Back by Popular Demand: ‘The Magic School Bus’

Back by popular demand, the Academy’s The Magic School Bus Takes a Risk: A Book About Probability is in stock and available for order. The Academy worked with Scholastic to create this custom-designed story that aims to support math education in schools and diversity in the actuarial profession.

The book is a means to reach traditionally underrepresented populations and introduce them to the profession at a young age to educate them on what it means to be an actuary. It introduces grade-school children to the work actuaries do and shares how math can take them on amazing journeys. In 2018, the Academy donated 45,000 copies of The Magic School Bus to grades 3–5 students in Washington, D.C. Teachers received a classroom box kit, delivered by Scholastic, that included the storybook, a letter to parents on the inside cover, and a teacher flyer with lesson-plan suggestions.

Place your order today. Bulk orders (10 or more copies) are available, as are sponsorship opportunities for organizations that would like to share the inspiration in this story within their own communities. Questions? Email msb@actuary.org.

Volunteer Action Needed on COI, CE

This January the Academy once again has undertaken its annual process of volunteers to acknowledge required conflict of interest (COI) and continuing education (CE) policies. This is one of the Academy’s essential tools to ensure the highest level of professional objectivity and independence of our volunteers as they perform Academy work—the annual acknowledgment of the Academy’s COI policy and CE acknowledgement that every member, interested party, and non-Academy members who serve on our committees must complete.

The Academy’s objectivity is important to its public policy and professionalism mission, and as such each year the Academy 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. This process is now underway. If you are an Academy volunteer, please see the Jan. 29 email that was sent to volunteers and take a moment to review and acknowledge the COI and CE policies. As always, those who fail to do so will not be able to continue to participate as a volunteer or to remain on any Academy boards or committees.

For those who are interested in additional context and discussion, consider listening to the second of two installments of our “Actuary Voices” podcast interview with Past President Tom Wildsmith. It includes a very thoughtful and considered exploration of the Academy’s singular role in the profession, and our clear distinction from a trade association, that brings credibility not only to the Academy’s work, but to each of our members who contribute to that.

For more information about the Academy’s commitment to professional objectivity, please visit the Professional Objectivity at the Academy page.
**Academy NEWS Briefs**

**2021**

**MARCH**
16 Pension webinar: “Social Security Reform Options Through the Lens of Individual Equity and Social Adequacy Considerations”

**CADELAR**

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**Academy Calendar**

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**Academy NEWS Briefs**

**Life & Health Valuation Law Manual Available**

The *LIFE AND HEALTH VALUATION LAW MANUAL*, published annually, is available for order. The law manual contains information to help appointed actuaries know the requirements of the NAIC model Standard Valuation Law and the Model Actuarial Opinion and Memorandum Regulation. [Place your order today.](#)

**P/C Law Manual Available**

The *2020 PROPERTY/CASUALTY LOSS RESERVE LAW MANUAL* is now available online for purchase and download. It contains useful information for actuaries, including:

- SAO requirements and the laws and regulations establishing those requirements for every state, as well as Washington, D.C., and Puerto Rico;
- Annual Statement instructions for SAOs for property/casualty, title loss, and loss expense reserves; and
- Other pertinent Annual Statement instructions.

The law manual is available to subscribers both online and on flash drive, allowing actuaries to order the version that best meets their needs. [Order today.](#)

**Recently Released**

In the January/February issue of *Contingencies*, the cover story, “My Career as a Garbage Collector,” offers a behind-the-scenes look at one actuary’s experiences working at Warren Buffett’s Berkshire Hathaway—don’t miss this rollicking tale. Other features include “Is Data the Rx for Good Health Outcomes?”—which posits that the deluge of health data can be sifted into a treasure trove that drives better downstream medical decisions; and “Digital Decluttering”—which offers helpful tips to clean up your computer. Also, a President’s Message from Tom Campbell on new challenges in the New Year; how actuaries can bring their skills to the defined contribution world; and Up to Code tells you how the Actuarial Board for Counseling and Discipline lends a hand in your hour of need.

Academy members may opt out of receiving the print edition of *Contingencies* or change their mailing address in the “Update Your Academy Profile” section of the member login page.

The Winter *Casualty Quarterly* leads with a Q&A with Casualty Vice President Lauren Cavanaugh on the Casualty Practice Council’s recent letters and testimony addressing race and insurance issues pertaining to P/C insurance to both the National Association of Insurance Commissioners (NAIC) and the National Council of Insurance Legislators (NCOIL). Also in the issue, the Casualty Practice Council submitted testimony to the U.S. House of Representatives on pandemic risk insurance, the Cyber Risk Task Force sent a comment letter to the U.S. Department of the Treasury, and updates on recent legislative and regulatory activity.

The Winter *HealthCheck* includes a Q&A with Academy Senior Health Fellow Cori Uccello on some of the key health-related issues likely to be addressed by the Biden administration and the new Congress. Also, the Health Solvency Subcommittee commented to the NAIC on investment income in the health risk-based capital formula; a recap of the Annual Meeting and Public Policy Forum’s health breakout sessions; and an update on recent state and federal legislative, regulatory, and judicial activity. [Read more.](#)
Academy Offers Expertise to New Congress, Agencies, Insurance Commissioners

PRESIDENT TOM CAMPBELL, on the Academy’s behalf, sent letters to all members of the new Congress, Biden administration agency secretaries and directors, and all state insurance commissioners commending them for their public service and offering the assistance of the Academy in their work on actuarial public policy issues including within public programs like Social Security, Medicare, Medicaid and flood insurance, on health care coverage; pandemic risk insurance, climate, cyber and terrorism risks; life principle-base reserves; impact of COVID-19 on pensions and health and long-term-care insurance; and many other issues.

“As the national association of U.S. actuaries, it is the Academy’s mission to serve the public and the profession. The Academy offers its non-partisan, objective actuarial expertise to public policymakers to aid in the development of sound public policy affecting federal and state public programs and regulation of insurance and retirement security systems,” said Academy President Tom Campbell.

This Month in Social Media

On Facebook, we let you know that the Magic School Bus is back for 2021 and encouraged you to make sure you’re a part of the adventure this year.

On Twitter, we shared our issue brief, Immigration and Social Security, which discussed the impact of immigration into the United States, and potential changes to immigration, on the finances of the Social Security program.

On LinkedIn, we shared highlights from a recent “Member Spotlight,” which featured John Robinson, who spoke about his experiences as a life insurance regulator.

Make your 2021 resolution to join the conversation online and follow us on Facebook, Twitter, and LinkedIn. Like what you see? Help spread us the word by liking and sharing our updates.

Dues Renewal

ACADEMY MEMBERSHIP dues are due Jan. 1 of each year. If you have not done so, please log in now to pay your dues, print your invoice, apply for partial dues waiver, update your contact information, or update your member profile in the Academy's online membership directory. If you have questions or need additional information, please contact the Membership Department (membership@actuary.org; 202-785-6925).
Member Spotlight
Teresa Winer

EACH MONTH, the Academy has been introducing you to an actuary who shares a glimpse about their professional lives, as well as some insight into their personal lives. Visit the Member Spotlight page, part of the Academy’s “Professionalism First” hub. This month we profile Teresa Winer, a health actuary and a member of the Telehealth Work Group, Nonguaranteed Elements Work Group, and the Health Practice International Committee, and a former member of the joint Cancer Claims Table Committee.

Why did you become an actuary?
Around 1979, when I was graduating from Emory University with a bachelor’s degree in mathematics, my mother shared an article with me that she had read in Redbook magazine. The article explained that the actuarial career could provide excellent job opportunities for women. Redbook was mentioned in this actuarial reference from January 1980. I discovered that there was a program at Georgia State University in Atlanta, so I scheduled a meeting with Professor Robert Batten, who sketched out an exam plan for me and gave me the confidence to enter the graduate program. I earned a Master’s in Actuarial Science in 1982.

Describe a challenge you have overcome.
I worked in product development, and at the time there was a big push by A.L. Williams to “buy term and invest the difference.” This marketing concept pushed insurance companies to improve their whole life products and offer higher returns. Interest rates were high at that time. We developed an excess interest in whole life, and foresaw that there was a potential for producing illustrations of very high cash values at the time of sale, assuming current crediting rates would continue over the long term. At the time computers were very large, so our agents had a special handheld computer to print illustrations for prospects with variable interest rates. We forced the illustration software in the handheld computer to show the guaranteed returns first and made sure that projections could not be separated. For the current/other credited rate illustrations, we added consumer warnings to focus on the guarantees. At the time, we did much of our own programming in Basic to compare the “buy term and invest the difference” projections with our excess interest whole life product and to cross-check the software results extensively before launching the product. It took extra time before releasing the software, and in spite of much pressure from the sales force, we took many extra steps so that the illustrations would not be likely to mislead consumers.

What do you enjoy the most about being an actuary?
I respect other actuaries and have enjoyed working with so many great actuaries who have helped me, giving suggestions to overcome stumbling blocks when I had (and still have) questions.

Share something about yourself.
I love traveling. My last fun trip was with my daughter to meet friends in New York City in the fall of 2019. During the pandemic, some trips were canceled, but I’ve enjoyed taking lots of long walks and painting in my spare time.

What advice would you share with young actuaries?
Consult older actuaries for advice, because they have a sense of fundamental and foundational principles and can make good estimations. Being able to judge the reasonableness of rates and other output that may come from complicated software is hard-earned talent that comes from many years of work.

IN THE NEWS
A letter to the editor in the Washington Post cited the Academy’s Social Security Game, which provides estimates of the effect of potential reforms on the program’s financial condition.
Hartford Business Journal (Conn.) reported on Tom Campbell becoming the Academy’s new president.
JD Supra cited the Academy’s presentation to the NAIC’s Climate and Resiliency (EX) Task Force.
A subscriber-only Life Annuity Specialist story quoted Life Products Committee member Linda Lankowski on variable universal life contracts.
A story in The Balance on life insurance blood testing cited an Academy presentation on life insurance and accelerated underwriting.
Social Security Committee Past Chairperson Ron Gebhardtsbauer discussed President Biden’s proposal for Social Security reform in a column in The Street.
Think Advisor and Advisor Magazine reported on the Academy’s new issue brief on long-term care insurance and COVID-19.
**EXPAND** your knowledge. **SHARPEN** your skills. **EARN** vital continuing education. **ATTEND** one of the Academy’s signature events in 2021.

### SEMINARS
- Annual Meeting and Public Policy Forum
- Life and Health Qualifications Seminar
- PBR Boot Camp: Basic Training and Beyond for Principle-Based Reserving Implementation
- Seminar on Effective P/C Loss Reserve Opinions

### PROFESSIONALISM WEBINARS
Held quarterly, these webinars are a popular resource for essential information and CE credits.

Held throughout the year, these webinars cover topics from all practice areas.

### PUBLIC POLICY WEBINARS

Members receive discounted rates and advance notice when registration opens.

[ACTUARY.ORG/CALENDAR]
Reliance: A Matter of Responsibility

It is common for professionals to rely on others when forming their own opinions. Actuarial standards of practice (ASOPs) recognize this and explicitly refer to the practice. In fact, all ASOPs contain a section on disclosure of such reliance. (It’s important to note that reliance may be restricted by some ASOPs, laws, or regulations.) The concept of reliance is discussed in three cross-practice standards that all actuaries should be familiar with: ASOP No. 1, Introductory Actuarial Standard of Practice, the road map for all the other ASOPs; ASOP No. 41, Actuarial Communications, which applies to communications that include an actuarial opinion or other actuarial findings; and ASOP No. 23, Data Quality, considered to apply to all assignments in all practice areas.

ASOP No. 1 explains that:

Actuaries frequently rely upon others for information and professional judgments that are pertinent to an assignment. Similarly, actuaries often rely upon others to perform some component of an actuarial analysis. Accordingly, some ASOPs permit the actuary to rely in good faith upon such individuals, subject to appropriate disclosure of such reliance, if required by applicable ASOPs (for example, ASOP Nos. 23, Data Quality, and 41).\(^1\)

But what does ASOP No. 1 mean when it says that you may rely in “good faith” upon others? Former Actuarial Standards Board Chairperson and current Academy President-Elect Maryellen Coggins explains reliance “in good faith” this way:

The actuary’s reliance upon others for data and other information is not intended to be passive. The ASOPs generally refer the actuary to the guidance set out in ASOP Nos. 23 and 41. These cross-practice standards anticipate, in effect, that the actuary will assess the reasonableness and suitability of the data or other information received from others and formulate appropriate disclosures. In an important sense, the actuary’s assessment of data and information received from a third party effectively forms the basis for the actuary’s exercise of reliance “in good faith.”\(^2\)

ASOP No. 41 discusses two basic types of reliance: reliance on other sources for data and information, and reliance on others for assumptions and methods. It defines reliance on other sources for data and information as “making use of those sources without assuming responsibility for them” and permits such reliance, except where the law or other ASOPs limit or prohibit it. But in order to not assume responsibility, you have to disclose your reliance on those sources. And simply disclosing reliance itself is not enough. You should also define the extent of reliance by, for example, stating whether the data has been checked for reasonableness. Whether you need to review the data for reasonableness may depend on the type of data and how familiar you are with it. ASOP No. 41 refers you to ASOP No. 23 for more guidance on your responsibilities when relying on other sources for data and information.\(^3\)

Sometimes, you may rely on others for assumptions and methods. In such cases, you should identify the party responsible for each material assumption and method—otherwise you take responsibility. What you should disclose depends on whether the assumption or method was set by law or another party. If the assumption or method was set by law, you should disclose the law under which the report was prepared, the assumptions and methods prescribed by that law, and that the report was prepared in accordance with that law.\(^4\) If another party selected the assumption or method, you have three choices:

1. If you think the assumption or method does not significantly conflict with what would be reasonable for the assignment, you accept responsibility for the assumption or method and have no disclosure obligation.

2. If you think the assumption or method significantly conflicts with what would be reasonable for the assignment, you must disclose that fact, the assumption or method set by another party, who set the assumption or method, and why.

Continued on page 7

Footnotes
\(^1\)ASOP No. 1, section 2.11.  
\(^2\)Actuarial Update, October 2017, p. 8.  
\(^3\)ASOP No. 41, section 3.4.3.  
\(^4\)ASOP No. 41, sections 3.4.4(a) and 4.2.
COPLFR Releases Annual P/C Practice Note on SAOs

The Committee on Property and Liability Financial Reporting (COPLFR) released the practice note, *Statements of Actuarial Opinion on Property and Casualty Loss Reserves*, which has been updated for issuing 2020 opinions. It is intended to assist actuaries by describing practices commonly employed by actuaries working on Statements of Actuarial Opinion (SAOs) on loss and loss expense reserves in accordance with the National Association of Insurance Commissioners’ (NAIC) Property and Casualty Annual Statement Instructions. Additionally, this year’s practice note contains considerations related to COVID-19. Actuaries might also find this information useful in preparing actuarial work products for other audiences. △

Webinar Covers P/C Public Policy Issues

The Casualty Practice Council’s Jan. 14 “P/C Public Policy Update” webinar included Casualty Vice President Lauren Cavanaugh presenting on race and insurance initiatives at the NAIC and the National Council of Insurance Legislators (NCOIL); Senior Casualty Fellow Rich Gibson, who discussed congressional attention to providing business interruption insurance coverage in the event of future pandemics; Automobile Insurance Committee Chairperson Greg Frankowiak, who discussed COVID-19; impacts on auto lines; and Kathy Odomirok, outgoing chairperson of the Committee on Property and Liability Financial Reporting (COPLFR), who presented highlights of COPLFR’s recent FAQs on COVID-19 considerations in preparing P/C loss reserve opinions. Webinar slides and audio are available to logged-in Academy members. △

PROFESSIONALISM COUNTS, CONTINUED FROM PAGE 6

3. If you cannot judge the reasonableness of the assumption or method without performing a lot of additional work beyond assignment’s scope, or if you are not qualified to judge the reasonableness of the assumption, you should disclose that fact.⁶

ASOP No. 41 provides guidance on how to communicate about reliance on data or other information supplied by others, but ASOP No. 23 provides essential guidance about what you should do when working with such data. Although those who supply the data are responsible for its accuracy and completeness,⁷ your use of that data is subject to guidance provided in sections 3.3 and 3.4. In most cases, you should review the data (unless in your professional judgement, such review is not necessary or not practical), making a reasonable effort to determine the definition of each data element and identify questionable data values or significantly inconsistent relationships.⁸ You should also decide whether the data are of acceptable quality, require enhancement, or require adjustments or assumptions to be applied before performing the analysis.⁹ If you believe the data contains significant defects, you should determine the nature and extent of any checks of the data that have been performed and arrange for further review if necessary.¹⁰ ASOP No. 23 also provides guidance on what to do if you believe the data are inadequate for an assignment.¹¹

There are two main elements to the appropriate use of reliance in actuarial work—a level of due diligence to ensure that you can appropriately rely on the data and information supplied by others, and disclosure not just of the fact of the reliance, but of the steps you’ve taken to be confident that such reliance is appropriate. △

Footnotes

⁶ ASOP No. 23, section 3.5.
⁷ ASOP No. 23, section 3.3.
⁸ ASOP No. 23, section 3.3(a-c).
⁹ ASOP No. 23, section 3.4(d).
¹⁰ ASOP No. 23, section 3.4(e).
LTC Subcommittee Releases COVID-19 Issue Brief

THE LONG-TERM CARE (LTC)/Disability Committee’s LTC Reform Subcommittee released an issue brief on COVID-19’s potential short-term and long-term impacts on LTC insurance (LTCI), focusing on key actuarial and economic assumptions impacting standalone LTCI policies.

The issue brief notes that the pandemic increases mortality rates significantly on the elderly population and those with underlying medical conditions, including high levels of infection rates at LTC facilities. Other considerations include capital market conditions, public policy, and impacts on combo/hybrid LTCI products.

“Adjustments to underwriting and persistent low interest rates are COVID-19-related impacts already clearly affecting LTCI,” said Bruce Stahl, the committee’s chairperson. “More time and experience will tell if there are other consequential effects, such as a shift from facility to home care settings, or increased care needs for COVID-19 survivors.”

Health Solvency Committee Comments to NAIC

THE HEALTH SOLVENCY SUBCOMMITTEE sent a comment letter in response to a request from the NAIC’s Health Risk-Based Capital (E) Working Group providing additional detail regarding the potential investment income adjustment factor for Health H2 Experience Fluctuation Risk.

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HEALTH BRIEFS

- The following are new members of the Health Practice Council: Ron Ogborne, Jim Whelpley, and Zerong Yu
- Jamala Arland is chairperson of the LTC Reform Subcommittee.
- Tim Caldwell, Jennifer Gerstorff, Kirsten Staveland, and Dave Ogden joined the Health Care Delivery Committee.
- Becky Sheppard joined the Health Equity Work Group.
- Yuna Mindlin joined the Risk Sharing Subcommittee.
- Fritz Busch joined the Premium Review Work Group.
- Robert Hastings joined the Medicare Subcommittee.
- Russ Ackerman joined the Medicaid Subcommittee.

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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.

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IN THE “Academy Life Practice Area: 2020 in Review/2021 Preview” webinar held on Jan. 13, Life Practice Council (LPC) volunteers recapped issues from 2020 and previewed what to look forward to in 2021 and beyond from the LPC and the NAIC.

Moderated by Laura Hanson, Academy vice president, life, the presenters were NAIC Life Actuarial Task Force (LATF) Chair Mike Boerner; Bruce Sartain, chair of the NAIC’s VM-22 Subgroup; Ben Slutsker, chairperson of the Academy’s Annuity Reserves Work Group; Karen Rudolph, co-chairperson of the Academy’s Asset Adequacy Task Force (AATF); Bill Sayre, co-chairperson, and Leslie Jones, vice chairperson of the AATF; and Steve Jackson, the Academy’s assistant director for research (public policy).

Hanson covered recent Academy publications and resources, including:
- Six principle-based reserving (PBR) analysis templates;
- A white paper on the Tax Cuts and Jobs Act;
- Proposed preliminary VM-22 Framework; and
- Asset adequacy testing survey analysis.

She said the Academy is planning two PBR Boot Camps this year, following the success of the popular series in the past few years, including last year’s virtual seminar.

Slides and audio from the webinar are available to logged-in Academy members.

Chris Conrad is chairperson of the new ARCWG Vision Field Test Subgroup and the following are members of the subgroup: Gerald Adamski, Brent Dooley, Dana Lipperman, John Miller, Link Richardson, Heather Saros, Ben Slutsker, and Al Zlogar.

Steven Craighead and Henry Yim joined the Economic Scenario Generator Work Group.

Connie Tang joined the Life Capital Adequacy Committee.

Thomas Reedy joined the PBR Implementation Work Group and the PBR Strategy Subgroup.

Aria Zhou joined the Tax Work Group.

Nicole Frey joined the Life Illustrations Work Group.

Caleb Bouso joined the LTC Combo Product Val

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Social Security Webinar Set for March 16

THE PENSION PRACTICE Council will host a webinar, “Social Security Reform Options through the Lens of Individual Equity and Social Adequacy Considerations,” in March. Presenters will be Social Security Committee Chairperson Amy Kemp, Past Chairperson Ron Gebhardtzbauer, and committee member Janet Barr.

They will present the committee’s analysis on three reform proposals, from across the political spectrum, that were designed to eliminate the program’s deficit. The proposals are analyzed using two principles: individual equity, which bases a worker’s benefit on the value of the worker’s own contributions; and social adequacy, which bases a worker’s benefit on their financial need. Other proposals, including those put forth by the Biden administration, will be discussed. Senior Pension Fellow Linda K. Stone will moderate.

The webinar will be held March 16 from noon to 1:30 p.m. EDT. Register today.