Regular Directors Nominated for Academy Board

The Academy’s Nominating Committee reported on the slate of four individuals nominated to serve as regular directors on the Board of Directors, with terms beginning in November. Regular director candidates, who would take their place on the Board at the conclusion of the Academy’s annual meeting on Nov. 5, will be voted on by the membership in an online election later this summer.

- 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, is nominated to serve a three-year term.
- Chris Carlson, former ASB member and ASB liaison for many Academy public policy committees, a long-time 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—is nominated to serve a one-year term.
- Jason Russell, vice chairperson of the Pension Practice Council and former chairperson of the Multiemployer Plans Committee, is nominated to serve a three-year term.
- 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, is nominated to serve a three-year term.

The nominating process is designed to ensure that regular director candidates bring an ability and willingness to serve the Academy. Together with the officer candidates announced last month, the entire slate of new directors was chosen to provide a balanced distribution across practice areas and business affiliations in accordance with the Nominating Committee Guidelines. More information on each of these excellent candidates is available in the Academy’s Board Election Center.

Remembrance: Mary D. Miller

Mary D. Miller, past president of the Academy and recipient of the 2019 Jarvis Farley Service Award and the 2011 Robert J. Myers Public Service Award, died June 7 after a long battle with cancer.

Miller was the Academy’s president during its milestone 50th anniversary and presided over the 2015 Annual Meeting and Public Policy Forum, which included many special events and a book, movie, and timeline celebrating the Academy’s history. She also spoke about her career in an Academy-produced video about women in the actuarial profession released in conjunction with the anniversary, “A Great Career for a Man?”

“Mary’s reputation preceded her. I suspect that was as true for many of you as it was for me. I heard about this person that I would most certainly like several years before I ever had the pleasure of meeting her,” said Shawna Ackerman, the Academy’s immediate past president. “I was instantly a fan of her no-nonsense approach to getting things done—always professional, always willing to put in the time and effort to elevate the actuarial profession.”

SEE REMEMBRANCE, PAGE 3
**Academy NEWS Briefs**

Tune In to the Academy’s YouTube Channel

RUNNING OUT OF SHOWS TO WATCH ON NETFLIX? Check out the Academy's newly refreshed [YouTube channel](https://www.youtube.com/academy), which features videos that showcase the important work of actuaries and includes highlights from past Academy events. Subscribe to stay on top of videos as they are added.

Kasha Shelton Promoted to Academy’s Director of Membership

THE ACADEMY HAS PROMOTED Kasha Shelton to director of membership. Shelton has served the organization for over 20 years in various roles in both the public policy and membership departments. She started her tenure at the Academy as an administrative assistant in public policy and has since advanced progressively through more responsible positions in both departments, before ultimately landing in the membership department in July 2008, most recently serving in the position of assistant director of membership relations/administration.

Shelton has demonstrated her dedication and commitment to the Academy’s goals and mission over many years, and her vital understanding of the interests and needs of our volunteers and members have contributed greatly to the Academy’s achievements in all the areas that she has been involved with—including meetings and special events—and she has become essential to every aspect of the Academy’s membership communications and policies.

Recently Released

THE SUMMER ISSUE of [Casualty Quarterly](https://www.casualty.org/) includes a Q&A with Casualty Vice President Lisa Slotznick on the Casualty Practice Council’s comments to the U.S. House Financial Services Committee on a discussion draft of the Pandemic Risk Insurance Act, including the impact on business interruption insurance. Also, Academy leadership and Committee on Property and Liability Financial Reporting (COPLFR) comments to the NAIC on statements of actuarial opinion; COPLFR releases FAQs on COVID-19 for appointed actuaries; a new workers’ compensation issue brief on presumptive benefits; and P/C breakout sessions are set for November’s Annual Meeting and Public Policy Forum.

**CALENDAR**

### 2020

**JULY**

22 | P/C Webinar: *Workers’ Compensation: Impact of COVID-19*
23 | Risk Management Webinar: *IFRS 17 Insurance Contracts: Amendments to the Standard and Current Implementation Challenges*
27 – Aug. 10 | NAIC Fall Summer Meeting (three-week virtual event)
29 | Professionalism Webinar: *In Times of Uncertainty, Professionalism is Certain*

**SEPTEMBER**

15–17 | Virtual Casualty Loss Reserve Seminar & Workshops (CLRS)

**NOVEMBER**

5–6 | Annual Meeting and Public Policy Forum, Washington, D.C.
14–17 | NAIC Fall National Meeting, Indianapolis

For a list of all previous and upcoming Academy events, please visit the Academy’s [Events Calendar](https://www.actuary.org/events).

**Review Your Membership Profile**

To continue receiving [Actuarial Update](https://www.actuary.org/newsletter), [Contingencies](https://www.actuary.org/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](https://www.actuary.org/membership).

**CAUSALTY QUARTERLY**

**WWW.ACTUARY.ORG**

**Actuarial UPDATE JUNE 2020**
**Academy Statement About Equality and Inclusion in Light of Recent Events**

**EARLIER THIS MONTH,** the Academy President, D. Joeff Williams, issued a statement about the events and protests that took place after the death of George Floyd in Minneapolis. Over the days since then, there is a growing recognition and concern across the United States and the world for our collective commitment to equality. The Academy stands resolutely with those who value equality and inclusion, both within the profession and in society at large. We condemn racism and encourage our members to stand up for equal justice for all, and to oppose all forms of racism, discrimination, and bias whenever they exist.

**Remembrance, continued from page 1**

profession and provide necessary advice on key issues.

“Mary was always appreciative of others. During her farewell speech as our 50th president she said, ‘It is our volunteers, assisted by our capable staff, who are the life blood of our work.’ Last November I had the tremendous honor to introduce Mary as the 2019 Jarvis Farley award winner to recognize her career-long volunteer efforts and contribution to the advancement of the profession. I will never forget the thunderous applause from her colleagues that greeted her as she made her way to the stage. By that point she had been ill for a long time, yet she continued to volunteer representing the Academy at the NAIC either in person or, later, as a source of wisdom. Mary volunteered because she believed in the importance of actuarial work and obligations to be professional. It was, as she noted in her speech, an opportunity to make a difference.

“Mary did make a difference. Her reputation for professionalism and her impact on the actuarial profession and the Academy is her legacy and gift to all of us whether you had the pleasure of knowing her or not,” Ackerman said.

Miller received last year’s Farley award—which honors an actuary whose volunteer efforts on behalf of the Academy have made significant contributions to the advancement of the profession—in recognition of her prolific contributions of two decades of volunteer service and her efforts on behalf of the Academy as representative to the NAIC, especially regarding NAIC’s efforts related to the definition of qualified/appointed actuary and on actuarial professionalism. Her many volunteer roles included serving on the Council on Professionalism, the Actuarial Board for Counseling and Discipline, the Committee on Property and Liability Financial Reporting, and as casualty vice president, among others.

“To be considered among [Farley Award recipients] is such an incredible honor. ... I have gotten so much more out of volunteering than I could ever have imagined,” Miller said in accepting the award at the 2019 Annual Meeting and Public Policy Forum.

An Ohio native, Miller was a 1968 graduate of The Ohio State University, with a major in mathematics and a minor in French, was a huge supporter of Ohio State's athletic teams, and had an encyclopedic knowledge of all kinds of sports. She was also an excellent athlete herself, and coached girls golf, bowling, and basketball. She taught high school math in Toledo for six years and went on to receive a master's in mathematics from the University of Toledo. It was there that she was reintroduced to the actuarial profession and began the process of becoming an actuary. Her career culminated with serving as the state of Ohio's chief actuary.

Gifts in Mary D. Miller’s memory may be made to the Ovarian Cancer Research and Education in Gynecology Fund (#312187) at The James Cancer Hospital, P.O. Box 183112, Columbus, OH 43218, or online at https://giveto.osu.edu/makeagift. Those who wish to do so may leave an online condolence at PenwellTurner.com.
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 Tricia Matson, a life actuary and a past chairperson of the Actuarial Standards Board.

Why did you become an actuary? I decided to become an actuary late in college, based on my interest in math. It seemed like an interesting, challenging career choice; I’m so glad I made that decision.

Describe a challenge you have overcome. Early in my career, I faced a particularly thorny professionalism challenge. I felt that someone I worked with—someone who was a supervisor—was acting unethically. I first spoke with the supervisor and when that did not go well, I reached out to both an internal ethics group as well as the Actuarial Board for Counseling and Discipline (ABCD) for advice. It’s a good reminder—the ABCD is there to help.

What do you enjoy the most about being an actuary? I enjoy many aspects of actuarial work, but one I particularly love is helping others solve complex problems in a quantitative way. There’s just something about unpacking convoluted questions as a group—I find it immensely satisfying.

Share something about yourself. I don’t spend all of my time in the office, of course. I spend a lot of time with my family; I also enjoy CrossFit and running.

What advice would you share with young actuaries? When younger actuaries ask me for advice, I always tell them the same thing: Study hard early and get those exams out of the way! They open a lot of doors!
IN THE NEWS

A WorkCompCentral subscriber-only story on workers’ compensation trends included the Academy’s new issue brief on presumptive benefits.

Several media outlets—including Bloomberg Law, Fierce Healthcare, BenefitsPro, Becker’s Hospital Review, and Healthcare Dive—cited the Individual and Small Group Markets Committee’s new issue brief outlining the major factors driving premium changes for 2021, including the impact of COVID-19.

The Wall Street Journal and CNBC cited the Academy’s Pension Assistance List (PAL) program, which provides professional services to consumers who have questions about their pension plans.

A Politico daily cybersecurity newsletter cited the Academy’s comment letter to the GAO regarding cyberattacks and the Terrorism Risk Insurance Act.

A BenefitsPro story cited the Health Practice Council’s recently released issue brief that examines the increased uncertainty health insurers face due to COVID-19 and the various risk mitigation mechanisms that can be used to address it.

Several Illinois community newspapers, including the Dupage Policy Journal and the Chambana Sun, reporting on the funding levels of public pension plans in their localities cited the Academy’s July 2012 issue brief, The 80% Funding Standard Myth.

GASB Outreach

IM GEDDES, ACADEMY VICE PRESIDENT, pension, and Linda K. Stone, Academy senior pension fellow, joined by Craig Hanna, director of public policy, and Mary Downs, executive director, met virtually with senior leadership of the Governmental Accounting Standards Board (GASB) June 26.

Dave Vaudt, outgoing GASB chair, introduced Joel Black, the incoming chair of the independent, private-sector organization that establishes accounting and financial reporting standards for U.S. state and local governments that follow generally accepted accounting principles (GAAP).

Vaudt expressed appreciation for the participation and assistance that has been provided to GASB by Academy volunteers over many years. The Academy looks forward to continuing to provide our independent and objective work to help inform the standards-setting process that GASB provides to all its stakeholders.

CLRS, NAIC Summer Meeting Going Virtual

THE CASUALTY LOSS RESERVE SEMINAR and Workshops (CLRS), jointly sponsored by the Academy and the Casualty Actuarial Society (CAS), will be a virtual event this year because of the coronavirus pandemic, CAS announced. The new dates are Sept. 15–17. Updated details are available on the CLRS webpage.

The NAIC announced its Summer 2020 National Meeting will be virtual. The meeting—which was scheduled to be held in Minneapolis—is scheduled to be spread over a three-week period beginning the week of July 27 and wrapping up the week of Aug. 10. Meeting times will be available by July 6 on www.naic.org.

Professionalism News

ASB Approves Draft of Revision of ASOP No. 28

THE ACTUARIAL STANDARDS BOARD (ASB) undertook several actions and updates this month. The ASB approved an exposure draft of a revision of Actuarial Standard of Practice (ASOP) No. 28, now titled Statements of Actuarial Opinion Regarding Health Insurance Assets and Liabilities. The ASOP provides guidance to actuaries when performing actuarial services with respect to issuing or reviewing a statement of actuarial opinion regarding health insurance assets and liabilities. The comment deadline for the exposure draft is Nov. 13. Information on how to submit comments can be found in the exposure draft.

ASOP No. 22—Second Exposure Draft Approved

The ASB approved a second exposure draft of a revision of ASOP No. 22, now titled Statements of Actuarial Opinion Based on Asset Adequacy Analysis for Life Insurance, Annuity, or Health Insurance Reserves and Other Liabilities. The ASOP applies to actuaries when performing actuarial services with respect to providing a statement of actuarial opinion (SAO) based on asset adequacy analysis of life insurance, annuity, or health insurance reserves and other liabilities. Notable changes from the first exposure draft include clarifying the scope, revising guidance on the discount rate, and removing several defined terms including “investment yield risk” and “moderately adverse deviation.” The comment deadline for the exposure draft is Nov. 30; information on how to submit comments using the new template can be found in the exposure draft.

July 31 Deadline for ASOP No. 4 Draft Comments

A reminder that the extended comment deadline for the second exposure draft of ASOP No. 4, Measuring Pension Obligations and Determining Pension Plan Costs or Contributions, is July 31. Read the exposure draft here, and the Pension Practice Council’s letter here.
Professionalism Outreach

A STANDARDS BOARD (ASB) member Cande Olsen delivered a remote presentation, “The ASOP Advantage: The Latest on ASB Standards-Setting,” to the Actuaries Club of Boston on June 10 that was attended by more than 140 people. The presentation reviewed the ASB standards-setting process and provided an update on life, health, and cross-practice standards. Olsen concluded by urging attendees to engage in the ASB’s transparent process for proposing and commenting on standards and changes to standards, including the ASB’s new template for commenting on exposure drafts.

Academy President D. Joeff Williams delivered a virtual presentation on June 23 to more than 100 attendees of the Actuaries Club of Philadelphia, providing a “Professionalism Update from the Academy.” Williams described the latest professionalism resources and activities, including Council on Professionalism activities, the latest developments with actuarial standards of practice and news from the Actuarial Standards Board, and an overview of the Actuarial Board for Counseling and Discipline’s activities. The interactive session closed with a “professionalism challenge” series of polling questions to the audience on selected professionalism topics.

On June 24, Academy President-Elect Tom Campbell and President-Elect nominee Maryellen Coggins presented the pre-meeting professionalism session for more than 160 attendees of the Southeastern Actuaries Conference Spring Meeting, which was produced in a virtual platform this year. Their presentation focused on “Professionalism and Ethical Challenges,” with a look at common ethical challenges actuaries face and how the professionalism infrastructure housed within the Academy provides actuaries with standards and resources to respond to those challenges. The session included interactive polling with the audience on the Code of Professional Conduct, the ABCD, actuarial standards of practice, and qualifications.

On Twitter, we tweeted about our two recent issue briefs, “Medicare’s Financial Condition: Beyond Actuarial Balance” and “Drivers of 2021 Health Insurance Premium Changes: The Effects of COVID-19.” On LinkedIn, we shared highlights from “Plugging Holes in U.S. Flood Insurance,” the latest update to our Essential Elements series. 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.

Professionalism Webinar Set for July 29

JOIN THE ACADEMY

July 29 for the professionalism webinar, “In Times of Uncertainty, Professionalism is Certain.” Presenters—Academy past presidents Shawna Ackerman, Bob Beuerlein, Tom Terry, and Tom Wildsmith; and President-Elect nominee Maryellen Coggins—will discuss the Code of Professional Conduct and more. Academy President D. Joeff Williams will moderate; CE and JBEA credit will be available. The webinar will be from noon to 1:30 p.m. EDT. Register today.
SELF-REGULATION AND THE ACTUARIAL PROFESSION is a new discussion paper from the Committee on Professional Responsibility (COPR). Three of the paper's authors—COPR Chairperson Audrey Halvorson, Nancy Behrens, and John Schubert—sat down with Actuarial Update to discuss self-regulation and its importance to the actuarial profession.

Why are so many professions regulated?

SCHUBERT: Professionals typically have specialized knowledge and skills that can be used for the public good. That knowledge gap, between the public and the profession, creates an opportunity for people to take advantage of the public. Regulation can help serve the public by ensuring professionals are held to the highest standards.

BEHRENS: In the actuarial profession, much of what we do is really important to people's financial well-being—their pension plan, the solvency of insurance companies, the insurance rates, all of those things are very important to individuals and the public. And that importance makes effective regulation of the actuarial profession vital.

Some professions are regulated by the government. Yet the actuarial profession is largely self-regulated. How does the actuarial profession regulate itself?

HALVORSON: We have the Web of Professionalism—the Code of Professional Conduct, our map to make sure we practice with ethical, appropriate behavior; the U.S. Qualification Standards, which you have to meet to practice as an actuary; and the actuarial standards of practice (ASOPs), which guide us in how we do our work. And we have the Actuarial Board for Counseling and Discipline (ABCD).

BEHRENS: During my time on the ABCD, we saw so many cases where actuaries were willing to come forward and raise the issue of other actuaries doing work that was not in compliance with our standards, which is absolutely necessary for us to maintain our high standards and show the public that we are regulating ourselves. The ABCD's request for guidance (RFG) process allows people to call in and ask questions confidentially. I fielded a number of those when I was on the ABCD. People call and say, “Hey, this is going on in my company, and I’m not really comfortable with it.” Knowing that actuaries are raising issues is really important.

Why is self-regulation important to the actuarial profession?

BEHRENS: When actuaries set the standards for how actuarial work should be done, when actuaries review what other actuaries are doing, it’s much easier to get things done that serve the public and the profession. For example, it’s much easier to change an ASOP than a law. So in that sense, self-regulation is a more effective and efficient way of regulating the profession. Self-regulation makes our system a little bit more flexible and, because we are able to react more quickly, it contributes to a better-regulated profession.

HALVORSON: In the early days of the Affordable Care Act (ACA), sometimes the proposed instructions to actuaries had problems, in part because non-actuaries were involved in developing them. The Academy’s work to make sure those kinds of issues were corrected was key to the relative success of the actuarial professional side of the ACA.

SCHUBERT: It is also better to have fully qualified actuaries determine whether actuaries are performing professionally and making good choices. Who better than actuaries to decide if an actuary has failed to live up to our standards? We have the knowledge to make an informed and educated decision.

What can actuaries do to help maintain self-regulation?

BEHRENS: First of all, be diligent about your own qualifications, stay up to date, and make sure that if you’re practicing in a new area, that you’re actually qualified to practice there. But then make sure that others are doing their work correctly—that’s also very important to the profession.

HALVORSON: As I progressed in my career, I realized I needed to make sure that my staff understood the responsibility of the actuarial profession. So I would talk to them about the Code, ask them what ASOPs apply, and really make it their job to ensure that we were doing the right thing as actuaries. But it took a long time for me to get to that point because I didn’t have a leader actuary pointing these things out to me in the early years of my career. So, I hope actuaries in leadership positions will educate their younger staff on professionalism and the fact that we regulate ourselves, as it is so important to our profession.

Because actuarial work is very complicated, you really need other

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PROFESSIONALISM COUNTS, CONTINUED FROM PAGE 7

actuaries to make sure we live up to the public expectation of professionally performed work. You need to understand that not only your principal, but the public, is relying on you to get it right. SCHUBERT: Lead by example—approach your work in a professional manner, perform only work that you are qualified to do, and use the ASOPs to guide your work. If you see other actuaries not following these principles, you should point it out to them. If that is unsuccessful or you are uncomfortable doing that, the ABCD is there to help. If we fail to enforce our standards, we risk losing the privilege of self-regulation.

What do you hope people will take away from the paper?
HALVORSON: I would like to provide some background on why we think this paper is important. Back in 2018, there was a report from the UK called the Kingman Report. The UK actuaries are not self-regulated, and the Kingman Report said they should be even more strictly regulated. So the COPR provided this paper to educate actuaries about the fact that we are self-regulated and why that is important.

BEHRENS: The paper goes through a lot of aspects of professionalism, what they mean, and why it’s important to be self-regulated. As actuaries read it and take it to heart, I hope that they will have discussions with their peers and within their companies so that they get a better sense of how important self-regulation is to the future of the profession.

SCHUBERT: The paper is also a great refresher for those of us who have been doing this for a long time and need to be reminded, maybe, that it’s still our responsibility to pass that look-in-the-mirror test, to make sure we’re setting a good example, and to pass that information on to all actuaries, because we’re all in this together. Poor work or problems created by just a few actuaries can reflect on the entire profession.

Self-regulation is a privilege that many professions do not have. More than 30 years ago, leaders of our profession understood the importance of self-regulation and created the framework we’ve just described, and they’ve nurtured it to this point. Now it’s up to us to maintain self-regulation. This paper serves as a reminder to make sure all actuaries keep professionalism and the importance of self-regulation in mind as they do their work. ▲

DISCIPLINARY NOTICE

The following was posted to the Academy’s Public Discipline page on March 23, 2020.

Please note that there are two actuaries with the same first and last name in New York. The subject actuary in this Notice of Discipline is not Michael Lawrence Frank of Aquarius Capital. The Academy regrets any confusion.

Notice of Public Discipline

A Disciplinary Committee of the American Academy of Actuaries (“Academy”), acting in accordance with the Academy’s Bylaws, has reviewed the findings and a recommendation from the Actuarial Board of Counseling and Discipline (“ABCD”) regarding Michael W. Frank. Based on the decision of the Disciplinary Committee, the Academy suspends Mr. Frank from membership for a period of one year for materially failing to comply with Precepts 1, 3, 4, and 8 of the Code of Professional Conduct in connection with work he performed concerning a small private pension plan.

Precept 1 requires that an actuary “act honestly, with integrity and competence, and in a manner to fulfill the profession’s responsibility to the public and to uphold the reputation of the actuarial profession.” Annotations 1-1 and 1-4 amplify that duty by respectively requiring an “Actuary to perform Actuarial Services with skill and care” and refrain from engaging “in any professional conduct involving dishonesty, fraud, deceit, or misrepresentation or commit any act that reflects adversely on the actuarial profession.” Precept 8 requires that actuaries “take reasonable steps to ensure that [their] services are not used to mislead other parties.” The Disciplinary Panel concluded that Mr. Frank materially violated Precepts 1 and 8 with respect to work for the private pension plan in question in the following respects:

• Certifying that he completed the 2009 Schedule SB for the pension plan on October 15, 2010 and that he completed the 2010 Schedule SB for the pension plan on October 15, 2011 when in fact he completed and signed both on February 8, 2013;
• Failing to reconcile discrepancies in the data provided to him concerning various aspects of the plan;
• Making incorrect calculations of Effective Interest Rates and lacking know-how and systems necessary to make accurate calculation of Effective Interest Rates;
• Failing to confirm or substantiate deposit dates listed in the Schedule SBs;
• Failing to prepare Adjusted Funding Target Attainment Percentages for the plan; and
• Failing to communicate that the plan was subject to benefit restrictions or to advise that notices to the plan participants should be prepared and distributed.

Precept 3 requires an actuary to “ensure that Actuarial Services performed . . . satisfy applicable standards of practice.” Precept 4 requires that Actuarial Communications be “clear and appropriate to the circumstances and [their] intended audience, and satisfy applicable standards of practice.” The Disciplinary Panel concluded that Mr. Frank materially violated Precepts 3 and 4 by failing to make the disclosures required by ASOP No. 41 and by failing to investigate data inconsistencies in the information provided to him in violation of ASOP No. 23.

Based upon the foregoing, Mr. Frank’s membership in the Academy is suspended for one year effective March 23, 2020. In addition, as a condition of reinstatement, the Academy requires that Mr. Frank receive counseling from the ABCD and initiate at least four requests for guidance from the ABCD on work performed during his period of suspension. ▲
Workers’ Comp Committee Releases Presumptive Benefits Issue Brief


The issue brief covers what workers’ compensation presumption of benefits means, how laws vary by state, what occupations are covered by presumptions, what injuries or diseases are classified as presumptive, who is eligible, how claims can be rebuttable by the employers, what are the cost elements of workers’ compensation presumptions, and other cost considerations.

It also covers recent developments, including the ongoing COVID-19 pandemic, and responses to post-traumatic stress disorder, and looks ahead at future issues confronting state legislatures, the workers’ compensation insurance system, public entities, and society at large.

Webinar Set for July 22
In conjunction with the issue brief and other emerging issues, a webinar, “Workers’ Compensation: Impact of Covid-19,” will be held from noon to 1:30 p.m. EDT on July 22.
Dave Heppen, chairperson of the Workers’ Compensation Committee, will moderate, and the speakers will be committee members Derek Jones and Doug Ryan. Presenters will cover the effects of dramatic changes in the workforce, expansion of presumptive benefits for first responders and healthcare workers, consideration of the 2020 experience in the rate-filing process, financial reporting questions, and more. Register today.

COPLFR Releases FAQs on COVID-19

THE COMMITTEE ON Property and Liability Financial Reporting (COPLFR) released frequently asked questions (FAQs) on financial reporting topics related to COVID-19, P&C Financial Reporting Considerations With Respect to COVID-19 was developed to assist appointed actuaries as they contend with the various uncertainties and challenges pertaining to loss reserving in light of the pandemic and related financial and regulatory developments. COPLFR expects to release periodic updates; email casualty@actuary.org with thoughts and questions for the committee to consider.

Casualty Briefs

Bradley Andrekus, Denise Farnan, Solomon Frazier, Susan Kent, Tyler Lantman, and Samantha Taylor joined the Automobile Insurance Committee.
Timothy Mosler and Megan Taylor joined the Medical Professional Liability Committee.
Brian Donovan, Weiyue Gu, Lijia Guo, Susan Kent, Howard Kunst, Michael Larsen, Brian Mullen, Christopher Platania, and Prem Prakash joined the P/C Extreme Events and Property Lines Committee.
Ronald Wilkins joined the Property and Casualty Risk-Based Capital Committee.
Solomon Frazier, Karen Rivara, Jeffrey Schmidt, Ronald Schuler, Ronald Scott, and Kathy Thompson joined the Workers’ Compensation Committee.
Health News

Issue Brief Examines COVID-19’s Effect on 2021 Health Insurance Premiums

As health insurers file proposed premium rates for 2021, a new Academy issue brief describes how the COVID-19 pandemic has brought new uncertainties and complexities to the development of health insurance rates being filed that will determine what insureds will pay next year. The issue brief, Drivers of 2021 Health Insurance Premium Changes: The Effects of COVID-19, explains that the coronavirus pandemic will affect 2021 premiums dependent on a number of different assumptions.

“Premium changes are based on how costs of care, enrollment, and other factors are expected to change relative to insurers’ assumptions that were used in setting premiums for the current year, and the COVID-19 pandemic has brought new unknowns and opposing trends into the mix,” said Academy Senior Health Fellow Cori Uccello.

“Premium changes are based on how costs of care, enrollment, and other factors are expected to change relative to insurers’ assumptions that were used in setting premiums for the current year, and the COVID-19 pandemic has brought new unknowns and opposing trends into the mix,” said Academy Senior Health Fellow Cori Uccello.

The pandemic has introduced both positive and negative cost pressures within the health care system, and uncertainties to key projections such as claims that could be sensitive to possible subsequent waves of infection and illness,” she said.

Health Online Briefing for Capitol Hill Staff

The Academy hosted a June 26 online briefing for health policy stakeholders, including congressional staff, in which presenters Barb Klever, chairperson of the Individual and Small Group Markets Committee, and Academy Senior Health Fellow Cori Uccello discussed the factors actuaries consider in setting premium rates, how COVID-19 has affected these factors for 2021 rate filings, and potential risk mitigation mechanisms that could address the heightened risks and uncertainties that insurers are facing. Audrey Halvorson, Academy vice president, health, moderated.


“How COVID-19 will affect 2021 premiums depends on assumptions related to the persistence of the first [pandemic] wave and the emergence of subsequent waves in 2020 and 2021,” Halvorson said, as well as “shifts in insurance coverage and risk-pool composition, testing and treatment costs, vaccine availability and costs, and other changes to utilization and costs, including those related to telehealth and provider reimbursement rates.”

Noting a high level of uncertainty still remaining around COVID-19, insurers will likely run multiple scenarios involving different assumptions, she said.

According to Klever, COVID-19 has significantly impacted 2020 experience, and issuers have been monitoring the impact 2020 claims, while projecting forward throughout the rest of this year and into 2021. She also raised the impacts of job losses on people who had employer-based health insurance, and the impacts on the individual and small-group markets.

“The economic downturn could accelerate the trend of lower enrollment in the small group market,” she said, and regarding a potential vaccine, “insurers need to consider the possibility of a vaccine becoming available in 2021, the percent of the population that will receive the vaccine, and the cost.” In addition, the costs of testing will also typically be built into premiums, she added.

Risks and risk mitigation

Uccello discussed the risks that insurers typically face and how COVID-19 has increased these risks. She went on to examine the extent to which risk mitigation mechanisms such as risk corridors and reinsurance could mitigate those risks. She noted that “risk corridors can protect insurers from unusually large losses from COVID-19 and they can target payments to insurers with losses rather than providing payments to all insurers.”

In contrast, reinsurance payments, which can offset insurer costs for high-cost enrollees, would be made regardless of whether an insurer faced unexpected losses overall. “MLR [medical loss ratio] requirements could provide a backstop on unanticipated insurer gains under either one-sided risk corridors or reinsurance,” Uccello said.

HEALTH BRIEFS

Rachel Erne joined the LTC Reform Subcommittee.
Life Groups Comment to NAIC

ACTUARY LIFE WORK GROUPS commented to the NAIC.

Tax Work Group Comments to IRS
The Tax Work Group submitted a comment letter to the Internal Revenue Service (IRS) regarding a proposed regulation that provides guidance on the computation of life insurance reserves for income tax reporting.

Actuarial Perspectives
The Life Underwriting and Risk Classification Work Group gave a presentation on actuarial perspectives on accelerated underwriting to the NAIC Accelerated Underwriting (A) Working Group.

IUL Comments
The Life Illustrations Work Group sent a comment letter to the NAIC Life Actuarial (A) Task Force regarding the illustrations of Indexed Universal Life (IUL) insurance policies under Actuarial Guideline XLIX (AG 49) and the redline of AG 49A.

Fixed-Annuity PBR
The Annuity Reserves Work Group gave an update to the NAIC VM-22 (A) Subgroup on the preliminary framework elements for fixed annuity PBR.

LIFE BRIEFS
Karen Rudolph and Bill Sayre are co-chairpersons and Leslie Jones is vice chairperson of the new Asset Adequacy Task Force, and the following are members of the new task force: Rhonda Ahrens, Mark Alberts, Marc Altschull, Brian Bayerle, Ken Beck, Nancy Bennett, Mark Bienz, Aaron Bush, Nicholas Carbo, Lori Heige, Len Mangini, Shawna Meyer, Link Richardson, Dan Rueschhoff, Dave Sandberg, Bruce Sartain, Bill Sayre, Steve Strommen, Vincent Tsang, and Pete Weber. Marcy Thailer joined the Tax Work Group. Brent Dooley joined the Annuity Reserves Work Group.

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SECURE Act Issue Brief Released

The Academy published an issue brief examining the potential impact of the Setting Every Community Up for Retirement Enhancement (SECURE) Act. The issue brief was developed by Senior Pension Fellow Linda K. Stone in conjunction with the Retirement System Assessment and Policy Committee and the co-chairpersons of the Lifetime Income Risk Joint Committee.

The issue brief’s highlights include:

- An examination of how the law contains a wide range of provisions to strengthen the retirement system, some of which will have an immediate impact, while others will depend on whether employers implement them.
- An explanation of how the law’s mandated disclosure requirement for defined contribution (DC) plans will educate participants on how to make their assets last for their lifetimes by showing numerical examples of how much income might be derived from their account balances.
- A description of the law’s provisions intended to increase the number of DC plans offering annuity options. Utilizing annuity options can improve retirement outcomes for some participants, especially those without access to a defined benefit plan.

Social Security Webinar Planned

Coming soon: A webinar to look at Social Security reform options and address COVID-19 implications on the financing outlook. There will be ample time for questions and answers. Registration will open in July.

IFRS Webinar Set for July 23

The International Accounting Standard Board (IASB) issued amendments to IFRS 17 Contracts on June 25. The amendments to the exposure draft released in May 2017, after receiving comments from stakeholders, represent the final standard with a deferred effective date of Jan. 1, 2023. With many IFRS 17 implementation programs well into the design-and-build of their IFRS 17 reporting infrastructure, the changes in the amendments are likely to lead to both operational impacts and financial impacts that will require careful consideration.

An Academy webinar—“IFRS 17 Insurance Contracts: Amendments to the Standard and Current Implementation Challenges”—will explore the final amendments, highlighting the industry feedback and deliberations by the IASB in reaching the final language. Presenters will be Rodrigo Careaga and Rich Isherwood, along with moderator Doug Van Dam, chairperson of the IFRS 17 Work Group. They will discuss the aspects of the standard that were not amended and potential implications of the changes across practice areas, and will highlight some of the implementation issues that insurers will need to consider. The webinar will be held on July 23, from 2 p.m. to 3:30 p.m. EDT. Continuing education will be available—register today.