

Annual Meeting and Public Policy Forum Kicks Off Tomorrow in Nation's Capital

THE ACADEMY'S 2018 ANNUAL MEETING and Public Policy Forum kicks off in Washington, D.C., on Thursday, Nov. 1, with plenary sessions offering perspective on issues ranging from professionalism to pensions to Big Data, in addition to breakout sessions for casualty, health, life, and pension practice areas. If you're not attending, make a calendar note to visit the live streaming events, as well as updates on Twitter @Actuary_Dot_Org with the hashtag #Actuaries2018. The presidential transition and the awards presentations will be streamed live on our [Facebook page](#). The [full agenda](#) is available on the Academy's website.

The Academy also will livestream the release of new public policy monograph on reference pricing that will be presented in a Nov. 1 health breakout session at 1:45 p.m. EDT. Led by Academy Assistant Director for Research, Public Policy, Steve Jackson, the research uses data from the Health Care Cost Institute to examine the potential benefits of reference pricing—a system in which an insurer selects a price it is willing to pay for a health care service.



At the Nov. 1-2 event, the Academy will welcome incoming President Shawna Ackerman and thank outgoing President Steve Alpert for his year of dedicated service. And we will bestow our annual service awards—the [Jarvis Farley Service Award](#) to Geoffrey Sander; the [Robert J. Myers Public Service Award](#) to Elise Liebers; and the [Outstanding Volunteerism Award](#) to Karen Bender, Lauren Cavanaugh, Jason Russell, and Wayne Stuenkel.

[Plenary session speakers](#) include:

- ▲ **Charlie Cook** of the nonpartisan *Cook Political Report* will give a timely overview and insightful analysis of red, blue, and purple trends heading into the Nov. 6 midterm elections, occurring only four days after the meeting and forum.
- ▲ **Preston Rutledge**, assistant secretary of labor for the Employee Benefits Security Administration (EBSA),

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Academy member Kathleen Topper-Swain is ready for Halloween with son Freddie, 5, in costume as the Magic School Bus, based on the Academy-sponsored book *The Magic School Bus Takes a Risk: A Book about Probability*

Selection Committee Makes ASB, ABCD Appointments

THE SELECTION COMMITTEE MADE member and chairperson appointments to the Actuarial Standards Board (ASB) and the Actuarial Board for Counseling and Discipline (ABCD) that take effect on Jan. 1, 2019.

On the ABCD, David Ogden will become chairperson, with Deborah Rosenberg and John Stokesbury serving as vice chairpersons. Deborah Rosenberg was reappointed to a second three-year term; Alice Rosenblatt was appointed to a first three-year term; Ken Kent was appointed to a first three-year term; and Mary D. Miller was appointed to the remaining year of a three-year term.

On the ASB, Kathleen Riley will be the new chairperson, with Darrell Knapp and Maryellen Coggins serving as vice chairpersons. Riley and Cande Olsen were both

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Capitol Forum Health Webinar



NOVEMBER

1-2 [Annual Meeting and Public Policy Forum](#), Washington, D.C.

4-8 [Life and Health Qualifications Seminar](#), Arlington, Va.

9 Webinar: [Catastrophe Modeling](#)

DECEMBER

6-7 [Seminar on Effective P/C Loss Reserve Opinions](#), Chicago

2019

APRIL

8-10 [PBR Boot Camp](#), Orlando, Fla.

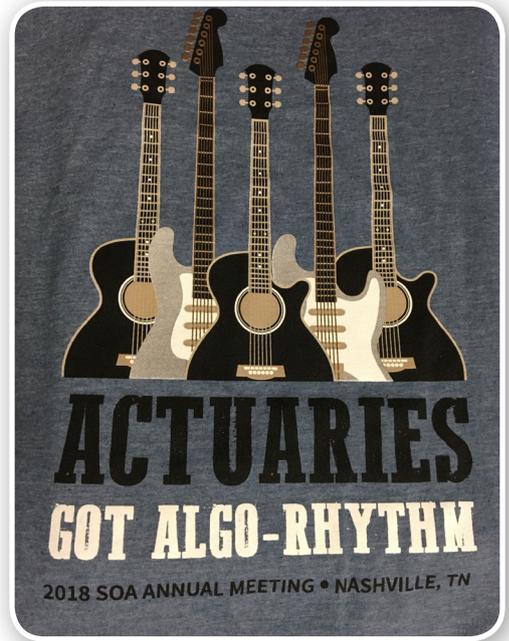
For a list of all previous and upcoming Academy events, please visit the Academy's online [Events Calendar](#).

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

Academy NEWS Briefs

Academy Congratulates Officers of Other Organizations at SOA Annual Meeting

ACADEMY PRESIDENT Steve Alpert, President-Elect Shawna Ackerman, and Executive Director Mary Downs attended the Society of Actuaries' (SOA) Annual Meeting in Nashville the week of Oct. 15, where they congratulated incoming and outgoing SOA leadership and learned that, in Nashville, actuaries have "Algo-rhythm." There were several other past Academy presidents and leadership in attendance, and staff at the Academy's exhibit booth interacted with many attendees. Alpert also attended the Conference of Consulting Actuaries Annual Meeting in Colorado this month, along with other past Academy presidents and leadership. The Academy also exhibited at the ASPPA Annual Conference in National Harbor, Md., and looks forward to being well represented by staff and leadership at the upcoming Casualty Actuarial Society Annual Meeting in Las Vegas in mid-November. ▲



The Actuarial Foundation Wins ASAE 'Power of A' Award for Math Tutoring Program

THE ACTUARIAL FOUNDATION was named a 2018 Power of A Summit and Gold Award winner in the Power to Enrich Lives category for its Math Motivators Tutoring Program. The American Society of Association Executives (ASAE) created the Power of A Awards to recognize a select number of organizations annually that distinguish themselves with innovative, effective and broad-reaching programs and activities that positively impact the United States and the world.

The Math Motivators program pairs low-income high school students with professional actuaries and college students majoring in actuarial science, mathematics, or math education. The students served do not have access to tutoring or cannot afford it, so Math Motivators provides free math



tutoring in high schools. The program's tutors are all volunteers.

The Academy is a proud supporter of The Actuarial Foundation (TAF), providing general financial support through an unrestricted gift of over \$100,000 a year to TAF that goes to its overhead and administrative expenses. The Academy congratulates TAF on this prestigious award. ▲

Academy NEWS

Academy Members Urged to Vote on Bylaws Amendments

BY STEVE ALPERT

President, American Academy of Actuaries

Editor's note: See addendum at the end of this issue for more information on the bylaws vote.

VOTING BEGAN OCT. 29 on two proposed bylaw amendments. Please take the time to review the materials and vote before voting closes at 11:59 p.m. ET on Nov. 9, 2018.

Your vote is critically important to the long-term future of how the Academy is governed and its ability to deliver on its mission of serving the public and the U.S. actuarial profession objectively, independently and effectively. The two potential amendments—one proposed and supported by your Board; the other at the request of approximately 600 petition signatures and opposed by your Board—offer starkly different fundamental visions for the future of the Academy. Your vote matters because a minimum two-thirds majority vote is required to pass either one, and larger majorities will clarify and emphasize the mandate for the future.

The first proposal, supported by the Board, recognizes that the Academy is a not-for-profit corporation that is governed by a Board of Directors, each of whom has a fiduciary obligation to act in the best interest of the organization. The bylaws act as a framework within which the Board has the leadership authority to determine the Academy's mission and strategies and the policies needed to accomplish them. To balance and constrain this broad authority, bylaws amendments would require a two-thirds affirmative vote of the Board, and, in cases



affecting specified member rights granted by the bylaws, a two-thirds affirmative vote of the membership.

If the second proposal, opposed by the Board, were to pass, it could effectively change the Academy from an independent Board-run organization into a political petition-and-referendum-run organization. By reducing or eliminating the role of the Board, governance would devolve to members who might not have all the facts and who do not have a fiduciary obligation to the best interest of the organization. In addition, such an organization would be less responsive to changing regulatory or professionalism conditions and perceived as less independent—and therefore less credible—by the public and policymakers.

Even an inconclusive result, in which

neither proposal passes, could reduce the effectiveness of future Boards by enshrining the petition-and-referendum model in the current bylaws, including all the imprecise language that enabled the second proposal to come to the fore, along with the resulting diversion of Academy resources and volunteer time away from our core mission and strategies.

Over the past several years, former presidents and I have written numerous articles and letters outlining the importance of the Academy's independence and the credibility it lends to our objective advice and the high quality and trusted standards of conduct, qualification, and practice needed for a self-regulating profession. As an organization, we continue to make excellent progress in achieving our goals, thanks in large part to an extraordinary level of Board engagement and focus on strategic priorities.

To aid in your decision-making, we have posted a short [FAQ document](#) on our website. You may only vote on these bylaws changes by clicking on the link in the email you will receive, or, if you receive a paper ballot, by returning that before Nov. 9, 2018.

To build on the progress we've made to date and to position the Academy for even greater achievements in the future, it is important that your voice be heard, and I ask that you join me in voting YES on proposal No. 1 and NO on proposal No. 2. ▲

Academy Voter Guides Offer Expertise on Key Issues

WITH THE MIDTERM ELECTIONS just days away, a reminder that the Academy's series of [2018 Election Guides](#) on major issues of national interest can help voters become better informed heading into the voting booth.

The issue-focused guides sum up much Academy work offered to public policymakers from our objective and independent analysis of crucial issues in many pertinent areas, and offer voters information on select campaign topics of which actuaries have expertise, including health care and health insurance; Medicare/Medicaid; long-term care; Social Security; lifetime income and retirement risk; and climate risk. ▲

Recently Released

THE OCTOBER *HealthCheck* previews health breakout sessions at the upcoming Annual Meeting and Public Policy Forum, including Affordable Care Act updates, reference pricing, and long-term care issues. The issue also includes recent state and federal legislative and regulatory activity, and a reminder about the now sold-out Life and Health Qualifications Seminar.

The inaugural issue of the Academy's newest publication, *Life Perspectives*, includes a preview by Ben Slutsker, chairperson of the Academy's PBR Assumptions Resource Manual Work Group, on the Principle-Based Reserves (PBR) Assump-

tions Resource Manual, which aims to provide a step-by-step example framework of the process to update assumptions for life insurance valuation purposes. The primary focus is on the NAIC's VM-20, Requirements for Principle-Based Reserves for Life Products, but the PBR resource manual may be applicable to other valuation and asset adequacy testing frameworks as well. Also included are a roundup of recent legislative and regulatory activity. ▲



Appointments, continued from page 1

appointed to a second three-year term, and Patrick Woods was appointed to a first three-year term.

The current chairpersons of both the ASB, Beth Fitzgerald, and the ABCD, Rick Block, are rolling off this year. Fitzgerald has served on the ASB since 2013, and was vice chairperson from 2015–2017 before becoming chairperson this year. Block, who has served on the ABCD since 2014, was vice chairperson from 2015 to 2016 and has been chairperson for the past two years.

“Beth and Rick both did outstanding work in their roles as chairpersons of the ASB and ABCD,” said Academy President Steve Alpert. “The ASB is marking 30 years of standards-setting this year and has adopted revisions to key ASOPs as well as promulgating new ASOPs, and the comprehensive body of standards now total 54. The ABCD handled more than 100 requests for guidance last year and has made contributions to the discipline process in its continuing efforts to improve the content of its post-hearing findings and recommendations to actuarial organizations, among other measures under Rick’s leadership. The Academy is very grateful for their service.”

Ogden, the incoming chairperson, is retired and based in Charlotte, N.C., after spending most of his career in Milwaukee, and has been serving on the ABCD since 2014.

“The ABCD actually does a lot more



Ogden



Riley

counseling than discipline, including requests for guidance,” Ogden said. “It’s an important institution made up of good people who are wise, experienced and thoughtful. We’re acting as a guide, to respond to issues as they come up to keep the actuarial profession as professional as possible.”

Riley—a pension actuary based in Boston—has been on the ASB since 2016, and became vice chairperson this year. Her Academy volunteer service includes extensive leadership experience. She has been an Academy Board member as vice president, professionalism; and served as the chairperson of Committee on Qualifications and a member of the ABCD.

“I think we’re going to have a busy year next year, certainly with the pension ASOPs, and the general ASOPs on modeling and assumptions,” Riley said. “It will be important work that will affect most actuaries.”

New ABCD member Kent was the 2017 recipient of the Academy’s Jarvis Farley

Award, which honors an actuary whose volunteer efforts on behalf of the Academy have made significant contributions to the advancement of the profession. His extensive Academy volunteer service includes serving as vice president of professionalism, vice president of pension, and chairperson of the Joint Committee on the Code of Professional Conduct, the Para-Actuary Task Force, and the Public Plans Subcommittee.

Rosenblatt, the other new ABCD member, is a former Academy Board member and recently served as an ABCD investigator—one of the qualified, experienced actuaries the ABCD calls when it has an inquiry that fits their area of expertise. She has been a member of the Medicare Steering Committee and the Health Practice Council.

Pat Woods is new to the ASB but has extensive expertise, having served on the ASB Casualty Committee from 1999 to 2009, and was chairperson for the final two years of that term. He was also chairperson of the ASB Casualty Committee’s Subcommittee on Ratemaking from 1999 to 2007, later renamed the Task Force on Ratemaking, which he chaired from 2010 to 2017, and a member of the Casualty Practice Council.

The Academy congratulates both new members and continuing members appointed to new roles, and thanks all the members of the ABCD and the ASB for their service to the profession. ▲

IN THE NEWS / MEDIA ACTIVITY

The *Washington Post* quoted Barb Klever, chairperson of the Individual and Small Group Markets Committee, on how reinsurance programs can diversify risk pools by attracting new, unsubsidized people, which can make the risk pool become relatively healthier.

In a subscriber-only *Bloomberg BNA* story, Senior Health Fellow Cori Uccello discussed the impact of regulatory changes on Affordable Care Act exchange-plan health insurance premium rates for 2019.

Former Academy Pension Vice President Bill Hallmark and Jason Russell, chairperson of the Multiemployer Plans Committee, were quoted in a subscriber-only *Pensions & Investments* story on the Actuarial Standards Board's soon-to-be effective Actuarial Standard of Practice No. 51, *Assessment and Disclosure of Risk Associated with Measuring Pension Obligations and Determining Pension Plan Contributions*.

A new Congressional Research Service [report](#), *The Patient*

Protection and Affordable Care Act's (ACA's) Risk Adjustment Program: Frequently Asked Questions, cited several Academy resources, including an [issue paper](#), [comment letter](#), and health care issue briefs addressing [2017 premium drivers](#), [2018 premium drivers](#), and [high-risk pools](#).

A *JD Supra* story on the legal status of the 2014 Overpayment Rule concerning payments to Medicare Advantage insurers cites the Academy in explaining actuarial equivalence

requirements for calculating payments. The story was also published by [LexBlog](#).

An opinion piece published by [Riverbender.com](#) (Ill.) cited the Academy's [issue brief](#), *The 80% Pension Funding Standard Myth*.

An opinion piece in the [Capitol Weekly](#) (Sacramento, Calif.) cited Academy research on the funded ratio of a pension fund and how it is expected to fluctuate based on economic cycles. ▲

Annual Meeting, continued from page 1

will deliver the remarks at the opening plenary session, discussing EBSA's work covering retirement security, health, and other workplace-related benefits. Rutledge joins an agenda packed with opportunities to explore important public policy issues in each practice area, offering attendees the opportunity to discuss critical issues with peers, regulators, and public policy officials.

▲ **Gene Dodaro**, U.S. comptroller general and head of the Government Accountability Office (GAO), will give a plenary address offering his expert perspective on current and emerging retirement security issues from GAO's perspective.

▲ A Big Data plenary-session will include **Cara LaPointe**, senior fellow at Georgetown University's Beeck Center for Social Impact and Innovation, and **Patrick McPharlin**, chair of the NAIC's Technology and Innovation Task Force. Past President **Bob Beuerlein**, chairperson of the Academy's Big Data Task Force, will kick off the session and provide context drawn from the Academy's [monograph](#), *Big Data and the Role of the Actuary*.

In addition, a professionalism plenary session that promises to be lively, informative, and interactive will feature a game-show format, and continuing education credit will be available for most sessions. For attendees looking to earn JBEA credit, after the meeting, certificates will be sent out to those attendees who attend the specific sessions where JBEA credit is being made available.

There will also be a "meet and greet" opportunity with current Society of Actuaries (SOA) President Jim Glickman, and



Cook, an Oct. 29 guest on MSNBC, will offer analysis of the upcoming midterm elections at a Nov. 2 plenary session.

incoming Casualty Actuarial Society (CAS) President-Elect Steve Armstrong, after the end of the first day's Annual Meeting sessions for those attendees who would like to explore the possible combination of the SOA and CAS that the two organizations recently announced.

Attendees and guests will also enjoy a fun-filled evening during the Nov. 1 reception and dinner at Washington's historic Mayflower Hotel, which will transport attendees into the 1920s to watch—and even help solve—a murder-mystery "Whodunit." For local actuaries or others who have not yet registered but would like to attend the dinner, or the entire meeting, there are a few onsite registration spaces available.

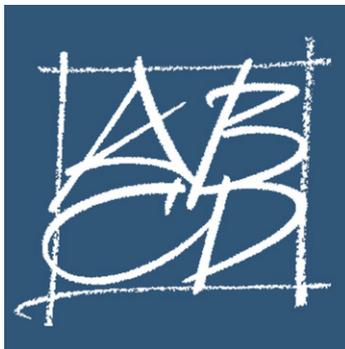
The Academy welcomes those attending to Washington—look for more coverage of the meeting and forum in *This Week* and next month's *Actuarial Update*. ▲



Professionalism Outreach

AUDREY HALVORSON, chairperson of the Committee on Professional Responsibility and incoming Health Practice Vice President, and Jinn-Feng Lin, a member of the Actuarial Standards Board's Health Committee, were co-presenters of an educational program at the Blue Cross Blue Shield Actuary Forum in Chicago on Oct. 5 that provided attendees an update on health-related actuarial standards of practice.

Actuarial Board for Counseling and Discipline member David Driscoll reviewed the ABCD's structure and roles at a meeting of the Nebraska Actuaries Club on Oct. 9. Driscoll also presented at Prudential's 2018 Actuarial Ethics Seminar in Newark, N.J., on Oct. 25, including engaging the audience in case study discussion of different actuarial professional ethics scenarios. ▲



Academy to Host Professionalism Breakfast at NAIC Meeting

THE ACADEMY WILL present at each of the actuarial task force meetings and host its regular regulator-only professionalism breakfast and discussion forum at the NAIC's [Fall 2018 National Meeting](#) in San Francisco. The presenters will be Past Academy President Mary D. Miller, Actuarial Standards Board Chairperson Beth Fitzgerald, Actuarial Board for Counseling and Discipline member Godfrey Perrott, and Committee on Qualifications member Tom Campbell. ▲

Applicability Guidelines Updated

THE LIFE TAB OF THE [Applicability Guidelines](#) has been updated for Actuarial Standard of Practice (ASOP) No. 54, [Pricing of Life Insurance and Annuity Products](#). ASOP No. 54 takes effect on Dec. 1, 2018. ▲

Save the Date:

PBR Boot Camp

Learn what's working from those who have been at the forefront of PBR implementation, as the Academy hosts its fifth PBR Boot Camp next spring.

APRIL 8–10, 2019
Loews Royal Pacific Resort
ORLANDO, FL

AMERICAN ACADEMY
of ACTUARIES

Social Security Panel Taps Academy Leaders

SEVERAL FORMER ACADEMY REPRESENTATIVES are among an expert panel appointed by the Social Security Advisory Board (SSAB) to review assumptions and methods used to develop the annual report of the Social Security Trustees.

Past Academy President Bob Beuerlein (2016–17) will chair the SSAB. Past Academy President Tom Terry (2013–14) and Ron Gebhardtshauer, a former Academy senior pension fellow, are new members.

The SSAB reviews the financial status of the Old-Age, Survivors, and Disability Insurance trust funds. The 2019 Technical Panel on Assumptions and Methods is the sixth quadrennial panel the board has commissioned since 1999. More information about the SSAB can be found on its [public webpage](#).

Policymakers and the public rely on the financial projections made by the Office of the Chief Actuary and published in the Trustees Report to understand the financial soundness of Social Security's vital programs. The panel will meet this fall through next summer, and issue a final report of its findings by September 2019. ▲

Professionalism Webinar: The Anatomy of the ASOPs

MORE THAN 2,700 PEOPLE ATTENDED the Academy's Oct. 17 professionalism webinar, "[The Anatomy of the ASOPs](#)," which dissected issues related to the process of promulgating actuarial standards of practice (ASOPs). Actuarial Standards Board (ASB) Chairperson Beth Fitzgerald, Vice Chairperson Kathleen Riley, and member Cande Olsen explained the key concepts that guide the ASB's work to encourage appropriate actuarial practice compliant with the [Code of Professional Conduct](#).

Fitzgerald gave an overview of how the ASB came into being 30 years ago (see "Professionalism Counts," p. 8), why we have standards, how standards are developed, and emphasized the importance to the standards-setting process of comments on exposure drafts.

"This part of the process is your opportunity to participate, and I strongly encourage everyone to do that," she told the audience. "Every comment that comes in by the comment deadline is posted on our website, along with the exposure draft ... All those comments are read and considered in creating either the next exposure draft or the final. A summary of the comments—and we do consider all the comments—are created in Appendix 2 of either the next exposure draft or the final ASOP."

Olsen continued with a discussion of ASOP No. 1, Introductory Standard of Practice, which provides a roadmap for interpreting all of the other ASOPs and explains key terms that are used across the ASOPs, including should, should consider, and may; actuarial services; material; professional judgment; and reasonable.

She then discussed ASOPs related to actuarial communications noting that oral communications can be actuarial communications, and that an actuary giving an oral actuarial communication should consider following up with an actuarial document. She then discussed the need for actuaries to take steps to ensure that their actuarial communications are clear and presented fairly and to limit distribution to other users to prevent misuse.

Olsen also highlighted the differences between disclosures and documentation: documentation requirements state what must appear in the actuary's work papers or files, while disclosure requirements state what must appear in the actuarial report.

"Documentation may be needed in case there are follow-up questions about the disclosures. Or, documentation may be needed so that another actuary can take over the assignment," Olsen said. While discussing disclosures required by ASOP

No. 41, Actuarial Communications, she said, "specific circumstances may justify not including all these disclosures, but you must be prepared to identify such circumstances and to justify limiting the content of the report."

Riley examined disclosures, reliance, and deviation in more detail. "Clear communication and disclosure are necessary to demonstrate accountability for and ownership of a particular work product. Disclosures are the way you demonstrate compliance with the ASOPs and the way you demonstrate you have met the requirements of the Code to fulfill the profession's responsibility to the public and to uphold the reputation of the profession. That's why we refer to disclosures as the muscles of the ASOPs," she explained.

With respect to reliance, she said that actuaries frequently rely upon others for information, professional judgment, or a component of an actuarial analysis, and that some ASOPs permit the actuary to rely in good faith upon others, subject to appropriate disclosure. She also discussed requirements when relying on assumptions selected by others, stating that, if the actuary believes the assumptions selected by others are not appropriate for the assignment, the actuary must disclose that.

Riley also noted that while it is permissible to deviate from the guidance in an ASOP as long as you disclose the nature, rationale, and effect of any deviation, strained interpretations of an ASOP are not appropriate.

Fitzgerald wrapped up the webinar by encouraging actuaries to get involved in the ASB process by commenting on draft ASOPs and volunteering for [ASB committees and task forces](#). Academy members can volunteer for ASB committees and task forces by indicating their interest on the Academy's annual volunteer survey. [Slides and audio](#) are available free to Academy members. ▲



Olsen (left), Riley, and Fitzgerald prepare for the webinar

Happy 30th Birthday, ASB!

By Beth Fitzgerald, ASB Chairperson; Maryellen Coggins, ASB Vice Chairperson; and Kathleen Riley, ASB Vice Chairperson

YOU KNOW WHAT THEY SAY about birthdays: “Don’t count the years. Make the years count!” We think the Actuarial Standards Board (ASB), which is celebrating its 30th birthday this year, is a great example of how this type of advice is put into action. The ASB kicked off its permanent operations in 1988 and has more than its age to show for three decades of robust standard-setting activity. This year, the ASB adopted its 54th actuarial standard of practice (ASOP) and has a solid and proud track record of accomplishment.

As much as we love it, the ASB is not “our baby,” so to speak. When it came to creating this great institution, it really has taken generations of committed professionals from all practice areas—those Academy volunteers who have served on the ASB and its operating committees since its birth in the 1980s—to make the ASB what it is today. So let’s recall where the actuarial profession found itself before the founding of the ASB and how far it has come since the ASB’s formation. Then, let’s consider some of the key factors that will keep the ASB vibrant and effective for years to come.

‘A real milestone’

When the ASB was formed, its creation was recognized as “a real milestone in the evolution of the actuarial profession ... [with] the potential to further clarify and solidify the reputation of the actuary as a true professional.”¹ The reason for this perspective was straightforward. While the Academy had been formed in 1965 and had focused on gaining recognition of the actuarial profession, up until the 1980s, the profession only had a few standards of practice. Describing the situation as “actuarial anarchy,” Academy President A. Norman Crowder stated in 1983:

“[O]ne mark of a profession is that it sets standards of practice so that the public will know that it governs itself. Unlike other professions such as accounting, law and medicine, we actuaries at present have no defined, comprehensive standards of practice.”²

The Academy established a task force to develop a blue print for a standard-setting body, launching the Interim Actuarial Standards Board (IASB) in 1985 and the permanent ASB in 1988. This bold and innovative initiative took hundreds of actuaries thousands of hours to accomplish.



Fitzgerald



Coggins



Riley

Beyond developing the structure for the ASB and putting the standard-setting process in motion, the leaders of the Academy initiated an outreach program to actuaries across the United States, understanding that widespread acceptance of practice standards depended upon broad-based support among them. When the Academy moved to transform the IASB into the ASB 30 years ago, through amendment to the Academy’s bylaws, the IASB chair Ronald Bornheutter threw down the gauntlet to fellow actuaries, telling them:

Everything that has gone on in the past, combined with the increasing complexity of our profession, has brought the standards movement to a point where the profession today must say “yea” or “nay” to have an effective, up-front standards program. There is no middle ground, no compromise, no halfway points.³

The profession not only supported the standards movement and the creation of the ASB, but also then and now actively participated in its standard-setting activities. The structure of the ASB has remained largely unchanged since its inception. The designers of the ASB envisioned that ASOPs would be exposed for comment to the profession and the public; continually reviewed; revised and repealed, when appropriate; developed to reflect advances in practice; and be comprehensive by area of practice.

In addition to this functional design, which endures to this day, the ASB’s founders recognized that its decisional independence must be protected. John Harding, who chaired the Standards Organizing Committee that developed the ASB’s structure, stated that “[t]he key element we addressed in looking at possible long-term structures for

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the ASB was the question of decisional ‘independence.’” Creating an autonomous standard-setting structure within the Academy was the key to “the ability of the ASB to produce and maintain relevant actuarial standards whose contents are of unquestioned integrity.” Harding explained:

“[T]here are two extremes: one, the concern that the ASB must be free from undue influence from individual actuaries or their employers; and the other, the concern that the standards board might become too independent with resulting standards that are in direct conflict with legitimate practice. ... Our recommendation is that the ASB remain a distinct organization within the Academy structure. ... On balance, this structure should do the best job of resolving the various issues surrounding question of independence.”⁴

This is how the ASB came to take the shape it has today. As contemplated by the original blueprint, the ASB has nine members who are broadly representative of all areas of actuarial practice. The Board has six operating committees: casualty, health, life, pension, enterprise risk management, and a general committee. Importantly, the ASB plays a standard-setting role, not an advocacy role. The ASB serves the actuarial profession as a whole rather than individual interest groups or coalitions.

As stated in ASOP No. 1, *Introductory Actuarial Standard of Practice*, “[t]he ASB has exclusive authority in the United States to determine whether an ASOP is needed in a particular actuarial practice area, to promulgate ASOPs, and to amend or repeal ASOPs. The ASB is the final authority for determining the content of ASOPs.” Under the Code of Professional Conduct (the Code), ASOPs are binding on the members of the five U.S.-based actuarial organizations who have adopted the Code.

Identifying Appropriate Practice

The ASB published its first *Procedures Manual* in 1989, and the current version is available on the ASB website. While it may not be the most exciting read, the *Procedures Manual* describes how the ASB conducts its business and interacts with its committees, the profession, and the public. It outlines the steps that the ASB and its committees take in developing standards. When the ASB initiates or receives a proposal for a new or revised standard, it has a number of options. Typically, the ASB will request one of its committees to develop an exposure draft of a new or revised standard. But, the ASB can also issue a request for comments or

a discussion draft of a standard, form a task force to explore a subject area, or hold a public hearing.

In developing ASOP No. 1, for example, the ASB held a public hearing in 2006 to raise its own awareness of the actuarial community’s understanding of the ASB’s approach to standard-setting. Based on the hearing, the ASB revised what became ASOP No. 1 to clarify that “contrary to what some in the profession believed, the ASB had never attempted to simply codify common practices, but rather had always sought to identify appropriate practice.”⁵ More recently, the ASB held a public hearing in July 2015 on the proposed actuarial standards of practice applicable to actuarial work regarding public pension plans, which resulted in the ASB’s recent issuance of exposure drafts for ASOP Nos. 4, 27, and 35. The ASB’s Pension Committee is now considering the comments received on these drafts.

Over the past three decades, the ASB has developed a robust body of 54 cross-practice and practice-specific ASOPs. In addition, the ASB has reviewed and revised nearly all of the ASOPs as a result of its continuous monitoring of developments in actuarial practice, law, and the business environment. From the Affordable Care Act to principle-based reserving to predictive analytics and social insurance programs, the ASB has been on top of critical changes in the operating environments of practicing actuaries, asking the all-important question: In this context, what is appropriate actuarial practice?

The ASB even revised ASOP No. 1, effectively the ASB’s “rules of the road,” in 2008 and 2013 after its initial adoption in 2004. Similarly, ASOP No. 41, *Actuarial Communications*, was adopted in 2002 and revised in 2010 to complement the Code and to make its provisions consistent with the revision of the U.S. Qualification Standards that was adopted in 2008. If you want to find out why the ASB has decided to revise a particular standard, all you have to do is go to the transmittal memorandum and Appendix 1 of most ASOPs for the background of the standard.

On this occasion of the ASB’s 30th birthday, we believe it is appropriate for actuaries to celebrate this key milestone in the formation of our profession. You should also keep another important thing in mind: You are invited to the party! Every actuary is invited to participate in the standard-setting process by reviewing exposure drafts and submitting comments to the ASB, by volunteering for ASB-related professionalism activities at the Academy, by using the ASOPs in your daily practice as required by the Code, and by promoting the use of standards within your organization. After all, it is your profession, and you need to take a personal interest in how the profession governs itself. So please join us in celebrating. Happy 30th birthday, ASB! Now, where’s the cake and champagne? ▲

Footnotes

¹ Murphy, *Charting the Course*, p. 26.

² Crowder, “Thoughts Upon Assuming Office,” *Actuarial Update*, October 1983, p. 2.

³ Bornheutter, “Yea or Nay,” *Actuarial Update*, December 1987, p. 9.

⁴ “A Few Moments with John Harding,” *Actuarial Update*, December 1987, p. 5.

⁵ Coggins, “From Zero to 1: Principles Behind Principle-based Actuarial Standards of Practice,” *Actuarial Update*, July 2016, p. 5, emphasis added.



Catastrophe Modeling Webinar Set for Nov. 9

FOLLOWING UP ON THE RELEASE of the July [monograph](#), *Uses of Catastrophe Model Output*, the Academy will host a [catastrophe modeling webinar](#) on the topic early next month. The webinar will draw on the monograph and the expertise of panelists including Kay Cleary, chairperson of the Extreme Events and Property Lines Committee, who provided a Q&A



on the subject in the summer [Casualty Quarterly](#). Also presenting will be Minchong Mao, a member of the Extreme Events and Property Lines Committee, and Howard Kunst, a member of the Natural Catastrophe Subcommittee and Flood Insurance Work Group, will moderate. The webinar will be held on Friday, Nov. 9, from noon to 1 p.m. EST. [Register today](#). ▲

Academy Attends NAIC Meetings

ACADEMY SENIOR CASUALTY POLICY Analyst Marc Rosenberg attended two NAIC events in California's Silicon Valley the week of Oct. 8. NAIC and its affiliated Center for Insurance Policy and Research held an Autonomous Vehicle Insurance Forum in Santa Clara, and joined with Stanford University in Palo Alto for a Joint Cybersecurity Forum. The Academy's Extreme Events and Property Lines Committee is expected to issue a new paper on that subject in the near future. ▲



Monograph Featured at Seminar

JOHN ROLLINS, a member of the Academy's Flood Insurance Work Group, was a speaker at an Oct. 18 Capitol Hill seminar, "Flood Insurance—Bridging the Gap," sponsored by the Property Casualty Insurers Association of America. The Academy's 2017 National Flood Insurance Program [monograph](#) was discussed and also distributed to congressional staff and other attendees. ▲

CASUALTY BRIEFS

- ➔ **Sean McAllister** has joined the Automobile Insurance Committee.
- ➔ **Michelle Iarkowski** has joined the Committee on Property and Liability Financial Reporting.
- ➔ **Pauline Bao, Wanchin Chou, Wei Chuang, Jeremy Jacko, Jonathan Lim, Jane Taylor, Mou Jian Teo,** and **Janet Wesner** have joined the Cyber Risk Task Force.
- ➔ **Mark Burgess** has joined the Medical Professional Liability Committee.
- ➔ **Chris Holt, Richard Moncher,** and **John Purple** have joined the P/C Extreme Events and Property Lines Committee.
- ➔ **Pauline Bao** and **Jianhui Yu** have joined the Property and Casualty Risk-Based Capital Committee.
- ➔ **Ann Conway, Patrick O'Rourke, Krystal Ross,** and **Cathy Yi** have joined the Workers' Compensation Committee.

LIFE NEWS



Life Work Groups Comment to the NAIC

TWO LIFE PRACTICE COUNCIL work groups commented to the NAIC this month. Both letters offered redline revisions to the NAIC on their respective subjects.

The Life Reserves Work Group submitted a revised [amendment proposal form](#) on mortality experience assumptions and the selection of the industry basic table when company experience mortality rates are higher than the industry basic table.

The Annuity Illustration Work Group submitted a letter [consolidating its comments](#) on proposed changes to Annuity Disclosure Model Regulation (#245). ▲

LIFE BRIEFS

- ➔ **Chuck Ritzke** is chairperson of the new PBR Product Issues Work Group, and the following people are members of the work group: Laura Hanson, Linda Lankowski, Donna Megregian, Linda Rodway, Gabe Schminovich, and Jim Thompson.
- ➔ **Chris Trost** is chairperson of the Life Capital Adequacy Committee.
- ➔ **Greg Goulding** and **Gary Hu** have joined the Life Financial Reporting Committee.
- ➔ **Matt Monson** and **Kirsten Pedersen** have joined the Government Mandates Work Group.



Capitol Forum Webinar Looks at CBO's Health Insurance Simulation Model

THE ACADEMY'S OCT. 25 “[Capitol Forum: Meet the Experts](#)” webinar gave attendees an inside look at how the Congressional Budget Office (CBO) is updating its Health Insurance Simulation Model (HISIM). Speakers Jessica Banthin and Alexandra Minicozzi, both of CBO's Health, Retirement, and Long-Term Analysis Division, gave an overview of HISIM, which is used to generate estimates of health insurance coverage and premiums for the U.S. population under age 65. Academy Senior Health Fellow Cori Uccello moderated.

The speakers provided details on improvements to HISIM and questions from attendees gave CBO valuable feedback. The congressional agency—which is planning to use its updated model to develop its spring 2019 baseline projections and subsequent cost estimates—is incorporating feedback obtained during presentations like the Academy's webinar while the new model is in the development and testing phase.

Banthin said CBO would welcome any data or analyses from actuaries that could improve its modeling of expected health



spending. “Given your expertise, we’re always interested in more information on risk selection—how people with different health risks might choose different types of plans in the non-group, small-group and large-group markets,” she said.

Attendees’ questions included those on modeling individual and employer health insurance choices, how the models are calibrated, and how emerging trends are incorporated.

One question referenced the recent expansions in short-term limited dura-

tion plans and other non-Affordable Care Act plans, and whether the model currently captures these types of plans. This is an area where the actuarial community can have input, as Minicozzi said CBO would like to hear more about such plans. Banthin added that “the expected utility framework allows us to introduce new markets, new alternatives fairly easily but we have to think about how to structure them.”

[Slides and audio](#) are available free for Academy members. ▲

Subcommittee Comments on Impact of Corporate Tax Rate Change on HRBC

THE HEALTH SOLVENCY SUBCOMMITTEE [sent comments](#) to the NAIC's Health Risk-Based Capital (E) Working Group on the impact on Health Risk-Based Capital (HRBC) from the Tax Cuts and Jobs Act of 2017. The subcommittee reviewed the HRBC formula and the tax position and believes that no changes are required as a result of the change in the corporate tax rate to 21 percent, from 35 percent, as stated in the letter.

For health insurers with taxable income, the reduction in the corporate tax rate will reduce tax expenses in 2018 and in future years. All else being equal, this would lead to an increase in Total Adjusted Capital that could be partially or fully offset by:

Some health insurers may have had a net deferred tax asset

(DTA) on their balance sheets as of 2017. Accounting rules require that the DTA be recalculated using the lower tax rates. We understand that most health insurers that have a DTA reported this reduction, which reduced TAC, to the DTA in their 2017 annual statements.

Carriers could choose to reinvest in their business through various mechanisms and thus create greater expenses. These higher expenses would also reduce TAC. ▲

HEALTH BRIEFS

➔ **Sam Cayemberg** has joined the Health Care Receivables Factor Work Group.

Actuarial Update

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EDITOR

Michael G. Malloy

ASSISTANT DIRECTOR OF COMMUNICATIONS | PUBLICATIONS

Eric P. Harding

DESIGN AND PRODUCTION

BonoTom Studio Inc.

DESIGNER

Christopher Specht

PUBLICATIONS AND MARKETING PRODUCTION MANAGER

Laurie Young

American Academy of Actuaries

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EXECUTIVE OFFICE

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

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PENSION NEWS



JBEA Seeks Applications for Advisory Committee on Actuarial Examinations

THE JOINT BOARD for the Enrollment of Actuaries (JBEA) is seeking applications for the next term of the Advisory Committee on Actuarial Examinations, which begins on March 1, 2019, and ends on Feb. 28, 2021. The JBEA asked the Academy to make this opportunity known to our members. The Advisory Committee plays an integral role in assisting the Joint Board to offer examinations that test the knowledge necessary to qualify for enrollment. Its duties include recommending topics for inclusion on the Joint Board examinations, reviewing and drafting

examination questions, and recommending passing scores. Information on how to apply is available via the [IRS website](#). Applications are being accepted through Dec. 7. ▲

PENSION BRIEFS

- ➔ **Phil Bonanno** has joined the Pension Accounting Resource Group.
- ➔ **James Shake** has joined the Pension Assistance List.

RISK MANAGEMENT & FINANCIAL REPORTING NEWS



Solvency Committee Comments to IAIS on ComFrame Document, ICS 2.0

THE SOLVENCY COMMITTEE sent a [comment letter](#) to the International Association of Insurance Supervisors (IAIS) regarding the Common Framework for the Supervision of Internationally Active Insurance Groups (ComFrame) public consultation document.

In addition to general comments, the committee gave its perspective on professional qualifications, business strategy, actuarial responsibilities, group-wide enterprise risk management (ERM) framework's consistency across its legal entities, risks covered by ERM framework, and group-wide actuarial policy.

ICS 2.0 Consultation Paper

The Solvency Committee also [submitted comments](#) to the IAIS on the Risk-Based Global Insurance Capital Standard (ICS) Version 2.0 (ICS 2.0) public consultation document dated July 31, 2018.

The letter addressed a number of questions on market adjusted valuation approach, margin over current estimate, risk mitigation, management actions, premium and claims reserve risks, catastrophe risk, interest rate risk, non-default spread risk, currency and credit risk, operational risk, aggregation/diversification of ICS risk charges, and GAAP with adjustments. ▲



RISK MANAGEMENT BRIEFS

- ➔ **Warren Manners** has joined the Financial Reporting Committee.

BACKGROUND MATERIAL ON THE TWO PROPOSED AMENDMENTS

This document contains two proposed amendments and explanatory material for consideration by the members.

You may only vote on these bylaws changes by clicking on the link in the email you received from Intelliscan, or, if you received a paper ballot, by returning that before Nov. 9, 2018.

SECTION I—FIRST PROPOSED AMENDMENT

STATEMENT OF THE AMERICAN ACADEMY OF ACTUARIES ON PROPOSAL TO REVISE RULES GOVERNING AMENDMENT OF THE ACADEMY'S BYLAWS.

THE ACADEMY BOARD RECOMMENDS A “YES” VOTE ON THIS PROPOSAL.

The Academy's Board of Directors approved for a member vote a proposal to bring greater clarity to the rules governing amendment of the Academy's bylaws. While amendment of the bylaws needing member approval is a relatively infrequent event, it is important that the rules governing those amendments reflect the needs of the Academy: the national association for actuaries of all practice areas in the U.S., and one clothed with a significant self-regulatory role.

Shortcomings of the Existing Rules

As many of you are aware, a proposal to amend the bylaws for another purpose was recently submitted to the Academy (and is addressed in Section II). Entirely apart from the significant substantive issues that proposal presents, the experience with that proposal has demonstrated significant procedural shortcomings in the existing bylaw. It has become clear that the current bylaw's defects in this regard are numerous. Among others are the following:

- It does not prescribe the form and content of member proposals;
- It does not establish a time frame during which the proposal must obtain the requisite member support to require a membership vote;
- It permits an extremely small percentage of Academy membership to launch a divisive and distracting campaign of indefinite duration on matters that absorb substantial time and financial resources in verifying the validity of the proposal and the support of the requisite number of members;
- It encourages proposals that may clutter the Academy's bylaws with trivial provisions that are based solely on disagreements with decisions of the Board of Directors and that would freeze poorly conceived ideas into the governing structure of the organization; and
- It uses imprecise terminology to describe those bylaws amendments that may be adopted by the Board and those that must be put to a membership vote, which impedes good governance by the Board and exposes the Academy occasionally to needless threats of litigation even when the Board clearly acts within its authority, as it recently did in amending the bylaw related to Selection Committee membership.

When the Academy was founded decades ago as a small organization for a small profession, it may have made sense to enable a very small number of a few hundred people to play a more direct governance role. But now, with the Academy's growth to approximately 20,000 members and its substantial responsibilities for professionalism and self-regulation, the loose “referendum” model is obsolete. It is essential that the Academy be governed by individuals with fiduciary responsibilities to the Academy as a whole, rather than by factions or by individuals without those fiduciary obligations and promoting commercial or other parochial interests.

A Modern Approach for Good Governance

For all the above reasons, the Board has proposed to the membership a new approach that has greater clarity and brings the Academy's bylaws into line with the mainstream of the law regarding the powers of boards of directors and their fiduciary obligations. It authorizes the Board to amend the bylaws by the vote of two-thirds of those present at a duly convened meeting. It does away with the vague and confusing limitation on the permitted subject matter of the amendment that encourages frivolous challenges to Board action but retains a provision for member-initiated amendments. That provision, however, improves on the existing rules by clarifying various requirements for a valid member proposal, limiting the time during which a member proposal would be valid after its submission, and raises the threshold for a membership vote on the proposal from 3 percent to a more realistic 15 percent of the Academy's members. The proposed amendment also places certain membership rights beyond the Board's power to amend without a membership vote.

We believe this approach strikes the right balance, by strengthening the Academy's governance and focusing that governance on those individuals who have fiduciary obligations to the Academy, while still preserving the ability of the membership to amend the bylaws and adding clarity to the procedures to be used in such an event. We enthusiastically urge the members of the Academy to vote “YES” on this measure.

Proposed revised Article XV of the Bylaws:

SECTION 1. Except as set forth in Section 2 of this Article XV, amendments to the Bylaws may be made by a vote of two-thirds of the Directors present at a duly convened meeting of the Board. Any amendment approved by the Board under this Article XV, Section 1 shall be effective immediately.

SECTION 2. Any amendment of the Bylaws affecting:

- a. Membership entitlements set forth in Article I, Section 1 of the Bylaws;
- b. Resignation of members as set forth in Article VIII of the Bylaws;
- c. The right of a member to appear personally and by counsel before a Disciplinary Committee as set forth in Article IX, Section 3, paragraph C, or before an Appeal Panel as set forth in Article IX, Section 4, paragraph D;
- d. The confidentiality of a proceeding before a Disciplinary Committee or Appeal Panel as set forth in Article IX, Section 6;
- e. The rights of a member who is a subject actuary in a proceeding before the ABCD set forth in Article X, Section 5, paragraph F, subparagraph 1;
- f. The right of a member who is a subject actuary in a proceeding before the ABCD to be accompanied by counsel before the ABCD as set forth in Article X, Section 5, paragraph F, subparagraph 2; or
- g. The provisions of Article XV, Section 2 or Article XV, Section 3

may be made only by an affirmative vote of two-thirds of the Directors present at a duly convened meeting of the Board and upon the subsequent affirmative vote of two-thirds of the members voting upon the amendment.

SECTION 3. Members may propose amendments to the Bylaws that affect member rights upon written proposal of not less than 15 percent of the members. The member proposal must be submitted with verifiable documentation showing the identity of each Academy member supporting the member proposal.

The date used to calculate the number of members necessary to satisfy the 15 per cent requirement for a vote on a member proposal will be the date of the submission of the cumulative written requests that equal not less than 15 percent of the members. The submission must contain the language of the amendment the member proposes, and the verifiable documentation of membership support must show specifically what proposal is supported. If any supporting documentation is submitted electronically, that documentation must be verifiable by reference to information provided by Academy members in their respective member profiles. Any supporting documentation submitted with the member proposal will be valid only if it has been obtained within 3 months of the date of the submission of the member proposal. Upon the Academy's determination that a member proposal has been submitted with valid verifiable documentation and is supported by the requisite number of members, the Board shall take a vote on the proposed amendment at the next regular meeting of the Board that is at least 30 days after such determination. Upon the approval of the proposed amendment by the affirmative vote of two-thirds of the members of the Board voting upon the proposed amendment, the proposed amendment shall be put to a vote of the members. The proposed amendment shall be adopted upon a vote of two-thirds of the members voting.

SECTION 4. For any proposed amendment of the Bylaws requiring a vote of the members, the Board shall specify a reasonable period of time within which the proposed amendment shall be transmitted by the Secretary-Treasurer to the members by mail, which includes electronic means, and the time for votes to be mailed by the members to the Secretary-Treasurer. Such proposed amendment shall be accompanied by an appropriate discussion of the issues. Any amendment approved by affirmative vote of the membership shall become effective 10 days following the certification of the vote.

There is no redline because the current version of Article XV, reproduced below, would be substantially revised by the proposed amendment above.

Current Article XV of the Bylaws:

Amendments

Administrative, editorial, and technical amendments to the Bylaws that do not involve questions of policy or affect the substantive rights of the Academy's members may be made by a vote of two-thirds of the Directors present at a duly convened meeting of the Board.

Otherwise, amendments to the Bylaws may be proposed either by a vote of two-thirds of the Directors present at a duly convened meeting of the Board or by written request of not less than 3 percent of the members. The Board shall specify a reasonable period of time within which the proposed amendment shall be transmitted by the Secretary-Treasurer to the members by mail, which includes electronic means, and the time for votes to be mailed by the members to the Secretary-Treasurer. Such proposed amendment shall be accompanied by an appropriate discussion of the issues, and it shall become effective 10 days following the end of the voting period upon the affirmative vote of two-thirds of the members voting.

In sum, the Academy's Board urges a "yes" vote because:

- The existing rules are vague with respect to which types of amendments the Board is permitted to make, and also lack guidance on the form of submissions and the time frame for action. Clarity will benefit members proposing amendments as well as the Academy itself, and help prevent divisive disputes over procedure.
- The existing rules permit an extremely small 3-percent minority of the membership to force a vote of the entire Academy, and the new rule would increase the percentage to a more realistic 15 percent.
- Placing governance of the Academy primarily in the hands of its Directors, who owe a fiduciary duty to the organization, is in keeping with modern good governance practice.
- A role for member-initiated bylaw amendments is retained.
- Certain specified member rights may only be amended by a vote of the membership.

THE ACADEMY BOARD RECOMMENDS A "YES" VOTE ON THIS PROPOSAL.

SECTION II—SECOND PROPOSED AMENDMENT

The Academy received multiple submissions at different times and in varying formats from an attorney for a member that contained a proposed amendment to the Bylaws that would create a new Article XVI and amend the current Article XI (Actuarial Standards Board).

THE ACADEMY BOARD RECOMMENDS A "NO" VOTE ON THIS PROPOSAL.

The Academy opposes these proposed amendments because:

- The Academy's Board and Committee Meetings Policy has never been enshrined in the Bylaws. The Academy Board is the appropriate body to establish and revise policies for operation of the organization's activities. The Board is the body with the responsibility to assure that all Academy policies serve the mission and purposes for which the Academy was established, and it is the body that has always adopted and revised Policies for all matters or activities affecting Academy operations, e.g. Committee Appointment Rules, Conflict of Interest Policy, Guidelines for Making Public Statements, Guidelines for Developing Practice Notes.
- Bylaws serve as a governance framework, not as a vehicle for establishing or changing internal management policies.
- The Academy is concerned that the impetus for this proposed amendment is rooted in a commercially based interest about the potential for an outcome in standard setting that a small group of members believe would adversely affect their financial interests.
- A stated reason for the collection of members support for this proposed amendment was that the Academy changed its meeting policy to prohibit observers from attending meetings of the ASB. This is not true. The revised meeting policy merely provides committee chairs with the discretion to determine who should be permitted to observe meetings. Since the revised meeting policy was adopted, observers have continued to be present and observe ASB and other committee meetings.
- The ASB process is thoroughly transparent and open and is subject to extensive and required notice and comment opportunities for any and all who are interested in proposed actuarial standards of practice. And, as noted, observers have in fact continued to attend ASB meetings since the revised policy was adopted earlier this year.
- The Academy is concerned that the intention of the proposed amendments is to force the admission to these meetings of individuals with potentially adverse interests in order to affect outcomes of internal committee deliberations. Such aims threaten the independence and objectivity necessary to ensure standards are not adopted to benefit any particular practice or group of practitioners. Moreover, the presence of persons with such aims has tended to stifle debate and impede the frank and open discussion necessary to achieve the best result for the profession.
- Those who would not be admitted under the existing Meeting Policy as observers are those who are understood to have a conflict of interest or may be seeking inside information, have a history of disruption or other misconduct (such as publishing notes from the meeting online), or in what we expect will be rare cases, may be suing or have threatened to sue the Academy.
- Committee chairs, in consultation with counsel, must be the ones to decide whether the presence of specific individuals is helpful or could result in hindering the candid deliberations necessary to set appropriate standards and policy to fulfill its professionalism mission for the profession.
- No decision-making body of the Academy discussed in the proposed Article I should be stripped of its ability to make decisions in executive session outside of the overly limited categories listed in proposed Article XVI, §2.

The proposed amendment, in the language submitted, is as follows.

The following Section 9. Shall be added to the end of Article XI.

Section 9. Open meetings. All meetings of the ASB and ASB committees, subcommittees, and task forces shall be open to the public as described in Article XVI of the Academy bylaws.

The following Article XVI shall be added after the end of Article XV.

**Article XVI
Open Meetings**

Section 1. Open Meetings.

A. All meetings regarding the drafting, establishment, exposure or amendment of either qualifications standards for actuaries or actuarial standards of practice shall be open meetings as described in this Article. This Article shall apply to all meetings of the Actuarial Standards Board and the Committee on Qualifications. Additionally, this Article shall apply to the portion of any Academy Board of Directors meeting which deals with the establishment, exposure or amendment of any qualification standard or actuarial standard of practice. Lastly, this Article applies to any body within the Academy with responsibility for setting qualification standards or actuarial standards of practice.

B. This section shall not be construed as to apply to any meeting of the following: (a) the Actuarial Board for Counseling and Discipline under Article X of the Academy bylaws; (b) any Academy Disciplinary Committee under Article IX, section 3 of the Academy's bylaws or any meeting of any Appeal Panel under Article IX, section 4 of the Academy's bylaws;

Section 2. Executive Session. Portions of otherwise open meetings may be held in Executive Session only for the purposes of discussing legally privileged information, the qualifications and reputation of potential volunteers, and the performance of volunteers and Academy staff. No action or vote may be taken in Executive Session. The reasons for which a meeting may be held in Executive Session shall be construed narrowly.

Section 3. Advance Notice. Notice shall be provided to the public of an open meeting no less than twenty-one days in advance. Notice shall be prominently published on the Academy website and in Academy publications. Upon written request, members shall be provided a copy of the notice within 5 business days.

Section 4. Definitions

The following definitions will apply for this article.

A. Meeting – The term “meeting” shall include any gathering of a quorum of an Academy body, board, committee, subcommittee or task force when such gathering is not purely for social or training purposes. Meetings include in-person gatherings, conference calls, video conferences or any other similar technology. The term meeting shall be broadly construed.

B. Notice – The term “notice” shall include the time, date, location and agenda of a meeting.

C. Open – The term “open” means that members of the press, public, actuarial profession and Academy may attend the meeting and observe the meeting but may only participate in the meeting with the permission of the meeting chair. Disruptive observers may be removed from meetings. Observers shall be allowed to take notes and publish their accounts of the meeting, but the Academy shall not be responsible for the contents of such accounts.

THE ACADEMY BOARD RECOMMENDS A “NO” VOTE ON THIS PROPOSAL.