Volunteer Survey
Due July 31

**Reminder** that the deadline for responding to the Academy’s annual volunteer survey is the day of this issue’s publication date, Friday, July 31. The survey helps identify potential volunteers to actively assist many Academy committees in their work. There are some new opportunities on this survey, including a planning committee for continuing education opportunities for Enrolled Actuaries.

Members should have received the survey via a July 17 email—you may also find it in the members section of our website for logged-in Academy members.

**Save the Date:**
**Virtual PBR Boot Camp**

*The Academy* is once again offering its PBR Boot Camp, this time through a virtual platform, to provide useful and practical information for those at all levels of familiarity with principle-based reserving (PBR) methodologies and reserve requirements. Participants will benefit from the experience of the presenters for this highly regarded seminar, plus have the opportunity to earn valuable continuing education (CE) credit, all in a convenient format. The agenda was developed with your busy schedule in mind and to accommodate participants from across time zones. Visit the PBR Boot Camp webpage to learn more about the Sept. 14–17 event. As soon as the technology is in place, we will open registration.

**Election of Regular Directors Opens in August**

*The Academy’s Election* for regular director positions on the Academy Board of Directors will open on Friday, Aug. 21, and run for two weeks through Sept. 4.

The Academy’s Nominating Committee announced the slate of four candidates in June to serve as regular directors on the Academy’s Board. The regular directors on the ballot, who would have terms that begin at the conclusion of the Annual Meeting on Nov. 5, are:

- **Margaret Berger**, former vice chairperson of the Pension Practice Council (PPC) and a longtime volunteer on several PPC committees and a former member of the Actuarial Standards Board’s (ASB) Pension Committee, nominated to serve a three-year term;

- **Chris Carlson**, former ASB member and ASB liaison for many Academy public policy committees, a longtime member of the Casualty Practice Council—and a former special director of the Board by dint of his position as president of the Casualty Actuarial Society—nominated to serve a one-year term;

- **Jason Russell**, vice chairperson of the Pension Practice Council and former chairperson of the Multiemployer Plans Committee, nominated to serve a three-year term; and

- **Pete Weber**, a member of the Life Practice Council as well as several work groups focused on principle-based reserving (PBR), and a life actuary at the Ohio Department of Insurance, nominated to serve a three-year term.

Intelliscan, the Academy’s election vendor, will send an email to members in early August announcing that information regarding election of regular directors will be sent to members soon, and to add academy2020@intelliscaninc.net to their safe-senders list. Members who need help with or have questions about your ballot may send an email to Intelliscan’s Keith Wier (kwier@intelliscaninc.com).

We encourage members to take part in familiarizing themselves with the slate to be offered for election as the newest leaders of the Academy, who will help us fulfill our mission to serve the public and the U.S. actuarial profession.

See **Election, Page 5**
Academy NEWS Briefs

Don’t Forget: LHQ Early Registration Ends Today

Today, July 31, is the last day to take advantage of early registration rates for the 2020 Life and Health Qualifications Seminar, to be held Nov. 9–12 in Arlington, Va. This seminar delivers the highest-quality and most efficient way to obtain any needed basic education or relevant continuing education credit necessary to qualify to issue actuarial opinions for either the NAIC Life and Accident & Health (A&H) Annual Statement or the NAIC Health Annual Statement. Register today and save.

Recently Released

In the July/August issue of Contingencies, the cover story, “Actuaries, Decision-Making, and COVID-19” explores uncertainty—and opines that some actuaries are uniquely qualified to lend perspective during this crisis. Other features include “Then and Now,” a look back at the 1918 Spanish flu pandemic and how it can tell us a lot about how COVID-19 might play out; and “On Economics: First Principles,” which offers foundational principles of economics: what economics is, what it is not, and why actuaries should care. Also included are: a President’s Message from Academy President D. Joeff Williams that delves deeper into uncertainty; a column on communicating the unknown in “Up to Code”; and a Tradecraft piece developing a conservation strategy for life insurance to combat the effects of COVID-19.

The Summer HealthCheck includes a Q&A on the ASOP No. 6 public policy practice note released in late July. Also in the issue, a cross-practice Capitol Forum webinar on COVID-19 included health issues; another health webinar covered COVID-19 and 2021 rate filings; an online briefing for Capitol Hill staffers also covered COVID-19 and rate filings and risk mitigation mechanisms; health sessions are set for the Academy’s Annual Meeting and Public Policy Forum; and state and federal legislative and regulatory activity.

Public Employment Opportunity

The New York State Teachers’ Retirement System is seeking a Manager of Actuary. This position supervises the Actuarial Department staff and coordinates all the work prepared by the department. The Manager manages deadlines with respect to the work, assigns staff to complete projects, and completes some work personally. Additionally, this position interfaces with other departments to provide advice and input with respect to benefit legislation and implementation and provides support and guidance to the Actuary as needed. The application deadline is Aug. 14. For more information and to apply, click here.

The Academy has long supported government employers who are seeking to hire qualified actuaries. See our Public Employment Opportunity Posting Policy for more information.
Professionalism Webinar Rescheduled for August

Due to the failures of our managed webinar provider Blue Sky eLearn on July 29, the Academy’s professionalism webinar, “In Times of Uncertainty, Professionalism is Certain,” had to be rescheduled. The webinar has now been rescheduled for Aug. 20, from 11 a.m. to 12:30 p.m. EDT.

Blue Sky has taken complete responsibility for the failures that caused the webinar to be canceled and communicated their apologies to all the registrants. Those who were previously registered will have their registrations automatically rolled over unless they request a refund. Those who wish to attend on Aug. 20 who were not already registered can register here.

Capitol Forum Webinar on Social Security Set for August

Learn about Social Security and reform options by attending the August 13 Capitol Forum webinar, “Social Security Reform Options.” With Social Security’s combined trust funds reserves projected by Social Security trustees to be depleted by 2035 (or perhaps sooner, reflecting the COVID-19 pandemic), Congress would have a wider range of options the sooner it addresses the program’s long-term solvency issues.

A panel of experts will begin with the current financial status of the program and provide their varied viewpoints on how well Social Security achieves its goals and possible reform solutions. Presenters will be Social Security Administration Chief Actuary Stephen Goss; Rachel Greszler, economics research fellow, Heritage Foundation; Bill Hoagland, senior vice president, Bipartisan Policy Center; and Nancy Altman, president, Social Security Works. Academy Senior Pension Fellow Linda K. Stone will moderate.

Attendees may earn up to 1.8 continuing education (CE) credits for attending this live webinar, and the Academy believes in good faith that Enrolled Actuaries may earn 1.8 continuing professional education (CPE) non-core credits under the Joint Board for the Enrollment of Actuaries (JBEA) rules for attending this live webinar. Register today.

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Stay on top of the latest news about our public policy and professionalism work that affects your practice.

Connect with the American Academy of Actuaries
actuary.org
Member Spotlight
Rade Musulin

EACH MONTH, the Academy will introduce 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 on the Academy’s professionalism page. This month we profile Rade Musulin, a property/casualty actuary and Academy past vice president, casualty.

Why did you become an actuary?
I became an actuary by accident. I had planned to attend law school or graduate school in international relations but due to financial considerations I decided to stop attending school after graduating from university. As I had taken many math classes I completed an applied mathematics degree my senior year. I applied for a job after graduation—“mathematicians wanted”—and it turned out to be for an actuarial student position, which I jokingly referred to as a track for a “poor man’s PhD” because exams were inexpensive and employers paid you to study. Despite having no plan to become an actuary, I am very happy I did so, as it has opened up many interesting career opportunities for me and has let me work in many countries.

Describe a challenge you have overcome.
I became a political lobbyist after working on many public policy issues following Hurricane Andrew in 1992. In that role I had to learn to distinguish between “correct” answers and “right” ones, plus provide actuarially sound input even if it did not fit a political position. Being a member of the Academy sometimes limited my ability to create facts as some of my political colleagues could, but in the long run the credibility of having professional standards I followed opened many doors. I wrote a Contingencies article on this titled “Sound Bites and Fuzzy Math” in November/December 2001.

What do you enjoy most about being an actuary?
Having a foundation in mathematics, risk, and sound reasoning allows you to understand so many other disciplines. I have been able to use those skills in many different settings during various phases of my career. I have spent most of my time doing “nontraditional” work, which has been very rewarding and interesting. I currently lead a climate risk practice, which is something I would never have thought of when I left university in 1979.

Share something about yourself.
I live in Australia and enjoy outdoor activities like hiking.

What advice would you share with young actuaries?
Get prepared for a lifetime of learning and keep updating your skills. The needs of society are evolving at a rapid pace and continuing education is a key to having a successful career.

IN THE NEWS
Senior Health Fellow Cori Uccello co-authored an article in the JAMA Health Forum on an option to lower the Medicare eligibility age and the challenges that it would bring to an already complex health care system.

Advisor Magazine cited the Individual and Small Group Markets Committee’s issue brief outlining the major factors driving premium changes for 2021, including the impact of COVID-19.

JD Supra referenced the Academy’s FAQs on COVID-19, released in April, that gives insight into the effects the pandemic will have on Medicaid and Medicaid managed care organizations.


MLive reported that a primary challenger for a county commissioner seat in Muskegon County, Mich., referenced the Academy on pension funding issues in response to a candidate questionnaire.

Several local Illinois news outlets—Metro East Sun, Lake County Gazette, Will County Gazette, and North Cook News—used analysis from the Academy to help readers understand the reported funded status of local public pension plans.

The Academy’s recent issue brief, Actuarial Perspectives on Determining a Retirement Income Budget, developed by the Lifetime Income Risk Joint Committee, was highlighted in the Retirement Income Journal.
ASB Adopts Revisions of ASOP Nos. 27 and 35

The Actuarial Standards Board (ASB) adopted revisions of Actuarial Standard of Practice (ASOP) Nos. 27, Selection of Economic Assumptions for Measuring Pension Obligations, and 35, Selection of Demographic and Other Noneconomic Assumptions for Measuring Pension Obligations.

ASOP No. 27 underwent two exposure periods and received a combined 26 comment letters considered in making changes that are reflected in the revised ASOP. ASOP No. 35 underwent two exposure periods and received a combined 22 comment letters considered in making changes that are reflected in the revised ASOP.

Both ASOPs are effective for actuarial reports issued on or after Aug. 1, 2021, and when the measurement date in the actuarial report is on or after Aug. 1, 2021.

Applicability Guidelines Updated

The Applicability Guidelines for Actuarial Standards of Practice have been updated for Actuarial Standard of Practice (ASOP) No. 56, Modeling. This ASOP affects all practice areas. Visit the Applicability Guidelines webpage, then scroll down the page to download the Excel file. As always, the Applicability Guidelines do not provide or state binding guidance but are intended to be a helpful tool for actuaries to use to assess what ASOPs may apply to their work.

Professionalism News

The Academy holds uncontested elections. Some will recall that the Board authorized contested elections for regular director seats over a three-year period several years ago, as a means of testing a voting tradition that some other actuarial associations have. After several years of experience, the Board decided in 2014 to reaffirm the long-standing Academy process of holding uncontested elections.

The reason for not creating contested elections has long been based on trying to achieve the optimal balance for an effective Board that is not dominated by any one specialty, business affiliation, or employer. Finding the best candidate possible and balancing experience and background for each opening is the goal of the Nominating Committee. After identifying such candidates, the Academy Board chose to create a process for successfully onboarding these exceptionally well-qualified and well-deserving volunteers.

The Academy tries to ensure that the 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 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.

The committee carefully vets candidates for appropriateness in accordance with the guidelines. The Nominating Committee looks for candidates for regular directors who have served the Academy, often through having been chairpersons on Academy committees and task forces. Through repeated announcements in Academy publications earlier this year, the Nominating Committee also asked the entire membership directly for your input on regular director candidates.

The nominating process is designed to ensure that all candidates bring deep expertise and experience, and also significant knowledge of the Academy’s history, mission, and priorities. The election process provides an opportunity to familiarize yourself with those who will contribute to the leadership and continuing success of the Academy. We hope you will participate by voting.
Disclosures: A Matter of Integrity, Honesty, and Competence

The first precept of our code of professional conduct requires us to act with integrity, honesty, and competence. The remaining precepts elaborate on this basic requirement in other areas, including standards of practice and communication. Precept 3 requires us to ensure that the work we do (and oversee) meets the requirements of applicable actuarial standards of practice (ASOPs). Precept 4 lays out the expectations for actuarial communications: They should be clear and appropriate to the circumstances and intended users, and satisfy applicable standards of practice.

Satisfying the requirements of Precepts 3 and 4, then, means that we must pay close attention to the ASOPs, including the disclosures required in section 4 of every ASOP.

Why such a stress on disclosures? Clear and appropriately detailed disclosures not only demonstrate our integrity, but allow intended users of an actuarial work product to better understand the findings presented and judge how reliable they are. There is always an element of uncertainty in actuarial work, and in today’s environment, that element of uncertainty is perhaps greater than it has been in most of our careers, perhaps our lifetimes. Intended users of an actuarial report are relying on our reports to make decisions that affect people’s financial well-being, so it is important that those decision makers understand the report, including how uncertain that information may be.

ASOP No. 41, Actuarial Communications, which applies to all practice areas, sets requirements for actuarial communications.

First, in any actuarial communication you must identify the actuary responsible for the communication and the documents themselves.1 Second, if you expect the user to rely on your findings, you should issue an actuarial report. In that report, you should state the actuarial findings and identify the methods, procedures, assumptions, and data you used with sufficient clarity that another actuary qualified in the same practice area could make an objective appraisal of the reasonableness of your work as presented in the actuarial report.2

You should also disclose the intended user, the scope and intended purpose of the assignment, an acknowledgment of qualifications, any cautions about risk and uncertainty, any limitations and constraints on the use or applicability of the findings, any conflict of interest, any reliance on other sources for data or other information, the information date, any subsequent events, and, if appropriate, the documents comprising the actuarial report.3

Assumptions and methods are so important that two disclosure sections of ASOP No. 41 are devoted to them: section 4.2, Certain Assumptions or Methods Prescribed by Law; and section 4.3, Responsibility for Assumptions and Methods.

When you use any material assumption or method prescribed by law, you should disclose the law under which the report was prepared, the assumptions or methods prescribed by that law, and that the report was prepared in accordance with that law.

When assumptions and methods are not prescribed by law, you are presumed to take responsibility unless otherwise stated in the report. If you state reliance on other sources, thereby disclaiming responsibility for any assumption or method, you should disclose the assumption or method that was set by another party, who set the assumption or method, and why that party set the assumption or method. You should also disclose if you believe the assumption or method significantly conflicts with what would be reasonable for the purpose of the assignment or you were unable to judge the reasonableness of the assumption or method.

Remember, the disclosures required by ASOP No. 41 are a minimum. Each ASOP that applies to a specific task or assignment requires other disclosures specific to that task or assignment. As ASOP No. 23, Data Quality, also applies to every actuarial task, it’s a good idea to become as familiar with the disclosures required by that ASOP as you are with those required by ASOP No. 41.

In these uncertain times, the public is relying more than ever on the security of the financial systems that our work contributes to. Disclosures help the intended users make better decisions about their own needs, and thus help us fulfill our responsibility to the public. ▲

Footnotes
1 Sections 4.1.1 and 4.1.2
2 Section 3.2
3 Section 4.1.3
Casualty News

Webinar Looks at Workers’ Comp and COVID-19


Moderated by committee chairperson Dave Heppen, the speakers were committee members Derek Jones, Katrina Redelsheimer, and Doug Ryan. They covered the effects of unprecedented changes in the workforce, expansion of presumptive benefits for first responders and health care workers, consideration of the 2020 experience in the rate-filing process, and financial reporting issues, and answered many audience questions.

Ryan said that the coronavirus pandemic and related economic disruptions “have directly impacted and continue to impact the workers’ compensation system,” and noted that some of the changes have increased costs, while others have decreased them.

Redelsheimer said that funding of this unexpected liability—claims due to COVID-19—is not just an actuarial issue but also a public policy question. At least 20 states have changed their presumptive benefit laws to include COVID-19. On the other hand, she cited data showing that the severity of individual claims has been less than expected, with 82 percent of reported claims being for mild cases that did not require hospitalization.

Jones offered that, due to COVID-19’s direct and indirect effects, claims data from 2020 will look very different from other years. He reviewed a half a dozen ways that the pandemic is affecting non-virus claims. “Everything is affected,” he said. Summing up, he observed that the various impacts of COVID-19 provide “a good example of how communications to our constituents becomes so important.”

Slides and audio are available for logged-in Academy members.

Casualty Briefs

- Jared Smollik is vice chairperson of the Automobile Insurance Committee.
- Eduardo Esteva joined the Committee on Property and Liability Financial Reporting.
- Christina Negley joined the Cyber Risk Task Force and the Medical Professional Liability Committee.

This Month in Social Media

- On Facebook, we asked if you knew that telehealth programs, if well designed, can be an efficient form of health care delivery, and pointed to our issue brief to learn more.
- On Twitter, we shared links to our new discussion paper on self-regulation.
- On LinkedIn, we pointed to our new FAQs from the Academy’s Committee on Property and Liability Financial Reporting (COPLFR) which provides answers to current and emerging questions about P/C financial reporting related to #COVID19.

Make sure you’re a part of the conversation online by following us on Facebook, Twitter, and LinkedIn. Like what you see? Help spread us the word by liking and sharing our updates.
Academy Comments to NAIC on CASTF Predictive Models Exposure Draft


“Model innovation has many potential benefits to the insurance market. At the same time, there is the potential for modeling to be stretched too far through such innovations. One would hope that application of the RRPM White Paper best practices, used effectively, finds a balance between innovation and control,” Gibson wrote.

ASOP No. 6 Practice Note Work Group Releases Exposure Draft

THE ASOP NO. 6 PRACTICE Note Work Group released an exposure draft of a public policy practice note, ASOP No. 6—Development of Age-Specific Retiree Health Cost Assumptions for Pooled Health Plans, Including Applications to Non-Pooled Health Plans, which is intended to provide information for actuaries valuing retiree health benefit plans. Comments on the exposure draft are due to the Academy by Sept. 30, and can be sent to health@actuary.org. For more on the exposure draft, see the Summer HealthCheck, released this month.

Subcommittee Comments on Risk Adjustment Program

THE RISK SHARING SUBCOMMITTEE filed comments with the Department of Health and Human Services (HHS) and the Centers for Medicare & Medicaid Services on exposed amendments to the HHS-operated risk adjustment data validation under the Affordable Care Act’s HHS-operated risk adjustment program.

The letter commented on hierarchical condition category (HCC) grouping for failure rate calculation; sliding scale adjustments; flooring group failure rates at zero when calculating error rates; and prospective vs. concurrent application.

PROFESSIONALISM BRIEFS

- David Quinn joined the Medicaid Subcommittee.
- Rebecca Owen, Dan Pribe, and Teresa Winer joined the Telehealth Work Group.
- Steven Smith joined the LTC Reform Subcommittee.
LPC Seeks Feedback on VM-20 Practice Note

THE LIFE PRACTICE COUNCIL (LPC) is seeking feedback for an addendum to the VM-20 Practice Note. The LPC would like input on items such as: What additional questions should be answered? What other topics would be helpful? Are there questions in the current practice note where the answers should be expanded? Feedback is welcome at life@actuary.org.

VM-21 Checklist Released

THE VARIABLE ANNUITY Reserves and Capital Work Group released the VM-21 Checklist. This checklist provides a comprehensive guide to VM-21, which specifies requirements for principle-based reserves for variable annuity contracts. The VM-21 Checklist is a companion piece to the PBR Checklist, released in October 2019.

Life Underwriting Work Group Comments to NAIC

THE LIFE UNDERWRITING and Risk Classification Work Group sent a follow-up letter to the NAIC Accelerated Underwriting (A) Working Group on ASOPs that were referenced in its June 18 presentation.

ASOP No. 51 Practice Note Released; Webinar Set for August

THE PENSION COMMITTEE and its ASOP No. 51 General Practice Note Work Group released a practice note, with information on current or emerging practices in which actuaries are engaged that may be affected by Actuarial Standard of Practice (ASOP) No. 51, Assessment and Disclosure of Risk Associated with Measuring Pension Obligations and Determining Pension Plan Contributions.

Aug. 20 webinar—Learn more about the practice note and earn valuable continuing education credit at the Academy's pension webinar, “ASOP No. 51: Risk Assessment in Practice.” This webinar will serve as a guide through the practice note, with speakers referencing illustrative examples from the practice note. They will share perspectives from the corporate, public, and multiemployer plans perspectives. Speakers will be Public Plans Committee member Paul Angelo, along with Tammy Dixon and Julie Ferguson. Grace Lattyak, a member of the Pension Committee, will moderate. Attendees may earn up to 1.8 continuing education (CE) credits for attending this live webinar, and the Academy believes in good faith that Enrolled Actuaries may earn 1.8 continuing professional education (CPE) core credits under the Joint Board for the Enrollment of Actuaries (JBEA) rules for attending this live webinar. Register today.

PPC Releases Asset Allocation Issue Brief

THE PENSION PRACTICE COUNCIL published an issue brief, Asset Allocation and the Investment Return Assumption, which details why the investment return assumption is often determined by the asset allocation, and not the other way around. Subtitled “Don’t Put the Cart Before the Horse,” the issue brief’s highlights include discussions on:

- The expected investment return for a pension plan’s assets used as the discount rate for public and multiemployer pension plan valuations is sometimes referred to as the “actuarial” rate of return;
- The investment return assumption used to measure pension liabilities is sometimes treated as a return target for determining the asset allocation for a pension fund. Some find this practice can lead to increased investment risk; and
- Why investment risk is typically reduced as a plan matures.
Issue Brief Covers Actuarial Assumptions

The Multiemployer Plans Committee released an issue brief, Selection of Actuarial Assumptions for Multiemployer Plans. The issue brief “is meant to contribute to the public policy analysis of multiemployer pension plan issues by providing insights into some of the considerations that go into the selection of actuarial assumptions, and the approaches that actuaries use in practice.”

Issue Brief—Actuarial Perspectives on Determining a Retirement Income Budget

The Lifetime Income Risk Joint Committee released an issue brief, Actuarial Perspectives on Determining a Retirement Income Budget. The issue brief’s points include:

▲ Deciding on a retirement income budget is a challenge for many retirees as a result of varying circumstances, goals, and uncertainties about the future;
▲ Several approaches from an actuarial perspective are described that can be used in addressing the challenges of lifetime income budgeting ranging from as simple as required minimum distributions to complex probabilistic analyses; and
▲ It is important that retiree find an approach that creates a structure for retirement finances.

Committees Comment on ASOP No. 4 Exposure Draft

The Pension Committee, Multiemployer Plans Committee, and Public Plans Committee submitted comments to the Actuarial Standards Board regarding the second exposure draft of ASOP No. 4, Measuring Pension Obligations and Determining Pension Costs or Contributions. The letter offered suggestions on several sections of the ASOP, and definition clarifications.

Intersector Group Releases Meeting Notes

The Intersector Group released the notes of its May conference call with the Pension Benefit Guaranty Corporation.

LIFE/PENSION BRIEF
Senior Life Fellow Nancy Bennett is chairperson and Senior Pension Fellow Linda K. Stone is vice chairperson of the Pension Risk Transfer Work Group, and the following are members of the work group: Chris Johnson and Betsy Summers.

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HE ACADEMY HOSTED a webinar, “IFRS 17 Insurance Contracts: Amendments to the Standard and Current Implementation Challenges,” on July 23 that explored the final amendments to International Financial Reporting Standard 17 (IFRS 17) issued by the International Accounting Standards Board (IASB) in late June. IFRS 17 Work Group Chairperson Doug Van Dam moderated.

Presenters Rodrigo Careaga, Rich Isherwood, and Marc Oberholtzer covered the feedback given to and deliberations by the IASB in reaching the final language, and discussed aspects of the standard that were not amended, the potential implications of the changes across practice areas, and highlighted implementation issues that insurers will need to consider.

The webinar included discussion on the Contractual Service Margin (CSM), Risk Mitigation Option, Recovery of Insurance Acquisition Cash Flows (IACF), and several transition modifications. The group also covered scope exclusions and analyzed the effects on financial statements. They also noted the two-year delay in the midst of the COVID-19 pandemic.

“Ultimately the board [IASB] decided to extend the effective date by two years, and I think insurers will be happy with that extra year,” Isherwood said. “This decision to defer was made just as COVID-19 was leading to economic impact and remote working impacts for many companies. So we may see more benefits of the deferral over that extra year.”

Regarding current implementation issues, Isherwood discussed the implications of various approaches for life contracts including the variable fee approach, fair value approach, and full retrospective and modified retrospective approaches.

He also observed that the Variable C approach was both topical and challenging. “This is most prevalent in contracts that behave like they’re direct participating contracts in the early part of their life and transition to something more akin to a traditional contract later on in their life,” he said.

Covering P&C implementation challenges, Oberholtzer discussed the Premium Allocation Approach (PAA) and its eligibility testing. “Contracts need to be evaluated at a lower level granularity,” he said. “Under U.S. GAAP [generally accepted accounting principles], we’re used to being able to combine a wide swath of business, but under IFRS 17 that assessment needs to be done at the group level.”

Careaga, speaking on implementation challenges for reinsurers, said “all of this [the non-distinct investment component (NDIC)] is based on projected cash flows, but what happens with transactions of data, the actual cash flows? Actuaries and accountants will need to start talking to each other right now to be able to speak on actual benefit payment into that component.”

The presenters took questions from webinar attendees and finished by sharing an update on the status of those implementing the Final Amendments. “The release of a revised standard is a significant milestone for the insurance industry and for the insurance contracts standard project, and provides some degree of certainty for the industry as a whole,” Isherwood said.

Slides and audio are available for logged-in Academy members.