

Academy Announces Slate of Regular Directors and Online Election in August

THE ACADEMY'S NOMINATING COMMITTEE has presented a slate of four candidates to serve as regular directors on the Academy Board of Directors to be voted on by the membership in an online election in August. The nominees are:

- ▲ Bruce Cadenhead, vice chairperson of the Academy's Pension Committee;
- ▲ Tim Geddes, vice chairperson of the Academy's Pension Practice Council;
- ▲ Stu Mathewson, a member of the Academy's Flood Insurance Work Group; and
- ▲ Tricia Matson, chairperson of the Academy's Longevity Task Force.

Geddes is nominated to serve the remaining year of a three-year term that will expire in 2018. The other three are nominated to serve three-year terms as regular directors expiring in 2020. Mathewson is currently on the Academy Board and was elected last year to a then-remaining one-year term that will expire this fall.

Cadenhead, a member of the Pension Practice Council since 2013, has served the Academy with webinar and in-person presentations on pension and retirement issues.

SEE REGULAR DIRECTORS, PAGE 5



Cadenhead



Geddes



Mathewson



Matson

Annual Volunteer Survey Released; Responses Due July 14

THE ACADEMY released its annual volunteer survey on June 28. The annual survey offers members an easy vehicle to express their interest in taking an active part in the important work of the Academy.

Members were invited by email to complete the survey, which is also available in the members-only section of the Academy website.

Responses are due by Friday, July 14.

The survey, which takes only a few minutes to complete, describes Academy committees, particularly noting those that are

actively seeking volunteers. It is more likely that those committees listed as "Actively Seeking Volunteers" will select volunteers from among those who identify their desire to volunteer for them.

Volunteering for the Academy offers the benefits of professional growth, career development, networking opportunities, developing relationships with leaders within the profession, and expanding your knowledge of issues that affect your work and practice. Your participation on Academy committees and projects is vital to the profession. It even enables the Academy to identify future leaders of the actuarial profession.

Completing the annual volunteer survey is your first step to maximizing opportunities for leadership, networking, and your own professional development. [Take the survey now](#) and join your many peers in advancing the Academy's mission to serve to the public and the profession. ▲



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Bob Woodward to Keynote Annual Meeting

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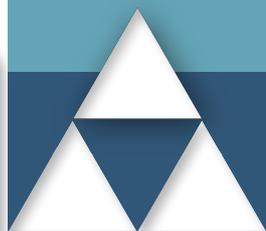
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Health Groups Comment to Senate on Health Care Bill



SEPTEMBER

11–13 Fall PBR Boot Camp, Las Vegas

NOVEMBER

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

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

DECEMBER

7–8 [Seminar on P/C Effective Loss Reserve Opinions](#), Chicago

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

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

Academy NEWS Briefs

Annual Meeting and Public Policy Forum Sessions Information Released; Renowned Journalist Bob Woodward to Give Keynote Address

THE ACADEMY RELEASED [practice-area breakout-session information](#) for the 2017 Annual Meeting and Public Policy Forum, to be held Nov. 14–15 in Washington, D.C., and announced that *Washington Post* Associate Editor **Bob Woodward**, the two-time Pulitzer Prize-winning reporter of Watergate fame, will deliver a keynote address at a Nov. 14 general session.

Woodward, who broke the Watergate story with Carl Bernstein and is a best-selling author of books covering the past eight presidents, will bring his fact-based, tough-minded reporting perspective and extensive historical knowledge of the presidency to the key question of what the nontraditional Trump presidency means for the country.

Also presenting at the event on Nov. 15 will be two of Washington's most seasoned political commentators—nationally syndicated columnist and *PBS NewsHour* political analyst **Mark Shields** and *ABC News* contributor and veteran Republican campaign consultant **Alex Castellanos**. The two will join a roster of experts on what's happening in Washington, offering a candid analysis—and interactive discussion with the audience—of how the political landscape has changed in the wake of last year's election, what's really going on in the capital, and why you should care.

Breakout sessions will deliver the latest on today's top public policy and professionalism issues, including updates on health care, tax, pension, and financial services regulation and policymaking. Get the strategic information you need to stay current—make plans to join us in November at the Fairmont Hotel in Washington. [Register today](#) to secure early registration rates. (Note: Life session information will be released soon.)

Casualty Breakout Sessions

Following are the property/casualty breakout sessions for the Academy's Annual Meeting and Public Policy Forum.

➔ **Flood Insurance: The Changing Picture**—The National Flood Insurance Program (NFIP) will expire on Sept. 30 unless Congress reauthorizes it. What changes can we expect? What does the future look like for insurers, regulators, actuaries, and consumers? What is the new role for private insurers in the flood insurance market? How might rising sea levels affect the NFIP? (Estimated continuing education (CE) credit: 1.8)

➔ Auto Insurance in the 21st Century

Speakers will provide an intriguing look at new and emerging technologies and how they will impact—and already are affecting—automobile insurance. Included will be a discussion of autonomous vehicles, shared vehicles, and distracted driving and how these new developments will impact consumers, regulators, and insurers. (Estimated CE: 1.8)

➔ 2018 Preview: A Survey of the State & Federal Landscapes

Speakers will address expected hot topics for next year in Congress, the state legislatures, and state regulatory agencies. Topics to be discussed may include: climate change, cyber risk, risk-based capital, travel insurance, Big Data, international reserving standards, and more. (Estimated CE: 1.8)

Health Breakout Sessions

Following are the health breakout sessions for the Academy's Annual Meeting and Public Policy Forum.

➔ The Uncertainties in Health Care (Part 1)

In the wake of a new administration and a Republican-controlled Congress, efforts to repeal and replace the Affordable Care Act have taken

SEE **ANNUAL MEETING**, PAGE 9



Woodward

Academy NEWS

Pension, Casualty Briefings on Capitol Hill

THE ACADEMY HOSTED separate briefings in late June on flood insurance and multiemployer pension plans on Capitol Hill in Washington, which were well attended by congressional and federal agency staff.



Nancy Watkins (at podium), a member of the Flood Insurance Work Group, addresses attendees at the June 26 casualty briefing

CPC Briefing on Flood Insurance

As Congress considers legislation to revise and reauthorize the National Flood Insurance Program (NFIP), the Casualty Practice Council (CPC) presented a Capitol Hill [briefing on flood insurance](#) to congressional staff and others on June 26.

Stu Mathewson and Nancy Watkins, members of the CPC's Flood Insurance Work Group, formed the panel, with Senior Casualty Fellow Jim MacGinnitie moderating. Reviewing the work group's [flood insurance monograph](#) released in April, the presenters underscored the Academy's support for expanding the role of private insurance coverage for flood. The briefing was well attended by more than 40 people, including congressional staff and representatives of the Government Accountability Office and Congressional Budget Office.

Presenters also expressed concern that none of the pending legislative proposals include a serious plan to repay or forgive

the NFIP's past and future debts attributable to infrequent mega-storms, and they reminded attendees that rising sea levels are expected to cause an increase in the frequency of coastal flooding and in the severity of mega-storms.

Multiemployer Issue Brief Released

The Pension Practice Council (PPC) hosted a June 27 Capitol Hill [briefing on multiemployer issues](#) that was attended by more than 80 people.

The PPC released the [issue brief](#), which provides an objective overview of the fragile state and future security of the multiemployer pension system. Of the more than 10 million people who participate in multiemployer pension plans, about 1 million are in plans that are currently projected to be unable to pay the full benefits that have been promised.

The speakers—Bill Hallmark, the Academy's vice president, pension; Josh Shapiro, chairperson of the Multiemployer Plans Subcommittee and nominee to be the next vice president, pension; Christian Benjaminson, a member of the Multiemployer Plans Subcommittee; and Ted Goldman, senior pension fellow—discussed ideas from the brief about how to address troubled multiemployer plans and strengthen the multiemployer pension system. ▲



Pension Vice President Bill Hallmark (right) presents at the June 27 multiemployer plan briefing on Capitol Hill

LHQ Seminar Agenda Released

ARE YOU AN ACTUARY who wishes to be qualified to issue actuarial opinions for either the NAIC Life and A&H Annual Statement or the NAIC Health Annual Statement? If so, make plans to attend the 2017 [Life and Health Qualifications Seminar](#), Nov. 12–16 in Arlington, Va. This highly regarded seminar provides three days of training and instruction, along with the opportunity for attendees to take the Specific Qualification Standard exam on the final day. For more experienced actuaries, it serves as an excellent basic education refresher or as a source of required continuing education. Attendees can earn up to 27 hours of continuing education, including up to 2.7 professionalism hours. A new [agenda-at-a-glance](#) is available to give those interested more information about the topics and sessions available in this popular seminar—[register today](#) for the lowest rates and to secure your space. ▲

Recently Released

ACTUARIAL ORGANIZATIONS, including the Academy, that represent the actuarial profession in the United States and Canada reported June 28 that the [Actuaries Climate Index \(ACI\)](#) value for fall 2016 was 2.07—the [highest seasonal level recorded](#) for the two countries combined. “We have now seen four

of the last five seasons having an Actuaries Climate Index value over 1.50, compared to the 30-year reference period, which had no index values above 1.00,” said Doug Collins, chairperson of the ACI Climate Change Committee.

The latest [Enrolled Actuaries Report](#) has coverage of the 2017 Enrolled Actuaries Meeting, including plenary sessions on the post-election climate in Washington; actuarial standards of practice and actuarial communications for pension actuaries; lifetime income options; and ethics and professionalism.

The June [HealthCheck](#) covers the latest Academy activities in the health care sphere, including a roundup of recent media coverage. Also in this issue are comments by the Health Practice Council and Medicare Subcommittee to Congress, and legislative, judicial, and regulatory updates from the states and the federal government.

The Summer 2017 issue of [Retirement Account](#) covers the Social Security Committee’s issue brief on Social Security and women; and comments to the IRS and Treasury Department on projections of cash balance plan benefits. ▲

Regulator-Focused PBR Boot Camp

Registration will open soon for the Academy’s popular PBR Boot Camp, to be held Sept. 11–13 in Las Vegas. The fall Boot Camp, the Academy’s fourth, includes new content aimed at providing regulators—and others who are working closely with regulators to implement and audit principle-based reserving (PBR)—with essential background information and key learning experiences.



EAR

ENROLLED ACTUARIES REPORT

The Enrolled Actuaries Report is a quarterly publication of the American Academy of Actuaries. www.actuary.org

Enrolled Actuaries Meeting Addresses Key Pension Issues

ABOUT 700 ACTUARIES and other pension professionals attended the Enrolled Actuaries Meeting April 2–5 in Washington, DC, where they heard presentations on a wide spectrum of retirement and pension issues while gaining valuable—and professionally necessary—continuing education credit.

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

At the meeting—jointly sponsored by the Academy and the Conference of Consulting Actuaries—several lively sessions featured Academy work and volunteers. Senior Pension Fellow Ted Collins gave session presentations on lifetime income and financial wellness; Eric Keener, chairperson of the Academy’s Pension Practice Council (PPC) Forward Thinking Task Force, gave an overview of the Academy’s initiatives for the AIGIS initiative during a plenary session on composite plans and other risk-sharing retirement plans and the 2015 and 2016.

Academy President Bob Bearewitz gives the opening address at the EA Meeting.

2016 alternative pension cost recognition issue briefs released by the Academy’s Pension Cost Work Group were discussed in a lively session.

“A confluence of factors is making your important work more challenging,” Bearewitz said at the opening plenary session. They include longer lifespans, low individual saving rates, and...

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Committee Nominates Josh Shapiro as Academy’s Vice President, Pension

THE ACADEMY’S NOMINATING Committee has nominated Josh Shapiro, chairperson of the Multiemployer Plans Subcommittee, for vice president to serve as chairperson of the Pension Practice Council (PPC).

“With more and more Americans retiring without traditional pension benefits, and many traditional defined benefit plans facing financial challenges, there is a need for new thinking and new ideas regarding the delivery of retirement benefits,” Shapiro said. “Bringing actuarial expertise to bear in these discussions is a critical role for the PPC, and I am deeply honored to have the opportunity to help make that happen as vice president.”

GRAPHIC: PAGE 10 >

Shapiro

Contingencies Wins Award

THE September/October 2016 issue of *Contingencies*, the Academy’s bimonthly magazine, won an Excel Award for excellence in publishing at the Association for Media and Publishing conference in Washington on June 26. The issue received the gold award for top prize in the design category for the cover story, “In the Red Zone: Sports Concussions—Past, Present, Future.” ▲



Webinar Covers Issues Surrounding Global Pandemic Risk

THE ACADEMY HOSTED a June 6 webinar, “[A Global Look at Pandemic Risk](#),” in which presenters gave an overview of the escalating factors for epidemic and pandemic risks and associated costs with respect to infrastructure, technology, and lifestyle modifications.

Eddy Rubin, chief science officer for Metabiota, gave an overview of the history of epidemics; Petra Wildemann, Metabiota’s head of business development and risk products for Europe and the United Kingdom, presented on large-scale risks in reinsurance; and Paul Nunn, head of catastrophe risk modeling for SCOR Global P&C, covered catastrophe risk modeling. The webinar was moderated by Susan Mateja, chairperson of the Academy’s Health Practice International Committee.

[Slides and audio](#) are available to members free of charge. ▲

Regular Directors, continued from page 1

“As policy debates become increasingly divided along ideological lines, it becomes more important to maintain the Academy’s reputation for providing objective analysis without shying away from tackling challenging issues,” Cadenhead said. “My goal is to help the Academy continue to be effective in striking that balance.”

Mathewson is a member of the Flood Insurance Work Group and Natural Catastrophe Subcommittee, and his Academy service includes stints as chairperson of the Flood Insurance Subcommittee (2007–2012) and co-chairperson of the P/C Extreme Events Committee (also 2007–2012). He is currently on the Academy Board, and was elected last year to the then-remaining one year of a three-year term that will expire this fall. He is being nominated to a new, full three-year term.

While his background is primarily in casualty issues, such as the National Flood Insurance Program, Mathewson said he recognizes the “critical importance” of the Academy’s work in other areas, such as Social Security and health insurance.

“I believe that the Academy has unique capabilities in these areas and I am committed to seeing that those capabilities are employed in a way that assures the Academy continues to be viewed as a go-to source of objective information for the public good,” he said.

Matson, a past chairperson of the Actuarial Standards Board, has also served as chairperson of the Longevity Risk Task Force and on several Academy committees related to financial reporting, risk-based capital, and risk management. She was awarded the Academy’s Outstanding Volunteerism Award in 2015.

“Unlike many professions, our code of conduct creates minimum standards for our work that enable the public to place trust in actuarial work from which they receive benefit,” Matson said. “The work of the Academy committees and volunteers help to advance actuarially informed perspectives that will benefit the public good ... [and] I want to support Academy efforts to maintain a sustainable volunteer group to continue this mission into the future.”

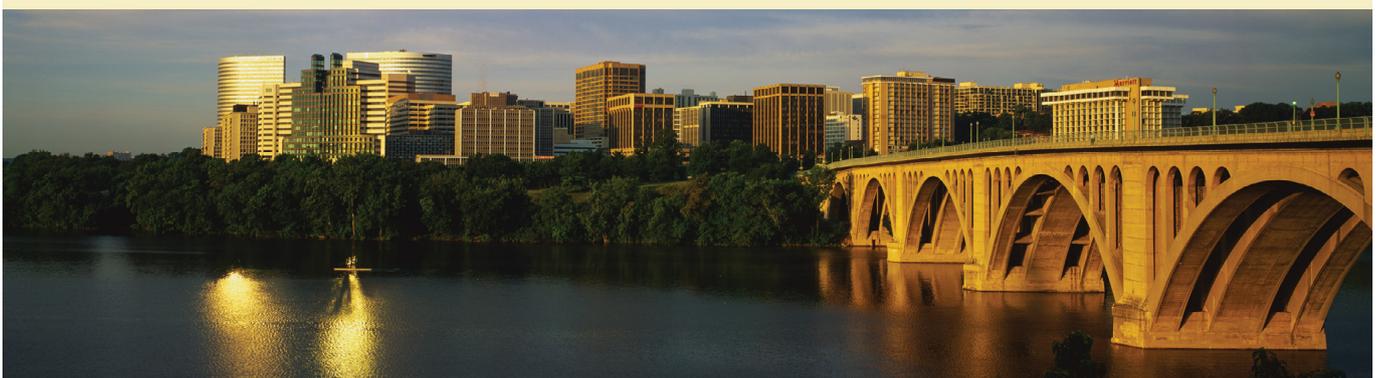
Geddes’ volunteer service to the Academy includes having served on the Pension Committee and as a webinar presenter on pension and retirement issues. “My service on the Board will allow me to provide further input into the Academy’s agenda and priorities to address the myriad of complex and important issues facing the actuarial profession and the public,” he said.

The Academy membership will vote on the slate of regular director candidates during an online election to be held from Aug. 4 to Aug. 25. All Academy members as of the voting eligibility cutoff date—which the Academy will announce in advance to the membership—will receive voting instructions and ballots by mail or email.

Incoming directors’ terms will begin on Nov. 14 at the close of the Academy’s Annual Meeting of the membership in Washington. For more information about the Nominating Committee Guidelines for selection of candidates and other election details, please visit the Academy’s [Board Election Center](#). ▲

LIFE & HEALTH QUALIFICATIONS SEMINAR

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



Qualify to issue actuarial opinions for the NAIC life and health annual statements. Earn up to 27 hours of CE at this annual seminar.

TOPICS INCLUDE:

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

REGISTER AT ACTUARY.ORG

IN THE NEWS

Academy Senior Health Fellow Cori Uccello commented to the [New York Times](#) on a proposed “lockout” period for continuous coverage being discussed for the Senate version of the American Health Care Act (AHCA).

The [Associated Press](#) quoted Uccello in a June 28 story—which was published by more than 400 media outlets—about health care costs to consumers under the Senate’s health care discussion draft bill.

A [Bloomberg BNA](#) article reported on the Academy’s June 26 Capitol Hill briefing, in which Senior Casualty Fellow Jim MacGinnitie and Flood Insurance Work Group members Stu Mathewson and Nancy Watkins gave a [presentation](#) based on the work group’s recent monograph on the National Flood Insurance Program. [Business Insurance](#) and [E&E News](#) also reported on the briefing.

In a [HealthDay](#) article, Uccello discussed the important role of costs in the premium rates insurers are proposing for 2018. The article was reprinted by several media outlets, including [UPI](#), [Newsline](#), [Philly.com](#), [Doctors Lounge](#), [Health On the Net Foundation](#), and [Drugs.com](#).

A [Policy & Medicine](#) story covering the Capitol Hill forum hosted by the Alliance for Health Reform in May cited Uccello’s comments as a panelist on the individual health insurance market.

A subscriber-only [California Broker](#) article cited Uccello on how changes to health insurance markets would affect risk adjustment.

[Oklahoma’s Nursing Times](#) cited the Health Practice Council’s [issue brief](#) examining ways the individual health insurance market can be strengthened and made more viable.

The Health Practice Council’s concerns regarding the uncertainty surrounding cost-sharing reduction payments were cited in a [Wolters Kluwer Law & Business](#) article.

The Academy’s [issue brief](#) on 2017 health premium drivers was cited in a [Modern Healthcare](#) story discussing a recently introduced bill that would make reinsurance a permanent part of the ACA’s individual exchanges.

The Casualty Practice Council’s June 26 Capitol Hill briefing and monograph on

the National Flood Insurance Program received media coverage from several outlets, including [Bloomberg BNA](#), [Climate Wire](#), and [Business Insurance](#).

The Academy was mentioned in a [Washington Examiner](#) article covering Sen. Bill Cassidy’s (R-La.) meeting with insurers and Republican senators on the status of the individual health insurance market and on repeal and replacement of the ACA.

An opinion piece published in the [Atlanta Journal-Constitution](#) discussing Georgia’s Teacher Retirement System cited the Academy’s analysis that all plans should have the objective of accumulating assets equal to 100 percent of a relevant pension obligation.

A [Pinnacle Actuarial Resources](#) blog post describes how the Academy’s jointly sponsored [Actuaries Climate Index](#) and forthcoming Actuaries Climate Risk Index can help provide valuable data regarding climate change to the actuarial profession, insurers, and the public. ▲



PROFESSIONALISM NEWS

ASB Approves Exposure Draft of a Revision of ASOP No. 42

THE ACTUARIAL STANDARDS Board (ASB) recently approved an [exposure draft](#) of a revision of Actuarial Standard of Practice (ASOP) No. 42, now titled *Health and Disability Actuarial Assets and Liabilities Other Than Liabilities for Incurred Claims*.

The proposed revised standard provides guidance to actuaries estimating or reviewing health and disability actuarial assets and liabilities, other than liabilities for incurred claims, when preparing or reviewing financial reports, claims studies, rates, or other actuarial communications as

of a valuation date, under a health benefit plan, as defined in section 2.7 of the standard. The ASOP complements the recently revised [ASOP No. 5, Incurred Health and Disability Claims](#).

Key changes from the existing ASOP No. 42 include clarifying language to ensure reasonable guidance exists for actuarial liabilities and assets that are now

common, which generally did not exist when ASOP No. 42 was originally adopted; revising and adding definitions for clarity; and providing clarity in the guidance regarding premium deficiency reserves.

The comment deadline for the exposure draft is Sept. 30. Information on how to submit comments can be found [in the draft](#). ▲



PROFESSIONALISM BRIEFS

➔ **Judy Stromback** joined the ASB Modeling Task Force.

Webinar: Actuary-to-Actuary Communications

THE ACADEMY HOSTED a June 28 professionalism webinar, “[Actuary-to-Actuary Communications](#).”

In the highly interactive session, presenters Academy President Bob Beuerlein, Council on Professionalism member Cecil Bykerk, and Actuarial Board for Counseling and Discipline (ABCD) Past Chairperson Janet Fagan discussed relevant precepts of the Code of Professional Conduct and topical case studies from different practice areas and employment situations that resonated with the large audience of more than 1,600.

Beuerlein kicked off the webinar—moderated by Paul Kollmer-Dorsey, Academy general counsel and director of professionalism—with an overview of how the Code and actuarial standards of practice (ASOPs) can be used to frame communications between actuaries, highlighting ASOP No. 1, *Introductory Standard of Practice*; ASOP No. 41, *Actuarial Communications*; and Precepts 4 (Communications) and 8 (Control of Work Product).

Questions from the audience showed a high level of engagement and interest in the topics, particularly how one determines if an issue is “resolved.” In concluding comments, the panelists—all former chief actuaries at points in their distinguished careers—suggested a few ideas for the audience in response to some of the common questions that had arisen.



From left, Fagan, Kollmer-Dorsey, Beuerlein, and Bykerk go over last-minute prep for the June 28 professionalism webinar

Beuerlein noted that he had found success in starting difficult conversations with other actuaries about work related questions by starting with “In the spirit of straightforward communication...” while Bykerk said he would always ask “Have you looked at the ASOPs?” whenever an actuary presented a report for review. Fagan noted that her/their advice were not limited to “junior actuaries,” and that actuaries in every stage of their careers should be reminded to reread and refer to the Code and ASOPs in carrying out their work.

Bykerk discussed the “golden rule” of the actuarial profession, Precept 10, which addresses potentially uncomfortable situations, such as when a principal replaces one

actuary with another or an actuary has a fee dispute with a principal. Fagan focused on Precept 13, which deals with violations of the Code and is one of the keys to an independent, self-regulating profession, and emphasized the ABCD’s role.

The speakers used four case studies to illustrate how an actuary could put these professionalism expectations into practice. Beuerlein wrapped up by noting, “If the Code and ASOPs are the building blocks of the profession, communication is the mortar that holds it all together.”

The presentation was recorded and is available to members free of charge in the archived [professionalism webinar section](#) on the Academy’s website. ▲

Professionalism Outreach

Beuerlein Focuses on ‘Professionalism in Practice’ at Austin Meeting

Continuing a theme that he has been addressing throughout his presidential term, Academy President Bob Beuerlein discussed applying actuarial professionalism in daily practice at the Southwest Actuarial Forum’s June 9 meeting in Austin, Texas. Beuerlein reviewed the professionalism mission, infrastructure, and resources established through the Academy to support actuaries in meeting high professional standards.

Ward Presents at Texas Meeting

Council on Professionalism member Mike Ward presented on, “professionalism developments in 2017,” at the spring meeting of the Actuaries’ Club of the Southwest in Corpus Christi, Texas.

Academy Presents on Professionalism, Public Policy

Academy General Counsel and Director of Professionalism Paul Kollmer-Dorsey and Senior Pension Fellow Ted Goldman presented on behalf of the Academy at the Southeastern Actuaries Conference meeting the week of June 19 in Jekyll Island, Ga. Kollmer-Dorsey spoke about the professionalism infrastructure for U.S. actuaries housed at the Academy and recent professionalism developments and, in a separate session, Goldman provided an overview of Social Security reform options and prospects.

Bykerk Presents in Arizona

Council on Professionalism member and Past Academy President Cecil Bykerk gave a professionalism presentation at the Casualty Actuaries of the Desert States June 30 meeting in Scottsdale, Ariz. ▲

Make Sure Your CE Is ‘Relevant’

TO BE QUALIFIED UNDER the [Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States](#) (the USQS), actuaries must “complete and document” 30 hours of “relevant continuing education” (CE) each year.

The USQS identifies various choices for meeting the 30-hour CE requirement. While 6 hours of CE must be from “organized activities,” involving interaction with actuaries or other professionals working for different organizations, the remainder can be from “other activities.” According to the USQS, “other activities” encompasses a broad variety of activities, from reading actuarial literature and listening to recorded conferences to attending seminars and volunteering on a professionalism committee. (Relevant CE also includes at least 3 hours of professionalism CE and not more than 3 hours of business and consulting skills CE.)

Whatever form of CE an actuary completes, the USQS requires the substance to be “relevant” to the actuary’s current or intended practice. The USQS describes actuarial science as “a constantly evolving discipline” and notes that “it is important that [actuaries] remain current on emerging advancements in actuarial practice and science that are relevant to the Actuarial Services they provide.” Keith Passwater, chairperson of the Academy’s Committee on Qualifications, states the objective of CE more succinctly: “CE should make you a better actuary.”

The General Qualification Standard provides baseline guidance on relevance. Section 2.2.7 states that CE is “relevant” if:

1. it broadens or deepens your understanding of one or more aspects of your work;
2. the material expands your knowledge of practice in related disciplines that bear directly on your work; or
3. it facilitates your entry into a new area of practice.

Relevant CE makes you more knowledgeable about the work you are doing or the work you intend to do. The USQS is principle-based. As an actuary, you are responsible for

making “a reasonable, good-faith determination of what [CE] opportunities will enhance [your] ability to practice in a desired field.”

There are also several instances where the USQS is more specific about what constitutes relevant CE:

- ▲ Under the General Qualification Standard, Section 2.3.2 addresses the CE needed for issuing a statement of actuarial opinion (SAO) that blends two or more areas of actuarial practice, stating “[i]n meeting the continuing

education requirement, an actuary should include material in *all areas* of actuarial practice relevant to the [SAO] (emphasis added).” Earlier this year, the Committee on Qualifications helpfully updated its answer to a frequently asked question (FAQ) dealing with long-term care (LTC) to state that an actuary issuing an LTC-related SAO should ensure that at least some of his or her continuing education relates directly to LTC-related topics. ([FAQ 50](#))

- ▲ To issue SAOs for NAIC annual statements covered by the Specific Qualification Standards, Section 3 of the USQS requires an actuary to complete at least 15 hours of CE per calendar year that is “directly relevant” to the topics listed in USQS Section 3.1.1.

- ▲ When an actuary changes areas of actuarial practice—whether the new area is covered by the General or Specific Qualification Standard—Section 4.1 of the USQS requires an actuary to complete CE “that is relevant to statements of actuarial opinion to be issued in the new area of practice.”

- ▲ USQS Section 4.3 states that actuaries practicing in emerging or nontraditional fields “can satisfy [CE] requirements by maintaining knowledge of applicable standards of practice, actuarial concepts, and techniques relevant to the topic of the statement of actuarial opinion.”

While there may be many ways to earn CE, keep in mind that the CE you complete must be relevant to the actuarial services you provide to satisfy the requirements of the USQS. Take the time to ensure the CE you choose will meet those requirements—and make you a better actuary. ▲

Relevant CE
makes you more
knowledgeable
about the work
you are doing
or the work you
intend to do.

ANNUAL MEETING, FROM PAGE 2

center stage in 2017. Despite close passage of the American Health Care Act in the House and similar legislation being considered in the Senate, “uncertainty” remains the key word for 2017. Join our panelists for up-to-date information on the status of legislative and regulatory efforts to stabilize the individual market and/or repeal/replace the ACA. (Estimated CE: 1.8)

➔ **Even More Uncertainties in Health Care (Part 2)**—In the first session, panelists focused on potential changes to the individual market, but that’s not the only area of uncertainty in the health care system. Panelists in this session will address the implications of changes to the health care system (and possibly tax reform) for Medicaid, Medicare, and employee benefits. (Estimated CE: 1.8)

➔ **Bending the Cost Curve**—With all of the attention being paid to potential changes to the current health insurance system, it’s important not to lose focus on the drivers of health care costs. Efforts to address availability and affordability of coverage will be for naught if health care spending continues to comprise an ever-increasing portion of the nation’s gross domestic product. Panelists in this session will discuss outcomes from recent demonstration/pilot programs as well as various studies being conducted to evaluate delivery and payment system reforms and their impact on cost and quality. (Estimated CE: 1.8)

Pension Breakout Sessions

Following are the pension breakout sessions for the Academy’s Annual Meeting

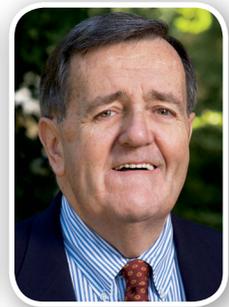
and Public Policy Forum. The Academy believes in good faith that Joint Board for the Enrollment of Actuaries (JBEA) continuing professionalism education credit will be available for these sessions.

➔ **Multiemployer Pension Plans: Is There a Runaway Ramp Before the Cliff?**—Of the more than 10 million people who participate in multiemployer pension plans, 1 million or more are in plans that are unlikely to be able to deliver the pensions they have promised. In addition, the Pension Benefit Guaranty Corporation (PBGC) is likewise projected to fall short on its commitment to serve as a backstop to these troubled plans. As the clock keeps ticking toward insolvency, stakeholders are reaching deep to find creative steps that will ease the burden on pensioners and be both fair and affordable to the industry and the taxpayers. This session will focus on various mitigation approaches that are currently under consideration. You will hear directly from key parties about the challenges, and possible outcomes. (Estimated CE: 1.8)

➔ **Public Pension Plans: The Pothole-Filled Road to Retirement Security?**—Underfunded public pension plans and the increased share of government budgets they consume have generated plenty of headlines, but how deep and pervasive are the problems? This session will focus on the sustainability of state and municipal retirement programs. Speakers will dive inside the data to explore the characteristics and patterns of plans that



Castellanos



Shields

are sustainable as well as those that may have problems in the short, intermediate, or long term—and why. Speakers will share their perspectives on how pension plans are evolving in response to growing pension costs and risks, and on how to maintain a sustainable plan while managing the competing priorities of running a state or local government. (Estimated CE: 1.8)

➔ **National Retirement Policy Objectives: Are We on the Same Page?**—American taxpayers spend significant resources supporting retirees and encouraging working Americans to save for their own retirement, but are we getting what we want? What we need? Social Security is not on a sustainable path, and relying solely on Social Security may not allow retirees to maintain their standard of living. Half of the population is not covered by an employer-sponsored retirement plan, and most who are covered have no guaranteed lifetime income other than Social Security. In this session, speakers will discuss what our national retirement policy objectives should be and assess the adequacy and efficiency of current policies in achieving those objectives. (Estimated CE: 1.8) ▲

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Registration Now Open for December P/C Loss Seminar

DO YOU PREPARE OR SIGN statements of actuarial opinion on P/C loss reserves for NAIC annual statements, or assist with preparing them?

The Academy's 2017 "[Seminar on Effective P/C Loss Reserve Opinions](#)" will be held Dec. 7–8 in Chicago. This two-day seminar will deepen your expertise on the latest requirements with reviews of actuarial qualification standards

and interactive case studies. Continuing education credit is available. Mark your calendars and plan to attend; [registration is open](#). ▲

CASUALTY BRIEFS

- ➔ The following are members of the new Government Insurance Task Force: **Shawna Ackerman, Stuart Mathewson, Rade Musulin, John Pedrick, John Rollins, Frank Todisco, Robert Walling,** and **Nancy Watkins.**
- ➔ **Dave Heppen** joined the Committee on Property and Liability Financial Reporting.

HEALTH NEWS



Healthy Talk



With health care reform a prime topic in Washington this month, Senior Health Fellow Cori Uccello (center) participates in a June 28 Urban Institute/American Action Forum panel on stabilizing the individual insurance market.

Academy Participates, Presents on Health Issues

ACADEMY SENIOR HEALTH Fellow Cori Uccello participated in a meeting of U.S. senators and a group of health care experts on Capitol Hill in Washington on June 12. She presented a nonpartisan, objective actuarial perspective on the individual health insurance market.

Details of the Academy's analysis of these issues—including the status of the current market and actions to improve its stability and sustainability—are available in the [health public policy section](#) of the Academy's website.

Also on June 12, Uccello participated in a teleconference, hosted by the Commonwealth Fund, which covered the latest developments in the individual health insurance market. ▲

Health Groups Provide Actuarial Perspective to Senate on BCRA



IN A COMMENT LETTER sent June 30, the Academy's Individual and Small Group Markets Committee and Medicaid Subcommittee [analyzed provisions](#) of the *Better Care Reconciliation Act of 2017* (BCRA) in terms of their effect on the affordability and accessibility of health insurance coverage in the individual market and on Medicaid funding.

The letter breaks out the likely near-term experience from the long-term effects on premiums, populations covered, and health of the risk pool. Near-term factors include elimination of the individual mandate, funding of cost-sharing reduction reimburse-

ments for two years, increased external funding, and increased certainty with regard to legislative and regulatory actions.

Longer-term provisions include changes to the premium tax credit structure, widened allowable age rating, possible loosening of the actuarial value and essential health benefits requirements, and expansion of the use of association health plans. These provisions will have different, often offsetting effects on affordability and accessibility of individual health insurance. Consequently, "When evaluating the overall impact," the letter states, "it is important to consider not only the impact of particular provisions, but also how the various provisions interact to affect enrollment decisions, premiums and cost sharing, and federal spending."

BCRA would also modify the federal funding structure of Medicaid from one based on a percentage of total program expenditures to one that caps or limits federal funding to states. Such an approach, the letter states, requires decisions in five key areas:

- ▲ Approach to setting state caps;
- ▲ Treatment of Medicaid expansion populations;
- ▲ Growth rate methodology;
- ▲ Program flexibility provided to states; and
- ▲ Continuing actuarial soundness requirements. ▲

Subcommittee Urges House to Strengthen Medicare

THE MEDICARE SUBCOMMITTEE [sent comments](#) June 1 to the U.S. House of Representatives Ways and Means Health Subcommittee on preserving and strengthening Medicare. The Academy subcommittee cited several long-term financial challenges for the program, including the projected deple-

tion of the Hospital Insurance Trust Fund by 2028.

"Approaches that would sustain and extend the recent slowdown in health care cost growth are likely to cause the least financial pain for policyholders and beneficiaries," the letter noted, adding that such options include medical care delivery sys-

tem reforms that focus on better patient care coordination and financial incentives that reward the high value of care provided rather than high volume of care. ▲

HEALTH BRIEFS

➔ **Greg Fann** joined the Risk Sharing Subcommittee.

HPC Committees Provide Presentations at the SOA Health Meeting

MEMBERS OF SEVERAL Health Practice Council work groups provided presentations at the SOA Health Meeting June 12–14 in Hollywood, Fla., on the [current legislative and regulatory environment for health care reform](#), the criteria for evaluating [long-term care \(LTC\) reform](#), and [telehealth from an international perspective](#).

Shari Westerfield, vice president, health; Senior Health Fellow Cori Uccello; and Barb Klever, vice chairperson of the Individual and Small Group Markets Committee, gave the legislative and reg-

ulatory overview, highlighting the "3 R's" of repeal, replace, and repair that are being considered in the national health care debate.

David Linn, the Academy's senior health policy analyst, moderated the LTC session, which featured Linda Chow and Chris Giese, members of the LTC Criteria Work Group. Steve Abbs, Ken Ehresmann, Teresa Winer, and moderator Joe Allen Allbright, all members of the Academy's Health Practice International Committee, gave the presentation on telehealth, highlighting theory and practice, study review and plan considerations, and regulation. ▲



Work Group Releases Issue Brief on Consumer Cost, Choice

THE GOVERNMENT MANDATES Work Group released an [issue brief](#) providing information on the impact of laws and regulations on consumer cost and consumer choice for annuity and life insurance benefits.

This issue brief addresses the difference between “equality” and “equity” in insurance, and its impact on consumer cost, and describes some simple cases

involving life insurance and annuities that illustrate basic insurance principles and show that equity can be different from equality.

The cases are used to show possible impacts of laws and regulations, or “mandates,” that limit insurers’ ability to equitably classify risks on new policies, or that require certain rights or benefits on new policies.

Mandates for annuity and life insurance benefits that regulate benefits or limit classification of risk can have implications on consumer costs and choice, the issue brief states, and to remain solvent, insurers need to charge premiums at rates sufficient to cover the costs of expected benefits—i.e., the higher the expected costs, the higher the premium should be. ▲

CI Group Submits Update on Corporate Bond RBC Factors

THE C1 WORK GROUP [submitted comments](#) to the NAIC with revised recommendations on corporate bond risk-based capital factors based on changes to the representative portfolio.

Following the work group’s initial recommendations last October, it continued to review its analysis, placing particular emphasis on those assumptions that are more subjective in nature with the potential to create unintended biases in the factors.

It focused on the following assumptions: composition of the representative portfolio, recovery assumptions, and discount rate. Based on that analysis, the work group revised its recommendation, including modifications to the base factor, portfolio adjustment formula, estimated impact on life risk-based capital, and alternative base factors for health and property and casualty. ▲



PRESIDENTIAL COMMITTEE—BIG DATA TASK FORCE

➔ **Rob Curry** joined the Big Data Task Force.

LIFE BRIEFS

➔ **Derek Jansen** and **Dan Purcell** joined the Annuity Reserves Work Group.

➔ **Cory Zass** joined the SVL Interest Rate Modernization Work Group.

PENSION BRIEFS

➔ **Vanessa Soskind** joined the Pension Accounting Committee.

Work Group Weighs In on N.Y. State Insurance Regulations

THE NON-GUARANTEED Elements Work Group [submitted comments](#) to the

New York Department of Financial Services on re-proposed 11NYCRR 48 (insurance regulation 210) on life insurance and annuity non-guaranteed elements.

The comments included technical and semantic changes to the regulation, such as replacing the term “policy” in the definition of “Experience factor” to “class of policies,” and recommended the regulation recognize changes in costs for reinsurance and other third-party agreements similar to changes in other expenses that the insurer may consider. ▲



Actuarial Update

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EXECUTIVE OFFICE

The American Academy of Actuaries
1850 M Street NW
Suite 300
Washington, DC 20036
Phone 202-223-8196
Fax 202-872-1948
www.actuary.org

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Webinar Covers Exposed Practice Note on Credit for Life Reinsurance

THE RISK MANAGEMENT and Financial Reporting Council (RMFRC) hosted a June 26 [webinar](#), “Exposed Practice Note on Credit for Life Reinsurance,” which provided an in-depth review of the draft *Credit for Life Reinsurance in U.S. Statutory Financial Statements* [practice note](#) recently exposed by the Reinsurance Committee’s Credit for Reinsurance Subgroup.

Attendees heard about current and emerging practices used to determine the credit for reinsurance that may be taken on statutory financial statements. Comments on the draft can be emailed to RMFRCPolicyAnalyst@actuary.org by July 7.

Presenters Arnold Dicke, chairperson of the RMFRC’s Reinsurance Committee; Jeremy Starr, chairperson of the Credit for Reinsurance Subgroup; and Sheldon Summers, a member of the Reinsurance Committee, covered how the practice note affects:

- ▲ The Dodd-Frank financial reform act;

- ▲ The covered agreement on prudential insurance matters between the United States and the European Union as exposed on Jan. 13;
- ▲ Credit for Reinsurance Model Law and Regulation changes;
- ▲ Regulations covering captive reinsurance structures (i.e., AG 48 and Reserve Financing Model Regulation);
- ▲ Changes to Statement of Statutory Accounting Principles 61R;
- ▲ the Valuation Manual; and
- ▲ Updated answers to questions from the prior draft of the practice note.

[Slides and audio](#) are available to members free of charge on the Academy’s webinar page. ▲

RISK MANAGEMENT BRIEFS

- ➔ **Laurel Kastrup** joined the Risk Management and Financial Reporting Council.
- ➔ **Kristin Schaefer** joined the Solvency Committee.



RMFRC Visits Capitol Hill

Risk Management and Financial Reporting Council (RMFRC) members visited Capitol Hill in late June to discuss creation of an Office of the Actuary if Congress decides to establish an independent insurance advocate.

From left are Academy Senior Casualty Fellow Jim MacGinnitie; William Hines, chairperson of RMFRC’s Financial Regulatory Task Force; and RMFRC Vice President Jeffrey Schlinsog