Located as it was in the heart of New York's financial district, the World Trade Center was the workplace of a wide variety of financial professionals, including actuaries. Miraculously, of the many actuaries known to work there on Sept. 11, the vast majority escaped harm. Tragically, some, and many of their coworkers, neighbors, and friends, did not. On the day after the attacks, Geoffrey Sandler, the Academy's vice president for health issues, who works for Empire Blue Cross and Blue Shield, sent the following e-mail message to Holly Kwiatkowski, the Academy's health policy analyst. It is reprinted here with his permission.

"Just Glad to Be Alive"

I am sending this note to you to let you know that I got out of the World Trade Center yesterday, and that I am OK. Please forward it to whomever you think appropriate.

I was at work on the 31st floor of One World Trade Center when the first plane hit. We thought it was an earthquake until we saw the debris from higher floors falling past our windows.

We began evacuating down the stairwells, which began filling with a little smoke, within about two minutes. It was orderly, and no one panicked. We didn't find out the details of what was really going on until we were down on the ground. It took us about 25 minutes to get down. By then, the second plane had already hit Two World Trade Center. We knew then that it was a terrorist attack. This realization was nearly impossible to comprehend, in spite of the reality of what was happening all around us.

Police kept us moving away from the building. I was about 10 blocks away when the buildings collapsed. It was a long 45 minutes before I could get through on the phone to my wife, April, to let her know I was OK.

Everything you saw on television takes on an overwhelming sense of surrealism when you see it "up close and personal." The initial tremors, the smoke and water in the stairwells as we descended, seeing the buildings on fire with huge holes in their sides, seeing people jumping out of burning windows, watching even more incredulously as the two mammoth buildings that survived jetliners crashing into them came tumbling down in clouds of black smoke and gray dust.

While I can tell you what I saw, I really can't begin to describe the emotional impact. My strongest feeling at the time (actually, my second strongest after feeling relief for making it to the ground) was that so many things in all our lives were suddenly going to be different from now on. Right now, I'm just glad to be alive.

While we believe that my coworkers at Empire BlueCross BlueShield were all able to evacuate from our floors (17 through 31), we are all concerned for friends, neighbors, and fellow commuters who also worked in the World Trade Center complex. Our hearts and prayers are with them, and with the many rescue workers and volunteers who have come to our aid.

Note: Everyone working in Empire's actuarial department at the World Trade Center was evacuated in time. Of Empire's 1,900 World Trade Center employees, four required hospitalization. Nine are unaccounted for.
STARTING OVER

Academy members who are missing Academy materials or publications in the wake of the attacks on the World Trade Center should contact Angela Heim by phone at 202-223-8196, by e-mail at Heim@actuary.org, or by fax at 202-872-1948. She will arrange for the replacement of all materials, including membership certificates, directories, and publications of the Actuarial Standards Board. Other Academy publications, such as the Life and Health Valuation Law Manual and the Property/Casualty Loss Reserve Law Manual will also be replaced at no cost.

Members who have relocated to new or alternate office buildings should send changes in business address to Sue Steinbach. She can be reached by phone at 847-706-3513, by e-mail at Steinbach@actuary.org, or by fax at 847-273-8513.

Both the Casualty Actuarial Society (CAS) and the Society of Actuaries (SOA) will replace lost study kits and notes. For CAS materials, contact Tom Downey, manager of admissions, at 703-276-3100. For SOA materials, contact the study notes department at 847-706-3592 or the books department at 847-706-3526.
Dear Larry,

On behalf of the Faculty, I wanted to write to you to express our shock and sympathy at the events of last Tuesday.

We know that many of your members will have been affected directly or indirectly by these awful attacks. Our thoughts and prayers are with you at this time.

We will be thinking of you especially at our Council meeting next week. If there is anything we can do to help in a practical way, please let us know.

Yours sincerely,

David Kingston
President
Faculty of Actuaries (Scotland)

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Dear friend and colleague,

On behalf of the President of the CEA, the member associations and the European insurance industry as a whole, may I say in the aftermath of Tuesday 11 September, how saddened we were by the terrible tragedy which struck at the very heart of America.

Please know that we share your sorrow and that you and your colleagues and their families who may have suffered in the awful events of that day are in our thoughts.

I would like to assure you of our full support in the difficulties and challenges facing your industry. If you feel that the European insurance industry can be of any help to you or your member companies in addressing these issues, please let me know.

Yours sincerely,

Daniel Schanté
Secretary General and Chief Executive
Comité Européen des Assurances

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To Mr. Lawrence A. Johanson,
President of the Academy of Actuaries,
We would like to express our sincere condolences for the terrible and tragic events (that) occurred yesterday.

Felix Arias Bergada
President
Collegi d’Actuaris de Catalunya

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Dear Mr. Johansen,

We were really surprised and shocked to hear the terrible and tragic events of September 11. Even though several days have passed since then, I still cannot believe what I saw on TV.

On behalf of the Institute of Actuaries of Japan, I would like to express my deepest sympathy and hope that peace of mind comes to you soon.

Best Regards,

Isao Hayashi
President
The Institute of Actuaries of Japan

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Dear Larry,

On behalf of all members of the Canadian Institute of Actuaries, I would like to express to you, and our actuarial colleagues in your organization and their families, that our thoughts and prayers are with you. We share your grief in these difficult times and we would like to assure you of our support.

Best regards,

Jean-Louis Massé
President
Canadian Institute of Actuaries
With the issuance of a preliminary report from President Bush's Social Security Commission and the expectation of a final report before the end of the year, Social Security reform continues to move forward.

But while the commission has focused a lot of attention on the accumulation phase of retirement accounts, said Bruce Schobel, chair of the Academy's Social Insurance Committee, "Not enough thought has been given to the payout phase."

To fill that gap, particularly in examining whether individual account balances should be converted to annuities, the Social Insurance Committee is preparing an issue brief on annuitization of Social Security individual accounts for release this fall. The issue brief will discuss the basics of immediate life annuities and will look at associated policy issues such as:

- Who should provide the annuities?
- Should annuities be required in Social Security individual accounts?
- How can the annuities be fairly priced?
- When should account balances be converted to annuities?
- How should annuity benefits be taxed?

"With this document, the Academy is going beyond the usual policy discussions to explore an important area that has gotten too little attention to date," Schobel said.

— Bridget Flynn

New Academy Officers

The Academy's Board of Directors has approved the slate of 2002 Academy officers put forward by the Nominating Committee. New officers will assume their duties at the Academy's annual meeting, Nov. 11-14, at the Marriott Marquis Hotel in Atlanta. The new officers are:

- **Bob Anker**, president-elect: Former vice president for casualty issues and vice chairman of the Academy's Casualty Practice Council, Anker is retired from his position as chairman and chief executive officer of American States Financial Corp., Indianapolis. Prior to that he was president and chief operating officer of Lincoln National Corp., Fort Wayne, Ind. He previously served as president of the Casualty Actuarial Society.

- **John Parks**, vice president for pension issues: Parks is a former chairperson of the Academy's Committee on Technology and a former member of the Academy's Communications Review Committee. Parks is president of MMC&P Retirement Benefit Services, Inc., in Pittsburgh. He previously served as president of the American Society of Pension Actuaries. He will succeed James Turpin.

- **Stephen Preston**, vice president for life insurance issues: Preston is a former vice chairperson of the Life Practice Council and a former chairperson of the Committee on State Life Insurance Issues. He is executive vice president and chief actuary for ING Investment Products Group in West Chester, Pa. He will succeed Barbara Lautzenheiser.

- **Pat Teufel**, vice president for financial reporting issues: Teufel is a former member of the Casualty Practice Council and a former chairperson of both the Committee on Property and Financial Reporting and the Joint Financial Reporting Task Force. She is consulting actuary and principal for KPMG in Hartford, Conn. She will succeed Donna Novak.

- **Peter Perkins**, secretary-treasurer: A former member of the Academy's Board of Directors and a current member of its Budget and Finance Committee, Perkins is also an associate editor of the *Actuarial Update*. He is senior vice president and chief actuary for Trigon Blue Cross Blue Shield in Richmond, Va. He will succeed James Reiskytl.

Straight Scoop on the Annual Meeting

In a brochure that the Casualty Actuarial Society (CAS) recently sent out describing the CAS and Academy annual meetings in November, there was a misprint indicating that registrants for the CAS meeting would have to pay an additional fee to attend the Academy's Nov. 13 annual meeting luncheon.

Participants who are registered for the CAS meeting, Nov. 11-14, may attend all Academy functions free of charge, including the luncheon, a morning session on professionalism, and an afternoon debate on tort reform between Fred Barnes of the *Weekly Standard* and Eleanor Clift of *Newsweek*. For those not registered for the CAS meeting, there is a $50 fee to attend the Academy luncheon. More information on the Academy's annual meeting can be found at [www.actuary.org/events.htm](http://www.actuary.org/events.htm).
This flowchart was designed to help actuaries answer the question: “Do I meet the qualification standards?”

Originally published almost three years ago, the chart should be of interest to both newer members of the Academy and those who have since started issuing Prescribed Statements of Actuarial Opinion (PSAOs).

Start with the “look-in-the-mirror” test (see Precept 2 of the Code of Professional Conduct) and follow the 10 steps below until you have set up your continuing education (CE) records.

Your primary references for this task are the qualification standards, available online at www.actuary.org/standard.htm. They can also be obtained in booklet form from the Academy’s legal assistant, Rita Winkel (202-223-8196, winkel@actuary.org).
What You Get for Your Dues

BY JAMES F. REISKYTL

THE ACADEMY HAS PREPARED A NEW ANALYSIS comparing how your 2000 dues and non-dues revenues fund member benefits. We hope this new analysis will give you a better understanding of the value of Academy membership.

A full third of your dues pays for direct benefits to you, a relatively high percentage for an organization that emphasizes public policy activities. Direct benefits include seminars to meet qualification standards, setting actuarial standards, counseling and disciplining of members, and various communications, such as the Actuarial Update, Contingencies, the Enrolled Actuaries Report, and the Academy website, which all help to keep you informed on current issues and activities.

Although expenditures averaged $499 per member in 2000, dues were only $390, thanks to non-dues revenues generated from advertising, convention, and publications income and fees.

Indirect member benefits include lobbying on behalf of the profession, public policy research and analysis of legislative or regulatory issues of interest to actuaries, and communication programs for the media, trade organizations, think tanks, and the public. While these benefits may be considered to be indirect, they add value to membership because they advance the profession and increase the public’s recognition of the actuarial profession.

The low overhead of the Academy, only 15 percent, shows that the Board of Directors and Academy staff have worked hard to cost-effectively deliver high-quality services to its members. Overhead is particularly low in light of the significant investments in technology that the Academy made in 2000.

This new report, shown in the following tables, summarizes what the Academy has accomplished on your behalf. It goes without saying that the Board of Directors takes very seriously its obligation to spend your dues responsibly. If you have any questions please feel free to contact me or the incoming secretary-treasurer, Peter Perkins.

James Reiskytl completes his term as the Academy’s secretary-treasurer in November.

### YOUR DIRECT BENEFITS

<table>
<thead>
<tr>
<th>2000 Membership Dues</th>
<th>Expenses per member</th>
<th>Non-dues revenues per member</th>
<th>Membership dues</th>
</tr>
</thead>
<tbody>
<tr>
<td>Totals</td>
<td>$499</td>
<td>$109</td>
<td>$390</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>2000-2001 Highlighted Activities</th>
<th>Share of expenses per member</th>
<th>Share of non-dues revenues per member</th>
<th>Share of membership dues</th>
</tr>
</thead>
<tbody>
<tr>
<td>Establish actuarial standards.</td>
<td>$238</td>
<td>$109</td>
<td>$129</td>
</tr>
<tr>
<td>Counsel and discipline members.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Provide qualification seminars.</td>
<td>48%</td>
<td>100%</td>
<td>33%</td>
</tr>
<tr>
<td>Publish the Actuarial Update, Contingencies, Yearbook, and Academy Alerts.</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### YOUR INDIRECT BENEFITS

<table>
<thead>
<tr>
<th>2000-2001 Highlighted Activities</th>
<th>Share of expenses per member</th>
<th>Share of non-dues revenues per member</th>
<th>Share of membership dues</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lobby on behalf of the profession.</td>
<td>$175</td>
<td>$0</td>
<td>$175</td>
</tr>
<tr>
<td>Hold Hill briefings for congressional staff on issues of interest to actuaries, such as Social Security and cash benefit plans.</td>
<td>35%</td>
<td>45%</td>
<td></td>
</tr>
<tr>
<td>Develop the 2001 CSO Table; Analyze medical malpractice, catastrophe reserves, defined contribution health plans, medical reform, solvency/risk measures, and support for RBC.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Research and provide staff support for legislative, regulatory, and other issues of concern to the profession.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Provide communications to the media and others.</td>
<td>$86</td>
<td>$0</td>
<td>$86</td>
</tr>
<tr>
<td>Promote the profession and establish dialogues with decision-makers.</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

17%
When it considers legislation aimed at preventing genetic discrimination, Congress should proceed with extreme caution.

That was the advice of Academy experts at a standing-room-only Aug. 29 Capitol Hill briefing on genetic testing.

“We are concerned about unintended consequences,” said Cecil Bykerk, a member of the Academy's Board of Directors and its Task Force on Genetic Testing Issues. “Science is changing daily with respect to genetics. We have to be aware that we are passing legislation that might be interpreted very differently in the future.”

Both the Senate and the House are expected to hold hearings this fall on bills to prevent genetic discrimination by insurers. Senate Majority Leader Thomas Daschle (D - S.D.) is the top sponsor of S. 318 and is pushing for passage this year. The House is considering a similar bill (H.R. 602), whose lead sponsor is Rep. Louise Slaughter (D - N.Y.).

Daschle’s bill would prohibit discrimination in health insurance enrollment, eligibility, and contribution rates, based on genetic information. It would also prohibit health insurers from requesting, requiring, collecting, purchasing, or disclosing genetic information unless authorized to do so by the individual.

Both bills define genetic testing very broadly, said Bykerk. Daschle’s bill, for instance, defines a genetic test as the “analysis of human DNA, RNA, chromosomes, proteins, and metabolites that detect genotypes, mutations, or chromosomal changes.”

“With that description, you’ve just described everything that you have in your body,” Bykerk said.

Such proposals could hobble the industry’s ability to underwrite, Bykerk warned. “If we want a private insurance system, some kind of underwriting has to take place,” Bykerk said.

Life insurers don’t currently require genetic tests, but would be concerned if the insured has information about his or her health that the insurer doesn’t have, said Arnold Dicke, a member of the Academy’s Committee on Federal Life Insurance Issues and former Academy vice president for life insurance issues.

“Some of the answers that work for health insurance don’t work equally well for life insurance,” Dicke said, explaining that life insurance sold to individuals is a long-term coverage that cannot be canceled by the insurer, involving cash benefits that are large relative to the periodic premium paid. The risk of anti-selection is significant and could impact both insurer profitability and the rates paid by the public.

More than 100 House and Senate staffers, journalists, other policy-makers, and lobbyists attended the luncheon briefing. Cori Uccello, the Academy’s senior health fellow, introduced the speakers.

Easing the P/C Rate Approval Process

By Steven Lehmann

In the wake of the Gramm-Leach-Bliley Act, streamlining the rate approval process and other speed-to-market issues have been on the fast track at the National Association of Insurance Commissioners (NAIC).

In response to criticism of the existing state-based regulation of insurance, for instance, the NAIC last year created the Coordinated Advertising, Rate, and Form Review Authority (CARFRA) for certain life insurance products.

I recently testified on property/casualty actuarial ratemaking before an interim meeting of the NAIC’s Improvement to State-Based Systems Working Group in Kansas City, Mo. My comments focused particularly on property/casualty ratemaking standards, the actuarial discipline and regulatory rating processes, and a comparison of rating systems in California, one of the most heavily regulated states, and Illinois, one of the most deregulated.

I discussed those regulatory practices that inhibit speed to market such as constraints deviating from cost-based pricing and lack of uniformity in filing forms and regulations. And I mentioned innovations, such as streamlined and electronic filings, that have the potential to facilitate the rate approval process.

At the request of the regulators, I offered the following suggestions for improving ratemaking regulatory practices:

► Maintain and publish a filing log.
► Provide samples of acceptable filings.
► Provide uniform ratemaking practices, filing forms, and transmittal protocols.
► Make filing forms and procedures available on the insurance department websites.

One possibility that has surfaced would be to require an actuarial certification of rate filings similar to the reserve certification required of all insurers today.

Steven Lehmann is the Academy’s vice president for casualty insurance issues.
New Members

Welcome to the 170 new members who have joined the Academy since we last reported to you in July. By joining, they have demonstrated a commitment to ethical and responsible actuarial conduct and an interest in keeping up with the issues and events that are shaping the profession.

Melissa Jean Ahmann
Joanne L. Alder
Stephen R. Allan
Frederick James Andersen
Pamela Anderson
Nicole Lee Antosz
William Todd Ashenbrenner
Afrouz Assadian
Peter Attanasio
Mark David Berquist
Kofi Boaitey
Gina Boyer
Mareen Brennan
Jason B. Bushey
Louis-Philippe Caron
Scott A. Carter
Ronald Scott Cederburg
Hao Chai
Margaret Aline Chance
Naxine Chang
Shao-Chien Chang
Christopher A. Chinchini
Alan Chow
Pin J. Chung
Louise Chung-Chung-Lam
Chris Pezalla Clarica
Benjamin Michael Cohen
Paul Cohen
David Cohn
Christopher L. Cooksey
Leanne M. Cornell
Thomas Cosenza
Michael J. Covert
Joseph William Curran
Robert Daly
Stuart Ray DeClue
Sheri X. Decristofaro
Michael J. deLeon
James H. Dell
Marek DeRosario
Joseph Deluca
Margaret Donavan
Scott Drab
Stephen James Drake
Gregory A. Dreher
Kelley Elizabeth Dugan
Ruchira Dutta
Michael Scott Erazmus
Beth A. Fernandez
Robin Victoria Fitzgerald
Jiang Fu
Patrick Gallagher
Philippe Trahan Gaelux
Keith Gentile
Diana Germanov
Patrick K. Getzen
Christian N. Goodman
Christopher Grasso
Heather L. Grebe
Donald Grimm
Richard Jay Hamlin
Tara J. Hansen
Nathan W. Hardiman
Bradley Olan Harris
Stuart J. Hayes
Jennifer L. Healy
Bradley R. Heinrichs
Sandra R. Heinrichs
Scott Henck
William N. Herr, Jr.
Mark D. Heyne
Michael J. Hilton
Suzanne Barry Holohan
Long-Fong Hsu
Jin Huang
Mark Randall Hull
Kosuke Iwasaki
Brian B. Johnson
Erik A. Johnson
James Adam Jones
Hye-Sook Kang
Barbara L. Kanigowski
Gary Allen Kasper
Lawrence Katz
Lori Lynn Keating
Matthew P. Kepler
Jack Todd Kerbeshian
Laurie A. Knote
Stephanie C. Koch
James A. Kosinski
Anand Kulkarni
Peter P. Lau
David L. Lautenschlager
Jeffrey D. Lee
Alfred Lerman
Matthew Allen Lillegard
Vadim Lipovetsky
Michael J. Lockerman
Joe Chavez Lopez
Daniel Lowen
Sally Ann MacFadden
Shawn Patrick Maloney
Isaiah A. Mandell
Neil Philip Manning
Faye Matila
Kathy Jo Matt
Lon C. Maynard
Carrie J. McCann
Jeff McDonald
Paul L. Meiere III
Charles Mitchell
Xiaohong Mo
John William Monroe
Joseph J. Muccio
Anthony J. Nelson
Tu T. Nguyen
Norman Niami
David P. Oga
Alejandro S. Nolobos
Julie Lynn Normand
Georgia Nykorczuk
Randy Oursler
Eric P. Palmer
Reuel James Peck
Sheila K. McClurg Persall
Patricia M. Peters
Eric E. Priest
John Raichle
Gregory Harold Reynolds
William Mark Reynolds
Josephine T. Richardson
Rebecca A. Risley
Kimberly Dawn Roolvink
Kirk A. Roy
Timothy Lee Rozar
Kitti Rungsingpilpat
James Scott Russel
Giuseppe Russo
Paul Leroy Saylor
Lawrence E. Scherer
Steven Wayne
Schoonveld
Karl Eric Schwer
Jeremy Sevcik
Brett Shereck
Junning Shi
Jeremy D. Shoemaker
James Story Shoemfelt
Steven A. Smith II
Anthony Solak
Harold Lloyd Stewart II
William Thomas Straw
Connor W. Tang
Guy Arthur Tarnstrom
Steven James Tuttewohl
Cameron Jason Vogt
Jim Wagner
Amy R. Walsdauer
Yinping Wang
Lina Wei
Jean Patrice West
Daniel J. White
Andrew P. Wiedewilt
Richard L. Williams
William David Winningham
Jennifer Xuening Wu
Bill J. Yen
Calvin Yeung
Heather Marie Yonosh
Jiyoung Yue
Yuanhan Zhang

Calendar Changes

In light of the terrorist attacks of Sept. 11, the NAIC canceled its fall meeting, scheduled for Sept. 22-25 in Boston. Also canceled was the Society of Actuaries’ Sept. 13-14 valuation actuary symposium, although it has now been rescheduled for Nov. 29-30 in Orlando, Fla. Both the Academy’s Oct. 2 Health Practice Council and Nov. 13 Casualty Practice Council meetings have been postponed. A planned meeting of the Academy’s Committee on Life Insurance Financial Reporting was moved up from Oct. 1 to Sept. 28. The Academy’s life and health qualifications seminar will continue as planned for Nov. 12-15 in Washington.