

Reminder—Member Survey Responses Due Today

A **FINAL REMINDER** to check your email for the Academy's member survey, most recently sent May 30 from an independent email address—noreply@qemailserver.com. Please check your junk-mail folder if you don't think you have received it. Responses are due **today**, May 31.

The Academy is conducting the survey in order to gain a deeper understanding of our members' views on what is fundamental to the needs of our self-regulating profession and what is most important to our members in our engagement with our key stakeholder groups. Answers are anonymous. ▲

Representing the U.S. Profession Globally

THE ACADEMY took part in several international events this month—in the capital cities of Canada and the United States.

North American Actuarial Council Meets in Ottawa

Academy presidential leadership participated in the spring North American Actuarial Council (NAAC) meeting in early May, hosted by the Canadian Institute of Actuaries in Ottawa. Attendees were treated to a May 3 presentation in the temporary Senate

chamber by the Honorable Pierre J. Dalphond, a member of the Canadian Senate, who provided a very interesting overview of the role and current challenges of the Senate of Canada. Other presentations in conjunction with the NAAC meeting included one from Natalia Moudrak, director of the Infrastructure Adaptation Program at the Intact Centre, and one from Jean-Claude Ménard, former chief actuary of Canada, about the Canadian pension system.

SEE **INTERNATIONAL**, PAGE 4



Dalphond (left) speaks in Canada's Senate; Ackerman (right) welcomes IAA attendees to D.C.

Academy Urges NAIC to Reconsider Definition for 'Qualified Actuary'

THE ACADEMY, in a [May 30 letter](#) signed by President Shawna Ackerman, expressed concerns with the NAIC's May 1 exposure draft of the P/C Statement of Actuarial Opinion Instructions that would, among other changes, alter the definition for "Qualified Actuary."

In its letter, the Academy pointed to its long history of assuring accountability and credibility for the actuarial profession, the public, and regulators—"The Academy was created and continues to serve as the accrediting organization for actuaries practicing in the U.S." Further, the letter states, the proposed changes to the Instructions may serve to raise questions among stakeholders and "create confusion and dilute the existing understanding and recognition of the actuarial qualification requirements."

After identifying a number of specific issues with language in the proposed Instructions, the letter urged the NAIC to continue to draw upon the Academy's experience and knowledge to "ensure actuaries are held to the time-tested standards that are in place today." ▲

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2019

JULY

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

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, D.C.

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

DECEMBER

4–5 [Seminar on Effective P/C Loss Reserve Opinions](#), Baltimore

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

Recently Released

THE MAY [HealthCheck](#) covers, among other matters, the Academy Medicare Subcommittee's issue brief looking at the annual Medicare Trustees Report, the Individual and Small Group Markets Committee's comment letter on selling insurance across state lines, and last month's Academy webinar that featured an official from the Center for Consumer Information and Insurance Oversight.

The Academy updated two *Essential Elements* reports—"Medicare's Long-Term Sustainability Challenge" and "Securing Social

Security"—with information from the newly released 2019 Medicare and Social Security trustees' reports. The *Essential Elements series* is designed to make actuarial analyses of public policy issues clearer to general audiences.

The spring issue of [The Retirement Report](#) includes coverage of April's Enrolled Actuaries Meeting, Pension Vice President Josh Shapiro testifying before a House subcommittee on multi-employer plans, Pension Committee comments on a proposed modeling actuarial standard of practice, and legislative and regulatory activity. ▲

Public Employment Opportunity

THE EMPLOYEE BENEFITS Security Administration (EBSA) of the Department of Labor has a public employment opportunity for a senior actuary with a health and welfare benefit specialty. Among other duties,

the position would provide actuarial support related to EBSA's regulation and supervision of Multiple Employer Welfare Arrangements. The application deadline is June 4; for more information on the position, [click here](#). ▲

In Memoriam

Karen Bender

A BRIGHT LIGHT in the Academy's volunteer ranks went out this month with the passing of Karen Kay

Bender. A committed and conscientious volunteer on many Academy Health Practice Council committees and groups for many years, Karen was a past chairperson of the Health Practice Council's Individual and Small Group Markets Committee

and an active volunteer for the Health Care Delivery Committee, Prescription Drug Work Group, Surprise Billing Work Group, and the Actuarial Standards Board's Health Committee. She passed away May 17 after a battle with gallbladder cancer.

Karen's longtime active involvement in the Academy culminated in her being pre-

sented an Outstanding Volunteerism Award at the Academy's 2018 Annual Meeting and Public Policy Forum. Through annual visits

to Capitol Hill meetings and briefings, and drafting of numerous issue briefs and comment letters, her extensive time commitment to furthering sound public policy in the health care sphere will be greatly missed by her fellow actuaries and Academy

staff, as will her infectious laugh and indomitable spirit. Her 35 years of membership at the Academy will not be forgotten and is a model of leadership among her peers. Those who worked closely with her over the years will fondly remember the passion Karen brought to her volunteer work and her collegiality in working with her colleagues. ▲



Bender receives a 2018 OVA from then-President Steve Alpert

Academy NEWS

Linda K. Stone Named Senior Pension Fellow

THE ACADEMY [announced](#) that Linda K. Stone is its new senior pension fellow, effective May 20. Stone, a leading pension actuary and nonprofit volunteer with more than 25 years' experience dedicated to improving defined-benefit and defined-contribution retirement solutions, will help shape and communicate the Academy's work on pension, Social Security, and other retirement security issues to the public, policymakers, and the news media.



Stone

"With a variety of experience in both private practice and nonprofit roles, Linda brings a deep knowledge that will add valuable, objective actuarial perspective to the contemporary dialogue on retirement policy issues," said Academy Executive Director Mary Downs. ▲

Academy Service Awards Nominations Due June 28

A reminder to members that the deadline for nominations for the Academy's annual service awards is less than a month away—Friday, June 28. The awards—the [Robert J. Myers Public Service Award](#), the [Jarvis Farley Service Award](#), and [Outstanding Volunteerism Awards](#)—will be presented at the Academy's Annual Meeting and Public Policy Forum Nov. 5–6 in Washington. ▲

ACI Fall 2018 Data Released Using Improved Methodology

THE LATEST [Actuaries Climate Index](#) (ACI) data, updated for fall 2018 using an improved methodology, show that the previously reported upward trend in the key five-year moving average ACI metric continues.

Based on the new methodology and the data through fall 2018, the ACI's five-year moving average increased between winter and fall 2018 from 0.91 to 1.03, the highest level over the period studied, January 1961 through November 2018. The increasing value reflects continued deviation of climate extremes and sea level from historical levels for the two countries.

"We applied a new methodology with this release of the ACI to ensure a high standard of scientific rigor going forward in measuring how climate extremes and sea level are changing," says Doug Col-

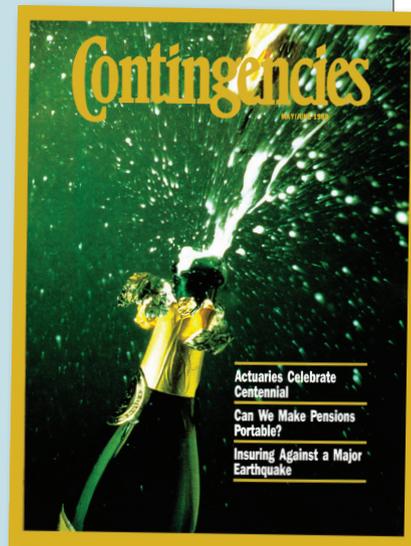
lins, chair of the Climate Index Working Group. "The working group introduced this change after identifying an increased frequency of missing data in northern Canada, which led us to restricting the ACI to locations with consistently reported data."

Academy presents on ACI, ACRI

Academy Senior P/C Fellow Rich Gibson and Steve Jackson, assistant director for research (public policy), presented May 23 in New York City to the Casualty Actuaries of Greater New York on the ACI and the Actuaries Climate Risk Index (ACRI). Their presentation provided an overview of, and update on, developments with the ACI, as well as work being done in advance of the ACRI's future release. ▲

Contingencies Marks Its 30th Anniversary

THE MAY/JUNE ISSUE of [Contingencies](#)—which marks its 30th anniversary—includes a special section about what the magazine has meant for the profession over the years. The cover story, "Unlocking Potential," explores combination long-term care insurance products and how they might meet the needs of a large—and growing—segment of the population. Other features include "Drilling Down on Drug Prices," examining the lengthy pharmaceutical development pipeline; and "Taking Stock," a look back at the golden age of mutual funds. Other pieces include Academy President Shawna Ackerman's President's Message about maintaining a resilient profession; communicating clearly with the help of ASOP No. 41; and a humorous, insightful Commentary piece, "Tales of a Sixth-Grade Actuary." ▲



Academy Hosts IAA Meeting

The Academy also served as the host organization for the [International Actuarial Association](#) (IAA) biannual council and committee meetings in Washington, D.C., held in mid-May. President Shawna Ackerman welcomed IAA attendees from around the world to Washington on May 15, highlighting the Academy-produced [locals' guide to D.C.](#) (for a mobile-friendly version, [click here](#)). The meetings ran from May 15-19.

Leadership Attends 2019 NAIC International Forum

The NAIC's annual International Forum was held in Washington May 13-14 and Academy President Shawna Ackerman, Past President Bob Beuerlein, and Director of Public Policy Craig

Hanna all attended on behalf of the Academy. This annual event draws high level speakers and attendees from across the U.S. and abroad. This year's opening session focused on "Promoting a Culture of Resilience: Regulators and Industry Confront Catastrophes."

In discussing ways to educate the U.S. population, one observer mentioned "The Magic School Bus Takes a Risk," which he said had been brought home by one of his children as a great example of educating the young on the risks and prevention of disasters. Ackerman was able to present a copy of this Academy funded and sponsored book to the panel's moderator, Commissioner David Altmaier of Florida, who had expressed an interest in his children having one. ▲

IN THE NEWS

[CNBC](#) cited comments from Academy Senior Health Fellow Cori Uccello on the potential implications for the individual and small-group insurance markets and consumers if the Affordable Care Act were overturned. The article was reprinted by [MSN](#), [Yahoo Finance](#) (Canada), and [Yahoo Finance](#) (U.K.).

[Modern Healthcare](#) published a story citing the Academy's analysis on the potential

implications of allowing the sale of insurance across state lines.

[The Washington Post](#), [Pensions & Investments](#), [Plan Sponsor](#), and [Plan Adviser](#) reported on Linda K. Stone's appointment as the Academy's new senior pension fellow.

[Politifact](#) cited the Academy's [issue brief](#), [Prescription Drug Spending in the U.S. Health Care System](#).

[Seeking Alpha](#) cited the Academy's [Social Security Game](#), which provides an estimate of how changes to the program would affect its financial condition.

A [Lexology](#) blog post summarizing the highlights from the NAIC Spring 2019 National Meeting reported on the Academy's presentation to the Life Risk-Based Capital (E) Working Group on changes to the life risk-based capital formula. ▲

Annual Meeting News: P.J. O'Rourke to Keynote; Extra-Early Registration Deadline Approaching

P.J. O'ROURKE, one of the nation's best-known political satirists and commentators, and the author of 19 books, will deliver the keynote address at the Academy's 2019 [Annual Meeting and Public](#)

[Policy Forum](#), sharing his insights into the political landscape with his unforgettable, provocative, and often irreverent brand of humor, just as the 2020 presidential campaigns kick into high gear ahead of the primaries.

The Annual Meeting and Public Policy Forum will be held Nov. 5-6 in at the Capitol Hilton in Washington, D.C. [Register soon](#), as prices will increase next month—extra-early discounts are only available through June 28. ▲



AMERICAN ACADEMY of ACTUARIES
ANNUAL MEETING
AND PUBLIC POLICY FORUM 2019

NOVEMBER 5-6, 2019
Capital Hilton, Washington, D.C.

Register Early and Save
actuary.org/2019annualmeeting



Practice Areas Comment on Proposed Modeling ASOP

THE ACADEMY'S five public policy practice-area councils commented this month on a fourth exposure draft of a proposed modeling actuarial standard of practice (ASOP). Comments were due May 15 to the Actuarial Standards Board (ASB).

See each practice-area comment letter below—all comments on the proposed ASOP are available on the [ASB website](#).

- ▲ [Casualty](#) (Casualty Practice Council)
- ▲ [Health](#) (Health Practice Council)
- ▲ [Life](#) (Life Practice Council)
- ▲ [Pension](#) (Pension Committee of the Pension Practice Council)
- ▲ [Risk Management](#) (ERM/ORSA Committee of the Risk Management and Financial Reporting Council). ▲

LPC, RMFRC Comment on ASOP No. 22

THE LIFE PRACTICE Council (LPC) and the Risk Management and Financial Reporting Council (RMFRC) sent comment letters to the Actuarial Standards Board on a proposed revision to Actuarial Standard of Practice No. 22, *Statements of Actuarial Opinion Based on Asset Adequacy Analysis for Life or Health Liabilities*.

The LPC's Task Force to Review ASOP No. 22's [comment letter](#) addressed the ASOP's sections on scope, cash flow, investment yield risk, analysis methods, discount rates, assumptions trends and margins, aggregation during testing, use of cash flows from other financial calculations, sensitivity testing, adequacy of reserves and other liabilities, opinions of other actuaries, and required disclosures in an actuarial report.

RMFRC's ERM/ORSA Committee [sent comments](#) regarding the ASOP's sections on analysis methods, discount rates, assumptions trends and margins, and analysis of scenario results.

All comments on the proposed ASOP No. 22 revision are available on the [ASB's website](#). ▲

Professionalism Outreach

ACADEMY PROFESSIONALISM representatives had a busy May, presenting to practicing and aspiring actuaries on a variety of topics around the country.

Academy Past President (1999–2000) **Steve Kern** told undergraduate students attending the Illinois State University's actuarial program's 2019 Actuarial Banquet May 3 in Normal, Ill., about the role of the Academy and explained the importance of self-regulation for the U.S. profession. "The actuarial profession in the United States is a self-regulated profession. ...What does that mean?" Kern said. "Self-regulation recognizes the maturity of a profession. It honors the special skills, knowledge and experience that a profession possesses. ... Self-regulation is a monumental responsibility for a profession,



Kern (right) with Mathematics Chair George Seelinger

and it does not happen by accident. In our profession the American Academy of Actuaries, which was founded in 1965, serves as the regulatory body for the actuarial profession."

Committee on Professional Responsibility Chairperson **Audrey Halvorson** emceed an interactive, game-show style session titled "Are You Up to Code?" at Pacific Life's May 21 actuarial meeting in Aliso Viejo, Calif. Audience members demonstrated their knowledge of professionalism and vied for points by answering questions posed by Halvorson, including both basic and more advanced questions. Academy Vice President of Professionalism Art Panighetti was one of the game judges for the more advanced round of questions. The program was modeled after the Acade-

my's professionalism game show hosted at the Academy's 2018 Annual Meeting and Public Policy Forum.

Former Actuarial Standards Board chairperson and a former Council on Professionalism member **Al Beer** provided an overview of the role and processes of the Actuarial Board for Counseling and Discipline (ABCD) for attendees of the Actuarial Society of Greater New York's spring meeting in New York City on May 13.

Committee on Professional Responsibility member **Geoffrey Sandler** delivered a presentation, "Professionalism: Self-Regulation in Action," to attendees of the Actuaries Club of Philadelphia's meeting on May 14. Club Secretary Art Lucker noted that "ACP members especially enjoyed the professionalism case studies" on which Sandler facilitated discussion.

Council on Professionalism member **Al Bingham Jr.** provided insights into how the professionalism infrastructure housed within the Academy can help actuaries address ethical challenges in a presentation to actuaries attending KPMG's Advisory University Live event in Orlando, Fla., on May 15. Bingham reviewed the basic structures and key elements of U.S. actuarial professionalism, identified tools and resources available to help actuaries keep up to date on professionalism, and examined case studies to stimulate discussion.

Academy General Counsel and Director of Professionalism **Brian Jackson** provided an overview of the role and processes of the ABCD to attendees of the Mid-Atlantic Actuarial Club's meeting in Columbia, Md., on May 15.

Academy Past President **Tom Terry** (2013–14) gave a presentation to the Columbus (Ohio) Actuarial Club on May 29. Terry's presentation focused on the basic structures of U.S. actuarial professionalism, recent professionalism developments, and how professionalism is fundamental to the Academy's mission to serve the public and the profession. ▲

Are You Experienced?

ACTUARIES PRACTICING in the U.S. must meet basic education, continuing education, and experience requirements before issuing a statement of actuarial opinion (SAO). The arduous path through basic education, with its difficult exams leading to associate or fellowship credentials, is well known. But the experience requirement occasionally catches newly credentialed actuaries by surprise. Although some actuaries gain the required experience before finishing their exams, others earn a credential before gaining the experience needed to issue an SAO. In such cases, even though the actuary is credentialed, the actuary is not yet qualified to issue SAOs in the U.S.

Some actuaries may think that their work doesn't entail issuing SAOs, but remember, the *Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States* (USQS) defines "statement of actuarial opinion" very broadly:

"an opinion expressed by the actuary in the course of performing Actuarial Services and intended by that actuary to be relied upon by the person or organization to which the opinion is addressed."

If you are working as an actuary in the U.S., it is very likely that you are issuing SAOs and therefore must meet all three of the requirements of the USQS. That includes experience, which is a different requirement than basic education.

Let's take a closer look at what is required in terms of experience under Section 2: General Qualification Standard. First, to issue *any* SAO, an actuary must have three years of "responsible actuarial experience," which the USQS defines as "work that requires knowledge and skill in solving actuarial problems." This experience may be gained before or after earning a credential.

Additional requirements must be met to issue an SAO in an area covered by a specialty track offered by the Society of Actuaries (SOA), or in an area of practice covered by the exams of the Casualty Actuarial Society (CAS) or the American Society of Pension Professionals and Actuaries (ASPPA). To issue such an SAO, an actuary must meet one of the following requirements:

Attain the highest possible designation (e.g., an FSA or FCAS) **and** complete a specialty track in the area of actuarial practice relevant to the subject of the SAO; or

Attain the highest possible designation **and** have at least one year of responsible actuarial experience in the area of actuarial practice relevant to the subject of the SAO under the review of an actuary qualified to issue the SAO at the time the review took place under the standards in effect at that time; or

Have at least three years of responsible actuarial experience in the area of actuarial practice relevant to the subject of the SAO under the review of an actuary qualified to issue the SAO at the time the review took place under the standards in effect at that time.

Two questions are frequently raised about these requirements. First, does "area of practice" mean the traditional areas of practice (life, health, etc.) or something more specific? And second, must

the actuary whose work is being reviewed work directly under the reviewing actuary?

The Committee on Qualifications' (COQ) response to these questions make clear that experience within a single practice area—meaning the traditional practice areas of life, health, casualty, and pension—satisfies the experience requirement, even if, for example, the actuary is moving from, say, pricing to valuation within one of those areas. (Inquiring actuaries are often reminded, however, that there is a look-in-the-mirror aspect to qualifications and that they should obtain continuing education relevant to their new assignment, even if within the same practice area.)

On the second question, the COQ has interpreted the requirement to have one's work reviewed as follows:

There is no requirement to work "directly under" the qualified actuary, but the qualified actuary must have reviewed the actuary's work and must have been appropriately qualified "at the time the review took place." The USQS does not require the reviewing actuary to have actually issued the opinion, so long as he or she was qualified to do so at the time of review.¹

If you have questions about qualifications, we encourage you to read the [USQS](#) and the [FAQs on the U.S. Qualification Standards](#). There are also archived [professionalism webinars](#), e.g. "[Professionalism and the U.S. Qualification Standards](#)," from 2016. If, after reviewing those documents, your questions have not been answered, you may submit a question to the COQ through the Academy's website. ▲

If you are working as an actuary in the U.S., it is very likely that you are issuing SAOs and therefore must meet all three of the requirements of the USQS.

Footnotes

¹ [FAQs on the U.S. Qualification Standards](#), No. 19.



Capitol Forum Webinar Looks at Cyber Risk Insurance

THE ACADEMY hosted a Capitol Forum webinar May 23, “[Cyber Risk Insurance: Evolving Legal and Regulatory Environment](#),” during which presenters gave an overview of the current state of cyber risk insurance, focusing on the evolving legal and regulatory environment for this fast-growing coverage. They discussed terrorist or foreign government-backed attacks, compared policies and regulations across national borders, considered information-sharing, and more.

The webinar was hosted by Edmund Douglas, chairperson of the Academy’s Cyber Risk Task Force. Presenters were Wyatt Hoffman, senior research analyst with the Carnegie Endowment for International Peace’s Cyber Policy Initiative; Leigh Wolfrom, a policy analyst at the Organisation for Economic Co-operation and Development’s (OECD) Directorate for Financial and Enterprise Affairs; and Scott Kannry, CEO of the cyber security consulting firm Axio.

There continues to be exposure to “silent cyber” risk, Douglas said, citing a \$100 million claim by the Mondelez International food company under a commercial property policy. Zurich America is resisting the claim, noting that the U.S. government publicly identified the Russian government as the source of the so-called “notPetya” cyber attack. The case is now in the courts.

Hoffman said businesses face growing cyber security challenges. “The risk landscape is constantly evolving,” he said, especially as the “Internet of things” and cloud computing services create new areas of vulnerability. The accumulation risk is a “huge challenge for re-insurers,” he said, noting the “the line is blurry” between criminal and governmental actors in cyberspace. Among others, the governments of North Korea, Russia, and Iran have been identified as the sources of major cyber attacks that have affected international businesses. There also is some ambiguity about coverage and policy exclusions in the event of a large-scale attack by a terrorist group, he said.

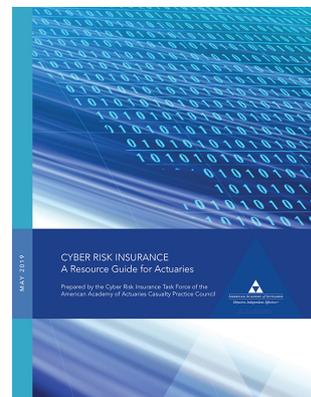
The OECD’s Wolfrom observed that premiums for cyber-risk coverage are estimated to be about \$3 billion worldwide, with 90 percent of that coming from the United States. While this is “minuscule compared to other lines,” it is growing rapidly, he said, noting that Europe is beginning to catch up to the U.S. on market penetration. One impediment to growth is that cyber-risk policies are complex and lack uniformity, he said. Kannry added that there is a point of diminishing returns from security measures and that businesses at some point must turn to insurance coverage to help manage the possible consequences of a cyber attack, and said that “the insurance product is the only thing that can eliminate the financial risk.”

[Slides and audio](#) are available free for Academy members through your member login.

Cyber Risk Insurance Guide

The Cyber Risk Task Force also published a new document, [Cyber Risk Insurance: A Resource Guide for Actuaries](#). One note that it cites, according to a 2018 report, cyber risk is the No. 1 concern for risk managers in the United States, and is a risk that impacts everyone—from individuals to small businesses to large Fortune 100 corporations.

“As a result of the global digitization and the increasing capabilities of malicious cyber actors, the costs of cybercrime have continued to rise, and are estimated to have topped \$600 billion in 2017,” the guide states. ▲



Share Your Feedback: P/C Loss Reserve Law Manual

AS WE BEGIN TO prepare this year’s edition of the *P/C Loss Reserve Law Manual*, the Academy is soliciting feedback from members—whether you previously purchased it or not—with a short survey. Please [take the survey](#) by Friday, June 7. ▲

COPLFR Comments on Retroactive Insurance Reporting

THE COMMITTEE ON Property and Liability Financial Reporting sent a [comment letter](#) to the NAIC regarding ambiguity in instructions for reporting retroactive reinsurance. The letter includes discussion of workers’ compensation and auto passenger liability tables.

CRS Cites Academy’s Work in Flood Insurance Report

The nonpartisan Congressional Research Service cited the Academy in four footnotes (12, 74, 88, 119) in its [updated report](#) released May 7 on issues surrounding the market for private flood insurance.

Committee Submits Scope Letter on PC RBC Underwriting Risks

The P/C RBC Committee submitted a [scope letter](#) to the NAIC P/C Risk-Based Capital (E) Working Group outlining proposed research into various underwriting risk factors in the RBC formula for P/C insurers. ▲



HPC Comments on Single-Payer Health System

THE HEALTH PRACTICE Council [submitted its issue paper on health public insurance plans](#) to the U.S. House Committee on the Budget regarding the committee's May 22 hearing, "Key Design Components and Considerations for Establishing a Single-Payer Health Care System."

The HPC noted that its issue paper first published in March, [Expanding Access to Public Insurance Plans](#), outlines possible approaches and implications to the expansion of public health insurance, including the establishment of a public health insurance option, Medicare/Medicaid buy-ins, and a single-payer system. ▲

Comments to HHS on Selling Insurance Across State Lines

THE INDIVIDUAL and Small Group Markets Committee [sent comments](#) in response to the U.S. Department of Health and Human Services' request for information on selling insurance across state lines through Health Care

Choice Compacts. The letter addressed the local cost of care and provider networks, regulatory authority, benefit and issue/rating requirements, and the impact on competition and premium rates. ▲

Public Policy Outreach

ACADEMY ASSISTANT Director for Research (Public Policy) Steve Jackson discussed the Academy's original research paper on reference pricing in health care at the Actuaries Club of Philadelphia meeting on May 14. Jackson noted that reference pricing could save up to 28 percent of all spending for shoppable services under the illustrative scenarios and assumptions modeled. ▲

HEALTH BRIEFS

- ➔ **David Dillon** joined the Individual and Small Group Markets Committee.
- ➔ **Chris Borcik** joined the LTC Reform Subcommittee.

DISCIPLINARY NOTICE

The following was posted to the Academy's [Public Discipline page](#) on May 28, 2019.

Notice of Public Discipline

The American Academy of Actuaries ("Academy"), acting in accordance with the Academy's Bylaws, and after consideration by a Disciplinary Committee and Appeal Panel, has reviewed the findings and recommendation of the Actuarial Board of Counseling and Discipline regarding John R. Gibney. Based on the decision of the Disciplinary Committee, which the Appeal Panel affirmed, the Academy publicly reprimands Mr. Gibney for materially violating Precept 1 of the *Code of Professional Conduct*.

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." Annotation 1-4 amplifies that duty by prohibiting an actuary from engaging "in any professional conduct involving dishonesty, fraud, deceit, or misrepresentation or commit[ting] an act that reflects adversely on the actuarial profession." The Disciplinary Committee and Appeal Panel concluded that Mr. Gibney materially violated Precept 1 based on the following facts:

- One of Mr. Gibney's subordinate co-workers in the New York City Office of the Actuary filed a complaint against him alleging that he violated New York City's Equal Employment Opportunity policy by making inappropriate comments of a sexual nature in the workplace;
- Both the New York City Office of the Actuary and the Department of Citywide Administrative Services investigated the complaint and concluded that the allegations were "substantiated";
- The Chief Actuary of the City of New York accepted the conclusions of the investigations;
- The Chief Actuary of the City of New York imposed certain disciplinary actions against Mr. Gibney; and
- Those actions represented a final decision in the matter by Mr. Gibney's employer from which Mr. Gibney sought no further review.

Based upon the foregoing, the Academy publicly reprimands Mr. Gibney.



Webinar Recaps Life-Practice Activity From NAIC Spring Meeting

THE ACADEMY hosted a “[Life Post-NAIC Update](#)” webinar May 10 at which speakers gave an overview of key life insurance issues discussed at April’s NAIC Spring 2019 National Meeting in Orlando, Fla., including a recap of the NAIC’s Life Actuarial Task Force activity. The panelists were Michael Boerner, chair of the NAIC’s Life Actuarial (A) Task Force, a member of the Academy’s Life Practice Council (LPC) and director of the Texas Department of

Insurance’s actuarial office; LPC member Pete Weber, chair of the NAIC Variable Annuities Capital and Reserve Joint (E/A) Subgroup and a life actuary with the Ohio Department of Insurance; and Philip Barlow, chair of the NAIC Life Risk-Based Capital (E) Working Group and associate commissioner, D.C. Department of Insurance, Securities and Banking. [Slides and audio](#) are available free for Academy members through your member login. ▲

Life Groups Comment to NAIC

SEVERAL ACADEMY life committees and task forces commented to the NAIC this month.

RBC Charge for Longevity Risk

The Longevity Risk Task Force submitted a [comment letter](#) to the NAIC Longevity Risk (A/E) Subgroup on its exposure of a proposed approach to incorporating an RBC charge for longevity risk.

Capital Adequacy

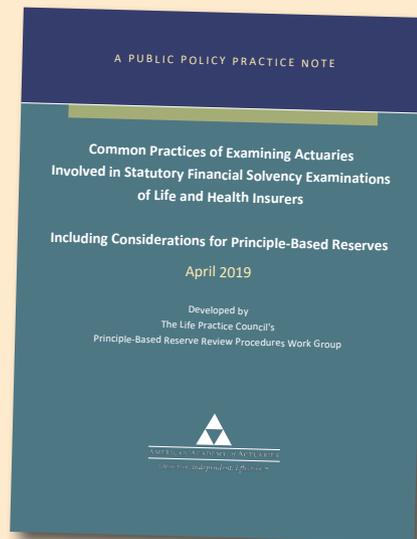
The Life Capital Adequacy Committee [submitted comments](#) to the NAIC Capital Adequacy (E) Task Force on its exposed risk-based capital preamble.

CSO Tables

The Life Experience Committee sent a [comment letter](#) to the NAIC Life Actuarial (A) Task Force addressing concerns with the 2001 CSO Tables for Guaranteed Issue (GI) business. ▲

Reminder—Comments on PBR Practice Note Due July 1

A REMINDER that comments on the Life Valuation Committee’s Principle-Based Reserves (PBR) Review Procedures Work Group’s public policy [practice note exposure draft](#)—*Common Practices of Examining Actuaries Involved in Statutory Financial Solvency Examinations of Life and Health Insurers, Including Considerations for Principle-Based Reserves*—published in April, are due July 1. [Read the Academy alert](#). For more background, see the spring issue of [Life Perspectives](#). ▲



LIFE BRIEFS

- ➔ **Mary Caramagno** joined the Life Practice Council.
- ➔ **Joyce Tava** joined the Life Capital Adequacy Committee.
- ➔ **Jeff McClure** joined the Life Financial Reporting Committee.
- ➔ **Perry Kupferman** joined the C2 Work Group.
- ➔ **Tomasz Serbinowski** joined the Longevity Risk Task Force and the Reinsurance Work Group.
- ➔ **Rick Hayes, Matthew Plett,** and **Karthik Yadatore** joined the Annuity Reserves Work Group.
- ➔ **Scott Wright** joined the Life Reserves Work Group.
- ➔ **Connie Tang** joined the PBR Subgroup.
- ➔ **Doug Taylor** joined the Tax Work Group.

Academy Updates Interest Rate Generator

THE ACADEMY’S Interest Rate Generator (AIRG), which is used in regulatory reserve and capital calculations, has been updated. Read the [Academy alert](#). ▲

Actuarial Update

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PENSION NEWS

Social Security Issue Brief Released

THE ACADEMY'S Social Security Committee released an issue brief, [An Actuarial Perspective on the 2019 Social Security Trustees Report](#), providing perspective on the 2019 Social Security Trustees Report that was released late last month. The most dramatic change from last year's trustees report is to the year that the Disability Insurance (DI) Trust Fund reserve is expected to become depleted, moving from 2032 to 2052. This improvement is mainly due to a pattern of lower disability applications than expected and to decreases in future assumed disability rates. As the Academy has continuously mentioned over the years, the issue brief stressed that "the sooner a solution is implemented to ensure the sustainable solvency of Social Security, the less disruptive the required solution will need to be." ▲

Intersector Group Releases Meeting Notes

THE INTERSECTOR Group released notes of its March meetings with the [IRS and Treasury Department](#), and with the [Pension Benefit Guaranty Corporation](#). ▲

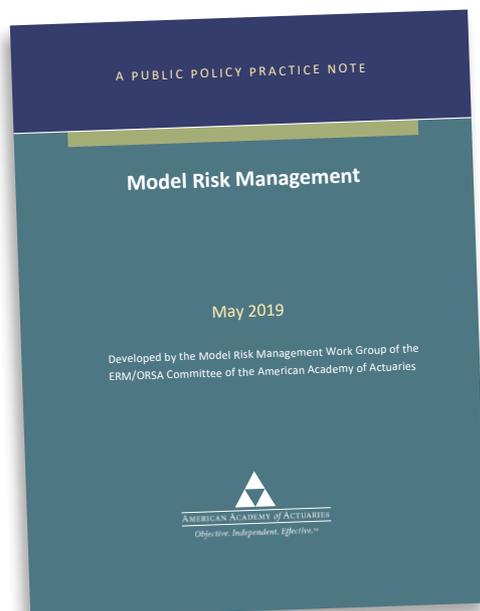
PENSION BRIEFS

- ➔ **Paul Bullock** joined the Multiemployer Plans Committee.
- ➔ **Mike Antoine, Mike Bain, and Lloyd Katz** joined the Pension Committee.

RISK MANAGEMENT & FINANCIAL REPORTING NEWS

ERM/ORSA Committee Releases Practice Note

THE MODEL Risk Management Work Group of the Academy's ERM/ORSA Committee released a practice note, [Model Risk Management](#). The practice note discusses current model risk management practices within the insurance industry, with modeling and the associated governance and controls becoming more important as the use of models for financial reporting and key strategic decision-making in companies increases rapidly.



Committee Presents at ERM Symposium

Also this month, the ERM/ORSA Committee gave three presentations at the 2019 ERM Symposium in Orlando, Fla. The May 2-3 presentations were an opportunity for actuaries focused on the ERM field to hear from Academy volunteers on risk topics and challenges. The presentations included sessions on model risk governance and model risk management based on stress and scenario analysis, with a focus on longevity risk. ▲

RISK MANAGEMENT BRIEFS

- ➔ **Gary Gau** joined the Data Science and Analytics Committee.
- ➔ **Sandra Callanan** joined the ERM/ORSA Committee.