

# Practice-Area Session Topics Announced for Annual Meeting and Public Policy Forum

**P**ROGRAM SESSION topics have been announced for the Academy's 2019 [Annual Meeting and Public Policy Forum](#). To be held at the Capital Hilton in Washington, D.C., Nov. 5–6, the Academy's premier annual event offers attendees unique opportunities to discuss critical issues directly with policymakers, actuaries from all practice areas, and Academy leaders.



As always, continuing education (CE) credit will be available for most sessions, including professionalism CE for the professionalism plenary session.

Political satirist and commentator P.J. O'Rourke will kick off the meeting with a keynote address Nov. 5,

lending trademark insight, humor, and irreverence to the look he will provide toward the looming 2020 presidential election.

Discounted registration rates are still available, with extra-early rates available through June 28, and early rates available through mid-September. [Register today.](#)

Plenary session topics, unveiled this month, include professionalism issues, international themes, and health insurance reforms.

## Casualty Sessions

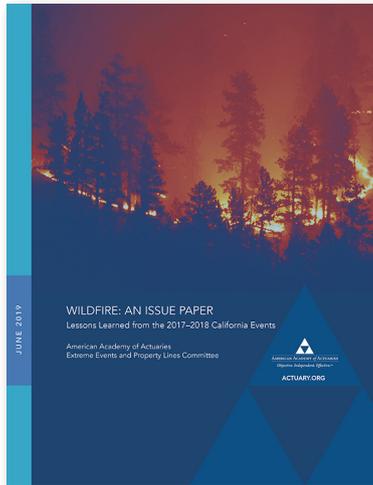
- ▲ **Climate Risk:** This session will explore the Actuaries Climate Risk Index (ACRI), provide an update on flood insurance legislation, and navigate other top issues.
- ▲ **Automobile Insurance:** Speakers will discuss predictive modeling, non-driver risk factors, and other topics.
- ▲ **Cyber Risk:** Experts will discuss the latest developments around cyber risk.

SEE **ANNUAL MEETING**, PAGE 4

# Academy Extreme Events Committee Issue Paper Looks at Wildfire Risk

**T**HE P/C EXTREME EVENTS and Property Lines Committee released [Wildfire: An Issue Paper—Lessons Learned from the 2017–2018 California Events](#), looking at the issue following the California wildfires of the past two years that were among the largest and most costly on record.

California in particular in recent years has experienced repeated cycles of rain, drought, and wildfire, causing unexpectedly high levels of insured losses due to fire and related mudslides. Homeowner and commercial insurance policies have been interpreted broadly to cover more losses than insurers anticipated, and projections of future insured losses will have to include these broader definitions of what is covered.



“California’s devastating 2017 and 2018 wildfires were a wake-up call to all potentially affected by or tasked with addressing wildfire risk,” said Kay Cleary, chairperson

of the committee. “Wildfire risk has been heightened by a substantial increase in recent decades of areas where human development is adjacent to or mixed in with undeveloped wildland. More wildland-urban interface means more wildfire risk, and more people who need to be aware of it.”

Modeling of wildfire risk is very complex, the paper notes, and compared with hurricane and earthquake simulations, acceptance and use of wildfire models is still in an early stage. Limited use of wildfire models is due in part to the absence of generally accepted modeling standards, contrasting with hurricane modeling, which developed rapidly after regulators in

SEE **WILDFIRE**, PAGE 5

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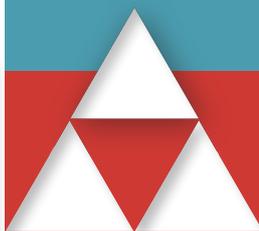
‘Professionalism Counts’—CE Documentation Is Key to Compliance

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Webinar Offers PBR Insight



2019

## JULY

**10–13** National Council of Insurance Legislators (NCOIL) Summer Meeting, Newport Beach, Calif.

**25** Professionalism webinar: [Professionalism and Big Data](#)

**30** Pension webinar: Developing Return Expectations in Today's Capital Markets—What Methods Work Now?

## AUGUST

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

## SEPTEMBER

**16–18** [Casualty Loss Reserve Seminar & Workshops \(CLRS\)](#), Austin, Texas

## NOVEMBER

**5–6** [Annual Meeting and Public Policy Forum](#), Washington, DC.

**10–14** [Life and Health Qualifications Seminar](#), Arlington, Va.

## DECEMBER

**4–5** [Seminar on Effective P/C Loss Reserve Opinions](#), Baltimore—Washington International Airport

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

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

### Review Your Membership Profile

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

# Academy NEWS Briefs

## Professionalism Webinar Set for July 25

**R**EGISTRATION IS OPEN for the Academy's second professionalism webinar of the year, "[Professionalism and Big Data](#)." Academy Past President Bob Beuerlein will moderate, and panelists will include Data Science and Analytics Committee Chairperson Dorothy Andrews. Continuing education credit will be available. The webinar will be held Thursday, July 25, from noon to 1:30 p.m. EDT. [Register today](#). ▲



Beuerlein

## Essential Elements Report Looks at High-Performance Networks

**T**HE ACADEMY released a new *Essential Elements* paper, "[High-Performance Networks: Optimizing Health Insurance Networks to Improve Care](#)." High-performance networks (HPNs) are a tool that insurers and providers are using to reduce costs for patients, by utilizing a variety of features and strategies to improve collaboration between insurers and health care providers, with the goal of delivering high-quality and efficient care that can also lead to lower health care costs overall.

In 2015, the Centers for Medicare & Medicaid Services identified a three-part goal for improving health care delivery in the United States: better care, smarter spending, and healthier people. HPNs use a variety of measures to determine whether they are meeting these goals. HPNs also help evaluate quality and efficiency measures.

The *Essential Elements* [series](#) is designed to make actuarial analyses of public policy issues clearer to general audiences. ▲

## Recently Released

**T**HE SUMMER [Casualty Quarterly](#) includes a Q&A with Automobile Insurance Committee Chairperson Roosevelt Mosley on the timely topic of distracted driving. Also in the issue: Academy representatives including Senior P/C Fellow Rich Gibson, along with Academy volunteers, presented at the NAIC Insurance Summit in early June; the Academy urged the NAIC to reconsider its proposed definition for 'qualified actuary'; and recent state and federal legislative and regulatory activity.

The Summer [StateScan Quarterly](#) highlights recent state legislation and regulation so far this year, including casualty issues related to auto insurance, flood insurance and climate risk, and medical professional liability; health issues including the individual health insurance market, Medicaid, long-term care, and prescription drugs; life insurance issues including

principle-based reserving; public pension plans; and cross-practice issues. For a more comprehensive look at state legislative and regulatory activity, log in to the [StateScan](#) portal, free for Academy members.

In the June [HealthCheck](#), it was reported that the Health Practice Council (HPC) submitted a statement for the record to the House Ways and Means Committee for its Wednesday hearing, "Pathways to Universal Health Coverage." Also covered, the HPC submitted a comment letter to the Actuarial Standards Board on the fourth exposure draft of a proposed new actuarial standard of practice on modeling; the *Essential Elements* report "Medicare's Long-Term Sustainability Challenge" and related issue brief *Medicare's Financial Condition: Beyond Actuarial Balance* were updated; and recent state and federal legislative and regulatory activity. ▲

# Academy NEWS

## Academy Officer, Regular Director Candidates Announced

**T**HE ACADEMY'S Nominating Committee reported on the slate of five individuals nominated for officer positions on the Board of Directors, with terms beginning in November. In addition to Tom Campbell, whose [nomination was previously announced in April](#) to serve as the Academy's next president-elect, the nominees are:

- ▲ **Cathy Murphy-Barron**, to serve as secretary-treasurer, a position that is elected annually by the Board for up to three consecutive one-year terms. Murphy-Barron is a former vice president, health;
- ▲ **Laura Hanson**, a member of the Life Practice Council and chairperson of the Life Products Committee and the Life and Health Valuation Law Manual Task Force, to serve as vice president, life;
- ▲ **Tim Geddes**, a current Board member and a member of the Pension Practice Council and the Pension Committee, to serve as vice president, pension.
- ▲ **Gareth Kennedy**, a member of the Risk Management and Financial Reporting Council and chairperson of the Financial Reporting Committee, to be vice president, risk management and financial reporting.

Vice presidents serve two-year terms. The nominating process is designed to ensure that all candidates bring deep expertise, experience, and balance to the Board, and also significant knowledge of the Academy's history, mission, and priorities.

Per the Academy's bylaws, the officer slate will be voted on by the Board at its annual meeting in September. Terms for all new Board members will begin in

### Officer Nominees



Murphy-Barron



Hanson



Geddes



Kennedy

### Regular Director Nominees



Kasner



Klever



Todisco



Weindling

November at the completion of the Academy's Annual Meeting.

### Regular Director Candidates

Regular director candidates, who would take their place on the Board at the conclusion of the Academy's annual meeting on Nov. 5, have been nominated and will be voted on by the membership at large in an online election later this summer.

- ▲ **Kenneth Kasner**, a member of the Casualty Practice Council and former chairperson of the Actuarial Standards Board's Casualty Committee—and who has served on the Board for the past year filling in a one-year opening—is nominated for a full three-year term;
- ▲ **Barb Klever**, a member of the Health

Practice Council and chairperson of the Academy's Individual and Small Group Markets Committee, is nominated for a three-year term;

- ▲ **Frank Todisco**, a former Academy senior pension fellow, and a past member and vice chairperson of the Actuarial Standards Board, is nominated for a three-year term; and
  - ▲ **Aaron Weindling**, a member of the Pension Practice Council and chairperson of the Financial Economics Resource Group, is nominated to fill the remaining two-year term that is being vacated by Tim Geddes.
- More information will be available in July on the Academy's [Board Election Center](#). ▲

## Your Insight Sought on International Actuarial Issues

THE ACADEMY WOULD LIKE YOUR INSIGHT on international issues affecting the actuarial community. Please take a short, four-question survey about your views on international issues and the impact they may, or may not, have on your work. The survey will be available through July 1. To take the survey, [click here](#). ▲

### Health Sessions

- ▲ **Public Plans:** Experts will explore current actuarial issues surrounding health-practice related public plans, drawing from the Academy's recent [issue paper](#), "Expanding Access to Public Insurance Plans."
- ▲ **Long-Term Care (LTC):** This session will discuss the latest LTC developments.
- ▲ **Updates from CCIIO:** Representatives from the Center for Consumer Information and Insurance Oversight (CCIIO) will provide the latest on the Affordable Care Act.



Political analyst Charlie Cook speaks at last year's Annual Meeting and Public Policy Forum

### Life Sessions

- ▲ **Macroprudential Issues:** This session will dive into macroprudential issues, covering topics such as liquidity stress testing.
- ▲ **Combination Products:** Speakers will discuss recent developments around products that combine life insurance with an LTC policy.

### Modeling and New Data Sources:

This session will cover the latest in modeling and new data sources, including a look at underwriting and the actuary's role.

### Pension Sessions

- ▲ **ERISA Retrospective:** Speakers will provide a look at the Employee

Retirement Income Security Act of 1974 (ERISA).

- ▲ **Public Plans Innovations and Plan Designs:** This session will highlight the latest in public pension plans.
- ▲ **Retirement Security Issues Facing Women:** Experts will explore the latest retirement developments particularly affecting women. ▲

## Registration Open for 2019 Seminar on Effective P/C Loss Reserve Opinions

**REGISTRATION IS NOW OPEN** for the Academy's 2019 [Seminar on Effective P/C Loss Reserve Opinions](#), to be held Dec. 4–5 at the BWI Airport Marriott near Baltimore (Transportation available either through the airport or Amtrak). Designed for actuaries who prepare, or assist with preparing, annual statements of actuarial opinion on P/C loss

reserves, the seminar will offer attendees an agenda with information about the latest regulations and standards and include reviews of actuarial qualification standards and interactive case studies.

Discounted registration rates are available through Aug. 30. [Register today.](#) ▲

### IN THE NEWS

A U.S. [Government Accountability Office](#) report on benefits and challenges presented by innovative uses of technology cited the Academy's *Big Data and the Role of the Actuary* [monograph](#).

[Chief Investment Officer](#) cited comments by Josh Shapiro, Academy vice president, pension, regarding the status of the multiemployer pension system.

A [Michigan Advance](#) story on a U.S. House of Representatives

bill that would create a Pension Rehabilitation Administration within the Department of Treasury cited the Multiemployer Plans Committee's June 2017 [issue brief](#), *Overview of Multiemployer Pension System Issues*.

A [Health Affairs](#) blog post cited the Academy's March [public policy paper](#), *Expanding Access to Public Insurance Plans*. The paper was also cited in second, [follow-up blog post](#). ▲

## Public Policy Outreach

**STEVE JACKSON**, Academy assistant director for research, gave a poster presentation of an Academy Health Practice Council study on estimating the potential health care savings of reference pricing at the 2019 Annual Research Meeting of AcademyHealth, a private health services research organization, June 2 in Washington, D.C.

Separately, Jackson participated in a June 18 panel—"If Income Replacement Is the Goal, How Do You Solve for Risk?"—at the Georgetown Center for Retirement Initiatives' 2019 Policy Innovation Forum. ▲



Jackson

Florida set consistent and understandable standards for hurricane model review.

The Florida Commission on Hurricane Loss Projection Methodology provides a case study in how regulators can help speed the development and acceptance of catastrophe modeling that is helpful to insurers and the public. Without regulatory standards for wildfire models, insurers use a multiyear long-term average of historical events to estimate future losses. This may not be as useful as modeling when it comes to understanding an evolving risk, the paper notes.

Changes in the wildland-urban interface (WUI) have had a significant impact on insured losses, and development in what was previously undeveloped wildland has resulted in increased exposure to potential loss. About one-third of houses and people in the United States are now within the WUI, and about 43 percent of all new homes between 1990 and 2010 were built in the WUI. ▲



In recent years, California in particular has experienced repeated cycles of rain, drought, and wildfire, causing unexpectedly high levels of insured losses due to fire and related mudslides.

## PROFESSIONALISM NEWS



### ASB Adopts New ASOP on Capital Adequacy Assessment



**T**HE ACTUARIAL Standards Board adopted Actuarial Standard of Practice (ASOP) No. 55, *Capital Adequacy Assessment*, to provide guidance to actuaries when performing professional services with respect to an evaluation of the resiliency of an insurer through a capital adequacy assessment. The ASOP, which underwent three exposure periods and received a total of 22 comment letters, is effective for work commenced on or after Nov. 1, 2019. ▲

## Professionalism Outreach

**A**CADEMY PROFESSIONALISM representatives gave several presentations in June.

President-Elect D. Joeff Williams and Actuarial Board for Counseling and Discipline (ABCD) member David Driscoll helped kick off the Spring Meeting of the Southeastern Actuaries Conference with their pre-meeting seminar, “Meeting the Professionalism Challenge,” June 19 in Fort Lauderdale, Fla. The seminar reviewed the Precepts of the Code of Professional Conduct and key ABCD processes including how requests for guidance and complaints against actuaries are handled. It also challenged the attendees to provide their insights on the professional responsibilities involved in different hypothetical case studies posing ethical problems.

On June 27, Williams, Academy President Shawna Ackerman, and Past President Tom Terry each gave professionalism presentations. Ackerman delivered a “Professionalism Update from the Academy” to attendees of the Casualty Actuaries of the Desert States meeting in Scottsdale, Ariz. Williams presented on “Profes-

sionalism and Ethical Challenges” to the Cincinnati Actuarial Club. Terry spoke on “Professionalism and the Public Interest”



Williams



Ackerman

at Zurich North America’s Actuarial Network Meeting in Schaumburg, Ill.

Council on Professionalism member Mike Ward provided Actuaries’ Club of the Southwest members from Texas and surrounding states “A Look at Ethics and Professionalism” at the club’s meeting in Galveston, Texas, on June 7. Ward’s presentation reviewed the professionalism infrastructure housed within the Academy and concluded with an engaging discussion of ethics case studies with attendees. ▲

## CE Documentation Is Key to Compliance

**A**S AN ACTUARY PRACTICING in the United States, you know you have to complete 30 hours of relevant continuing education (CE) each year to satisfy the requirements of the [U.S. Qualification Standards](#) (USQS). But did you also know that the USQS requires you to document your CE and maintain those records for six years?

Section 6.1 of the USQS requires actuaries to “keep appropriate and timely records as evidence that their continuing education requirements have been met.” Such records should contain the date of the CE, the number and type (professionalism, organized, other) of credit hours obtained, and a brief description of the subject matter. One easy way to record your CE is to use [TRACE](#), the Academy’s online CE tracking tool. TRACE contains many pre-loaded events sponsored by the Academy. You can also enter CE earned through other events or self-study in TRACE, so that all of your CE is recorded in one place. In addition, TRACE allows you to export your information and generate a report.

The USQS also require you to be able to substantiate your compliance with the CE requirements.

In the [FAQs on the U.S. Qualification Standards](#), the Committee on Qualifications (COQ) notes that, “Actuaries may face situations where their CE qualifications are audited or reviewed by third parties, such as regulators, attorneys in litigation, the Actuarial Board for Counseling and Discipline (or other disciplinary bodies to which the actuary is subject), or other organizations of which the actuary is a member.”<sup>1</sup>

In such cases, the actuary should be prepared to provide evidence that he or she has met the requirements of the USQS. It is therefore a good idea to retain certificates of attendance, registration materials, meeting handouts, and personal notes to provide such evidence. As the FAQs state, “It is up to the actuary to use his or her judgment in determining what best exemplifies compliance with the CE requirements given the circumstances of the event.”<sup>2</sup>

As we hit the middle of the year, we encourage you to take stock of the CE you’ve earned so far and make sure that it has been properly recorded. After all, you want to ensure that you are in full compliance when it comes to your CE. ▲

“It is up to the actuary to use his or her judgment in determining what best exemplifies compliance with the CE requirements given the circumstances of the event.”

— USQS FAQs

### CE Basics

Of the 30 hours of continuing education (CE) required each year, 6 hours must be organized, and 3 hours must be related to professionalism. To be considered “organized,” CE must allow you to interact with professionals from outside your organization. Attending a seminar, class, or other live, in-person event would count as organized CE. Attending a live webinar—as long as there is a way to ask questions or otherwise interact with the presenters or other participants—would also count. Watching a recorded event would not, as you would not be able to ask questions or enter into a discussion with participants outside your organization.

Professionalism topics are those related specifically to actuarial professionalism—the Code of Professional Conduct, the actuarial standards of practice, or the USQS. Topics such as presentation and communication skills, project management, and personnel management do not count as professionalism under the USQS. Instead, they may be considered “business and consulting skills” and are capped at 3 hours per year.

#### Footnotes

<sup>1</sup> [USQS FAQs](#), No. 28.

<sup>2</sup> *Ibid.*



## Academy Hosts Predictive Modeling Session at NAIC Insurance Summit

**THE ACADEMY PRESENTED** a daylong session on predictive modeling for regulators attending the NAIC's Insurance Summit in Kansas City, Mo., on June 6. The seminar was organized by Roosevelt Mosley, chairperson of the Academy's Automobile Insurance Committee, which served as the host.



Mosley opens a session at the summit

Academy Senior Property/Casualty Fellow Rich Gibson moderated a lively discussion of public policy issues related to predictive modeling. Dorothy Andrews, chairperson of the Academy's Data Science and Analytics Committee, spoke about regulators' understanding of predictive modeling and of relevant actuarial standards.

The panels focused on data quality as a key issue. Kevin Dyke, chief actuary for Michigan's Department of Insurance and Financial Services, said, "The quality of the data is in many ways more important than the model itself." He added, "It is important to communicate to regulators about what a company has done to assure data quality."

The discussion turned to the possibility that some external data used in predictive models could serve as proxies for otherwise prohibited data about certain classes of information. Panelist

Mike Woods noted that insurers are barred from collecting data on protected categories such as race, religion, and nationality, so it would be hard for them to test whether external data sets mimic prohibited information.

Panelist Birny Birnbaum, director of the Center for Economic Justice, said that regulation of external data used in models depends upon the data vendor. Some data sources are subject to oversight under the Fair Credit Reporting Act, while statistical agents are the subject of model NAIC regulations. But other data sources are not subject to any regulation or licensing. "That's an issue that needs to be addressed," Birnbaum added.

The session and the program ended with Dyke observing that consumers' lack of understanding of predictive models is a difficult issue for regulators. Companies could do a better job of explaining their rates to customers, he concluded. ▲

### Registration Open for Casualty Loss Reserve Seminar & Workshops

**REGISTRATION IS OPEN** for the 2019 Casualty Loss Reserve Seminar (CLRS) & Workshops, to be held Sept. 16–18 in Austin, Texas. This three-day event, jointly sponsored by the Academy and the Casualty Actuarial Society, provides educational opportunities to help attendees stay current with today's loss reserve developments and learn from experts in reserving. [Learn more.](#) ▲



## HPC Submits Comments to Congress for Universal Health Coverage Hearing

**THE HEALTH PRACTICE COUNCIL (HPC)** submitted an [issue paper](#) to the U.S. House Ways and Means Committee for the committee's June 12 hearing, "Pathways to Universal Health Coverage." The HPC's issue paper of earlier this year, [Expanding Access to Public Insurance Plans](#), outlines possible approaches for the implementation of a public health insurance plan, including the establishment of a public health insurance option, Medicare/Medicaid buy-ins, and a single-payer system.

### Academy Presents at SOA Conference

HPC representatives presented at the Society of Actuaries' 2019 Health Meeting in Phoenix in late June.

A joint presentation of the Individual and Small Group Markets Committee, Medicaid Subcommittee, and Medicare Sub-

committee, "[Deciphering the Different Options to Expand Public Coverage](#)," reviewed the proliferation of proposals to expand access to public health insurance plans, either to strengthen insurance markets under the Affordable Care Act (ACA) or to replace the ACA marketplaces or other health insurance programs altogether.

"[Nearly a Decade Later the ACA Is...](#)" was presented by the Individual and Small Group Markets Committee and reviewed challenges the ACA has faced since its enactment in 2010 and looked forward to where it's headed in the future, including legislative and regulatory activity and ongoing ACA-related litigation. ▲





# Issue Brief Released on 2020 Premium Drivers

**T**HE INDIVIDUAL and Small Group Markets Committee published an [issue brief](#) in late June looking at the major drivers behind why 2020 premiums could differ from those in 2019. The issue brief, *Drivers of 2020 Health Insurance Premium Changes*, focuses primarily on the individual market, yet many of the factors discussed are also relevant to the small group market.

“Steadily increasing health care costs; the possibility of ongoing adverse selection caused by the draw of potentially cheaper, non-Affordable Care Act (ACA) compliant plans; and the effects of other federal and state public policy changes are among the biggest drivers of 2020 premium changes,” said Academy Senior Health Fellow Cori Uccello.

The issue brief examines major factors that are likely to affect premiums next year, including:

- ▲ **Underlying growth in health care costs:** The increase in costs of medical services and prescription drugs for 2020 is expected to be consistent with that for 2019, which ranged from about 5 percent to 8 percent.
- ▲ **Recent and ongoing policy changes:** Recent policy decisions and continued implementation of prior decisions will affect 2020 premium.
- ▲ **Changes in the risk pool composition and insurer assumptions:** Changes in premiums will reflect expected changes in the risk profiles of the enrollee population, as well as any changes in insurer assumptions based on whether experience to date differs from that assumed in 2019 premiums.
- ▲ **State actions:** In addition to ongoing market-specific dynamics that affect each state differently, there have been actions undertaken or proposed by individual states that could result in large impacts on 2020 premiums.
- ▲ **Federal fees:** The health insurance provider (HIP) fee was enacted through the ACA. The total amount of the HIP fee for 2020 is not known at this time.

The issue brief drew media coverage from the [Washington Examiner](#) and [Becker's Hospital Review](#). Read the Academy [news release](#). ▲

AMERICAN ACADEMY  
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Issue Brief

**KEY POINTS**

Key drivers of 2020 premium changes include:

- Medical trend, which is the underlying growth in health care costs.
- Recent and ongoing policy changes regarding the expected availability of short-term limited duration plans, association health plans, and health reinsurance arrangements, as well as the elimination of the individual market subsidy.
- Incorporation of projected risk adjustment data valuation and adjustments into 2020 premiums and any adjustments to assumptions used to value the cost of cost-sharing reduction subsidies into premiums.
- State actions to implement reinsurance programs, impact individual market penalties, or enact rules that would facilitate or prohibit the availability of alternative coverage options and
- The reimbursement of the health insurance provider fee.

These drivers can interact in various ways and can vary by geographic region. Moreover, average premium rate changes may not represent the rate change experienced by a particular consumer. A number of factors can result in a consumer's premium change differing from the average rate change, including changes in plan selection, age/family status, geography, or subsidy eligibility.

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Drivers of 2020 Health Insurance Premium Changes

JUNE 2019

The 2020 health insurance premium rate filing process is underway. Actuaries develop proposed premiums based on their projections of medical claims and administrative costs for pools of individuals or groups with insurance. Projected medical claims reflect unit costs and utilization levels, as well as the mix and intensity of services, all of which can vary by geographic area and from one health plan to another. The composition of the risk pool is also important, as medical claims will reflect the health status of the risk pool. Laws and regulations, such as benefit requirements, issue and rating rules, and risk-sharing programs, can affect the composition of risk pools and projected medical spending, as well as the amount of taxes, assessments, and fees that need to be included in premiums.

This issue brief outlines the major drivers behind why 2020 premiums could differ from those in 2019. The brief focuses primarily on the individual market, yet many of the factors discussed are also relevant to the small group market.

**Major Drivers of 2020 Premium Changes**

**Underlying growth in health care costs.**  
The increase in costs of medical services and prescription drugs—referred to in rate filings as medical trend—is based on the increase in per-unit costs of services, changes in health care utilization, and changes in the mix of services. Projected medical trend for 2020 is expected to be consistent with that for 2019, which ranged from about 5 percent to 8 percent. Although the growth in spending for specialty drugs is expected to remain high, spending growth for prescription drugs overall has leveled off and is expected to be similar to or slightly higher than medical spending growth.

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## PBR Resources Webinar Offers Insight, Information

**T**HE ACADEMY'S Life Practice Council (LPC) hosted a "[PBR Resources Update—Summer 2019](#)" webinar on June 26, providing comprehensive updates to assist life actuaries with their principle-based reserving (PBR) work. Speakers covered Academy publications designed to support life actuaries with their assumptions for PBR and other valuation frameworks, and more. "We know that PBR is going through the final phase of implementation," said webinar presenter Ben Slutsker, chairperson of the Academy's PBR Assumptions Resource Manual Work Group. "This document attempts to highlight some of the challenges for updating valuations for statutory reserves."

LPC Vice Chairperson Linda Lankowski moderated, and the other presenters were Reanna Nicholzen, a member of the VM-20 Practice Note Work Group; and Randall Stevenson, chairperson of the PBR Review Procedures Work Group. [Slides and audio](#) are available to Academy members via their member login. ▲

## Life Variable Annuity Group Seeks Volunteers for New Task Force

**T**HE VARIABLE ANNUITY Reserves and Capital Work Group (formerly the AG43/C3 Phase II Work Group) is seeking volunteer members for a new Variable Annuity and Capital Practice Note Task Force. The task force would be

responsible for reviewing and updating the existing C-3 Phase 2 / AG43 [practice note](#) for the revised VA framework. For more information or to volunteer for this project, contact Life Policy Analyst Ian Trepanier at [trepanier@actuary.org](mailto:trepanier@actuary.org). ▲

## Work Group Updates NAIC on Life Mortality RBC

**T**HE C-2 WORK GROUP gave an [update on life mortality RBC](#) to the NAIC Risk-Based Capital Working Group for the working group's June 24 conference call.

**Group Comments on Illustrations**  
The Life Illustrations Work Group submitted a [comment letter](#) to the NAIC IUL Illustration Subgroup regarding the illustrations of Indexed Universal Life products under Actuarial Guideline 49. ▲

### LIFE BRIEFS

- ➔ **Laurie Li** joined the Life Financial Reporting Committee.
- ➔ **Nancy Bennett** and **Donna Megregian** joined the Government Mandates Work Group.
- ➔ **Ben Blakeslee** joined the Life Reinsurance Work Group.
- ➔ **Sue Bartholf** joined the Life Reserves Work Group.
- ➔ **Pat Allison, Reanna Nicholzen, Andrew Smith** and **Dylan Strother** joined the PBR Analysis Templates Task Force.
- ➔ **Reanna Nicholzen** and **Karen Rudolph** joined the PBR Checklist Task Force.
- ➔ **Julie J. Chen** and **Naomi Zwerling** joined the Tax Work Group.



## Pension Webinar—Expected Return Assumptions

**T**HE PENSION PRACTICE COUNCIL (PPC) will host a webinar in late July, "Developing Return Expectations in Today's Capital Markets—What Methods Work Now?" The webinar is intended to support actuaries directly responsible for assumption recommendations, or in assessing recommendations or resources provided by other parties—a pension plan's outside investment adviser, their own firm's investment practice, or publicly available data and surveys. Panelists will be Evan Inglis, who worked on the PPC practice note released earlier this year, [Forecasting Investment Returns and Expected Return Assumptions for Pension Actuaries](#), and Jerry Mingione. Academy Senior Pension Fellow Linda K. Stone will moderate, and continuing education



credit will be available. The webinar will be held Tuesday, July 30, from noon to 1:30 p.m. EDT. Registration will open soon; see the Academy [events calendar](#). ▲



## Actuarial Update

### COMMUNICATIONS REVIEW COMMITTEE

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# FinReg Reform Task Force Comments to Treasury

**T**HE FINANCIAL Regulatory Reform Task Force sent a [comment letter](#) to the U.S. Department of the Treasury on proposed new interpretive guidance on non-bank financial company determination, offering comments on a number of questions including consideration of liquidity risk;

various types of exposures that counterparties and other market participants have to a nonbank financial company; and prioritization of efforts to identify, assess, and address potential risks and threats to U.S. financial stability through a process that emphasizes an activities-based approach. ▲

## RISK MANAGEMENT BRIEFS

➔ **Robert Hanes, Michael Hayes, Mandy Lee, and Paul San Valentin** joined the Long Duration Contracts Work Group.

## Public Employment Opportunities

**T**HE NEW YORK STATE DEPARTMENT of Financial Services is seeking to fill two positions: [chief actuary](#) and [supervising actuary, casualty](#). Information about qualifications and how to apply is available at the links; applications must be received by July 12.

The Academy has long supported government employers that are seeking to hire qualified actuaries. See our [Public Employment Opportunity Posting Policy](#) for more information. ▲

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