Cheung
James Scott Childers
Elizabeth A. Chipman
Hyungjoon Choi
Fiona X. Chong
Peixian Chow
Julie L. Christy
Maria Cimino
Lauren K. Cockcroft
Nathan J. Comodo
Austin R. Conforto
Sarah C. Coulson
Joseph J. Cuff
Anthony A. Cuny
MaryJo Curcio
Ilya R. DaCosta
Gene Dan
Alexander J. Darlow
Joshua J. Daum
Tyler E. Davis
Kyle H. De Pew
Nathaniel S. Deardorff
Priya Debuka
Xuan Deng
Bingwei Deng
Maximiliano Diaz
Nicole A. Diebold
Grant T. Dilger
David E. Disla
Gina N. Donnelly
Christina M. Doran
Robert M. Dougher
Emily L. Dougherty
James T. Dwyer
Courtney L. Ehler
Ryan L. Eliason
Andrew L. Ellerbrock
Lesley L. Eng
Nicholas T. Erickson
Melinda S. Etschman
Yinglu Fan
Yao-Chuen Fang
John M. Farina
Charles N. Faus
Jing Feng
Ivy R. Feng
Christopher M. Figaro
Aaron D. Fihn
Sara R. Fisher
Jeff Flaster
Jacqueline C. Fowler
Caitlin M. Freilich
Sheena M. Frey
Franklin S. Fu
Marissa A. Gargano
Christopher M. Gast
Travis J. Gaylik
Alexander D. Geanous
Evan J. George
Cristian Gherghi
Mary K. Gibbs
Nicholas B. Gipe
Jill H. Gonzales
Jessica M. Grow
Alexander H. Grunder
Michael J. Guarino
David M. Haas
Austen D. Haley
Ashkaun M. Hami
Hang Han
Chris A. Hancock
Trevor J. Hanhlimami
Quanzhen Hao
Hannah D. Harber
Chuck A. Harvey
Margaret F. Hauser
Raymond D. Hayes III
Xiaojian Hei
Peter T. Heinren
Derek M. Heis
Paul S. Hendrick
William J. Henehan
Kang Quan Heng
Eric M. Herman
Julie C. Herrick
Alexandre Herox
Aaron N. Hill
Daniel T. Hoberg
Ryan W. Hoch
Aaron G. Hoch
Jian Hong
Gabriel C. Hopkins
Katsiaryna Hoque
Michael G. Humphreys
John R. Igrec
John D. Irving
Rajeshree Jaiman
Cari A. Jamieson
David J. Jerome
Hao Jiang
Xidong Jiang
Ruohan Jin
Charles W. Johnson
Matthew A. Johnson
Nathan A. Johnson
Nathan A. Johnson
Ashlesha Joshi
Joseph E. Kablan
Ashleigh L. Kahle
Kristin N. Kaley
Theresa A. Kamykowski
Kaitlin A. Kane
Connie L. Kang
Dzianis Kapylou
Daniel A. Kee
Daniel C. Keenan
Donald Z. Kellar
Alex K. Kigen
Matthew R. Killam
Christopher C. Kinzig
Elazar L. Klein
John J. Kldnicki
Jordan M. Knoop
Ernest Seng Yoong Koh
Hanna Komlos
Mervyn Kopinsky
Mary A. Korch
Kevin J. Kowalko
Matthew C. Krasnecky
Valerie S. Kreda

CONTINUED ON PAGE 8
Life Practice Council Groups Comment to NAIC

Several Life Practice Council committee and work groups commented to the NAIC this month.

Comment Letter on 2018 RBC Results
The RBC Tax Reform Work Group submitted a comment letter to the NAIC’s Life Risk-Based Capital Working Group on its exposed guidance document on the interpretation of 2018 life risk-based capital results.

Life Experience Committee Comments on NAIC Fall Meeting Questions
The Life Experience Committee sent a comment letter to the Life Actuarial (A) Task Force (LATF) to address questions that were raised during the NAIC Fall 2018 National Meeting regarding the current process used to develop the Actuarial Guideline 38 and VM-20 annual mortality improvement scale recommendations.

Life Reserves Work Group Comments on APF
The Life Reserves Work Group submitted a comment letter to LATF regarding exposed amendment proposal form (APF) 2019-04, which seeks to provide clarification for expense allowance formulas for universal life with secondary guarantee.

Life Illustrations Practice Note Updated

The Life Illustrations Work Group updated its 2018 practice note to reflect implications from the 2017 passage of the Tax Cuts and Jobs Act, pertinent to ASOP No. 24, Compliance with the NAIC Life Insurance Illustrations Model Regulation, and to provide information to actuaries on current or emerging practices. Read the Academy alert.

Lump-Sum Practice Note Released

The Academy’s Pension Committee released a new practice note, Valuing Benefits Payable as a Lump Sum. The purpose of the practice note—an exposure draft of which was released last September—is to provide information to actuaries on current and emerging practices in the development of liabilities and cost estimates for pension plans, with benefits paid as a lump sum.

Many pension plans offer benefits in the form of a single, lump-sum payment. In recent years, as plan sponsors have looked to manage risk, lump-sum payments have become more common. The practice note discusses the valuation of lump-sum benefits for financial accounting purposes, and utilizes a number of concepts related to interest theory.
Committees Comment to Bipartisan Policy Center

The Lifetime Income Risk Joint Committee, Retirement System Assessment and Policy Committee, and Social Security Committee sent a comment letter to the Bipartisan Policy Center (BPC) on the BPC’s 2016 Report of the Commission on Retirement Security and Personal Savings.

The comments cover six areas: improving access to workplace retirement savings plans; promoting personal savings for short term and preserve retirement savings; facilitating lifetime income options to reduce risk of outliving savings; facilitating the use of home equity for retirement consumption; improving financial capability among all Americans; and strengthening Social Security’s finances and modernize the program.

JBEA Seeks Applications for Advisory Committee on Actuarial Examinations

The Joint Board for the Enrollment of Actuaries (JBEA) is seeking applications for the next term of the Advisory Committee on Actuarial Examinations, which begins on March 1, 2019, and ends on Feb. 28, 2021. The JBEA asked the Academy to make this opportunity known to our members.

The Advisory Committee plays an integral role in assisting the Joint Board to offer examinations that test the knowledge necessary to qualify for enrollment. Its duties include recommending topics for inclusion on the Joint Board examinations, reviewing and drafting examination questions, and recommending passing scores. Applications are being accepted through March 19.

Information on how to apply is available via the IRS website.

Enrolled Actuaries Meeting Discounts Still Available

The 44th annual Enrolled Actuaries Meeting will be held April 7–10 in Washington, D.C. Sponsored jointly by the Academy and the Conference of Consulting Actuaries, the EA Meeting will offer panels, workshops, and speakers covering a variety of topics and issues relevant to enrolled actuaries and other pension professionals. The preliminary agenda is available online—register today for discounts that run through registrations postmarked or entered online by Feb. 28.

2019 Enrolled Actuaries Meeting
April 7–10 | Washington, D.C.

RISK MANAGEMENT BRIEFS

Seong-Min Eom is chairperson of the new Liquidity Risk Work Group, and the following actuaries are members of the work group: John Aprill, Nancy Bennett, Charles Ford, Rich Gibson, David Heppen, Liaw Huang, William Jones, Laurel Kastrap, James Reiskytl, Jon-Zeu Wu, and Michelle Young.

Dorothy Andrews is chairperson of the Data Science and Analytics Committee.

Jeff Johnson is the chairperson of the Solvency Committee.

Dave Heppen, Clifford Lau, Derek Skoog, and Darin Zimmerman joined the Reinsurance Task Force.