

Announcing the New USQS Attestation Form

THE ACADEMY WAS PLEASED to announce the release of its U.S. Qualification Standards Attestation Form in January. The Attestation Form was developed to help actuaries voluntarily demonstrate how they meet the U.S. Qualification Standards (USQS) specific requirements for signing NAIC annual life, health, and property & casualty statements of actuarial opinion (SAOs).

The Academy initiated the development of the Attestation Form as a first step toward providing greater information and demonstrating accountability to regulators and the public regarding relevant actuarial qualifications.

Academy members have reacted very positively to the release of the Attestation Form. Within days of the announcement of the release of this tool, more than 500 people had accessed the form. The Academy

has also received a number of favorable comments from members and regulators.

An exposure draft of the Attestation Form was released for comment in August 2014 on the Academy's website in Excel and PDF formats. Based on quick and extensive feedback received, the Academy decided instead to move the Attestation Form to a more comprehensive online tool. In this way, not only can actuaries attest to their specific qualifications to sign NAIC annual statements, but they can also, having satisfied general qualifications, create an all-in-one tool for all Academy members.

This newly released Attestation Form follows the USQS to the letter, allowing the actuary and any recipient of the form to very clearly understand the qualification standards and how to

SEE **ATTESTATION FORM**, PAGE 8

Team Effort Brings Us Across the Finish Line

BY MARY D. MILLER

*Past President,
American Academy of Actuaries*

More than a year ago we began a process to design and develop a voluntary U.S. Qualification Standards Attestation Form, and we first presented a prototype of the form at the NAIC Summer National Meeting in August 2014.

The Academy was responding to regulators' concerns about transparency on actuarial qualifications necessary for signing statutory statements of opinion.

SEE **TEAM EFFORT**, PAGE 8

Legislative/Regulatory Review Recaps Significant Events

AS IT DOES EACH YEAR as a service to its members, the Academy has released its [2015 year-in-review alert](#). The review is a comprehensive summary of the significant regulatory and legislative events during the last year at the state, federal, and international levels that were of interest to the U.S. actuarial profession, and recaps the Academy's

efforts in addressing these key areas. Topics of interest include climate change, price optimization, ACA implementation, Medicare, principle-based reserving, Social Security, international insurance capital standards, and many more.

Read the [full alert here](#), or in the [member section](#) of the Academy's website under "Cross-Practice Alerts." ▲

Volunteer Action Required: COI/CE Acknowledgement

Committing on an annual basis to [professional objectivity](#) is required to perform volunteer work for all those who participate in Academy committees. That's why Ken Kent, vice president of the Academy's Council on Professionalism, has emailed each volunteer a request to submit a conflict of interest (COI) acknowledgement and continuing education (CE) attestation. Interested parties must also acknowledge the COI policy.

To comply, follow the instructions in the email or on the [membership page](#) under "Volunteer Acknowledgements."

2

Academy Names
[Senior Pension Fellow](#)

2

[Contingencies, HealthCheck, EAR Released](#)

5

Professionalism Counts:
[USQS Resources](#)

7

Life & Health,
P/C Law Manuals Available



FEBRUARY

4 Webinar: "CMS Discussion of National Health Spending in 2014"

APRIL

10-13 Enrolled Actuaries Meeting, Washington, D.C.

NOVEMBER

3-4 Annual Meeting and Public Policy Forum, Washington, D.C.

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

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 Names Ted Goldman Senior Pension Fellow



THE ACADEMY ANNOUNCED this month that Ted Goldman, an actuary with more than 35 years of retirement consulting experience, will be its new senior pension fellow. Goldman 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.

"Retirement income issues are among the most consequential public policy issues facing Americans, and the U.S. actuarial profession will be well represented by Ted, as he draws on his extensive actuarial experience to provide objective information about public policy solutions," said Bill Hallmark,

the Academy's vice president of the Pension Practice Council.

Goldman understands the significance of his charge, adding, "It's more important than ever that objective actuarial considerations guide the discussions and public debates surrounding retirement security, and I look forward to providing that perspective to support the Academy's public interest mission."

Most recently, Goldman was the leader of the U.S. retirement team with Buck Consultants in Washington, D.C. In that position, he was an innovator and champion of retirement readiness and financial wellness, creating an award-winning concept using automation and behavioral science features within a defined contribution

plan. He spent the majority of his career with Towers Perrin (16 years) and Mercer (15 years), leading retirement practices in Houston and Washington. During his career he held many positions, including serving as the chief operating officer for Mercer's North American retirement practice and as global leader of Mercer's actuarial valuation centers. ▲

Contingencies, HealthCheck, EAR Released

THE JANUARY/FEBRUARY DIGITAL VERSION of [Contingencies](#) is now available. President-Elect Bob Beuerlein explores how the actuarial profession is responding to the preponderance of "Big Data," and how actuarial professionalism is needed to inform this burgeoning field. The issue also includes the cover story, "The 3 Rs: A Checkup," which checks on the vital risk-sharing mechanisms of the Affordable Care Act (ACA) with one full year of data collected; "Fluid Dynamics: Laboratory Testing and Life Underwriting," a look at the present and future of the lab tests that life underwriters use in assessing risk; "Calculating Doomsday," an examination of how actuaries are leading the discussion around the risks associated with the Cascadia Subduction Zone; and Academy President Tom Wildsmith's thoughts on what it means to be a "professional." Up to Code, Inside Track, letters, puzzles, and more fill out this issue.

The January issue of [HealthCheck](#) covers the Academy's Risk Sharing Subcommittee's comments to the Department of Health and Human Services on a proposed rule on benefit and payment parameters for 2017; the Premium Review Work Group's practice note on rate filing requirements related to the unified rate review template and actuarial memorandum; President Obama's veto of a bill that would have overturned the ACA; and a preview of upcoming Academy health care webinars.

In the Winter 2015-16 edition of the [Enrolled Actuaries Report](#), read about concerns over the long-term health of multiemployer pension plans; find out more about pension sessions and plenary speakers at the Academy's 2015 Annual Meeting and Public Policy Forum; see what the Pension Practice Council wrote in comments to the IRS and Treasury Department on Qualified Longevity Annuity Contracts (QLACs); and examine the annual updated Social Security and IRS tables. ▲



Dues Reminder

ACADEMY MEMBERSHIP DUES are due Jan. 1 each year. If you have not done so, please [log in now](#) to pay your dues, print your invoice, or update your profile. ▲

IN THE NEWS

Academy Pension Committee Chairperson Ellen Kleinstuber commented on the risks and complexities facing pension plan participants who are offered a lump sum, in a widely read *New York Times* [personal finance column](#). The column also notes: “The American Academy of Actuaries can arrange up to four hours of free pension help for people with questions. Its [Pension Assistance List](#) is available on its website.”

The launch of the Academy’s U.S. Qualification Standards Attestation Form was among the big life and health insurance news items listed in *LifeHealthPro’s* “[paradigm shift news roundup](#).”

BenefitsLink also covered the Academy’s [release of the Attestation Form](#) as a “new tool to help actuaries demonstrate qualifications.”

Martindale.com [cited comments](#) made by Mary Bahnan-Nolan, chairperson of the Academy’s Life Experience Committee, at the NAIC Summer Meeting on life underwriting trends in a story regarding the impact of big data on insurance underwriting.

Several media outlets noted that President Obama called on Congress to strengthen Social Security and Medicare in his final State of the Union address on Jan. 12, as the Academy had urged policy-

makers to address [retirement and health security issues](#).

Bankrate Retirement Blog [quoted](#) Senior Health Fellow Cori Uccello, who provided context on the importance and the difficulty of the policymakers’ challenge. “We must make sure that [Medicare] continues to pay providers and keeps costs low, giving beneficiaries access to affordable care,” Uccello said.

In a story that reported on the Academy’s call for a renewed national focus on retirement and health security, *BenefitsPro* [highlighted](#) the Academy’s Lifetime Income Initiative, which offers information and analysis to policymakers and the public on longevity risks. Visit the [Aging Securely](#) page for more information on this and other related Academy initiatives.

The Australian magazine *Actuaries Digital* [published a summary](#) of the November/December *Contingencies* cover story, “[Rising Tides](#),” with a focus on how climate risks will affect insurance and land use policy in Australia.

The influential FactCheck.org [cited](#) the Academy’s issue brief, [Implications of Medicaid Expansion Decisions on Private Coverage](#), in a story about statements by Democratic presidential primary candidate Hillary Clinton regarding the relationship between state Medicaid expansions and private health insurance pre-

mium increases. The *Tucson Sentinel* also ran the story.

The Academy [issue brief](#), *Drivers of 2016 Health Insurance Premium Changes*, continues to be relied upon by news organizations and analysis sites as covering the emerging story of 2016 health insurance premiums. *PolitiFact* [cited](#) the Academy’s analysis in a story that fact-checks statements by House Speaker Paul Ryan (R-Wis.) regarding expected 2016 rate increases in relation to the ACA. The issue brief was also cited in a story by [Health Payer Intelligence](#) that provided an in-depth analysis of the various factors influencing 2016 rates.

A preliminary [Regulatory Impact Assessment](#) issued by the Treasury Department’s Financial Crimes Enforcement Network (FinCEN) cites analysis from the Academy’s *Essential Elements* paper, “[Terrorism Risk Insurance](#).” FinCEN is currently requesting comments on the assessment that will regulate customer due diligence requirements for financial institution rulemaking.

The Academy’s [discussion paper](#), *Risky Business: Living Longer Without Income for Life*, was cited in a [blog post](#) by TheMilitaryWallet.com explaining thrift savings plans for military or federal government personnel.

A [feature story](#) in January 2016 issue of *Investment Advisor*

magazine quoted from North Dakota Insurance Commissioner Adam Hamm’s keynote address on the significance of cyber-risk to the insurance industry at the Academy’s 2015 Annual Meeting and Public Policy Forum. Links to highlights and photos from the meeting are [available here](#), and slides from many sessions are [available here](#) to members who attended the meeting.

A Health Practice Council [letter](#) to Health and Human Services (HHS) Secretary Sylvia Mathews Burwell was cited on [healthinsurance.org](#) in a piece [examining premium subsidies](#) for participants in Kansas’ health insurance marketplace.

The Academy’s announcement of Ted Goldman as its new senior pension fellow was [reported](#) by the *Washington Business Journal*. For more information on Goldman’s background and his role at the Academy, read the news release on [BenefitsLink.com](#) or on the [Academy’s website](#).

The January/February issue of the Casualty Actuarial Society’s *Actuarial Review* [discusses the Academy’s role](#) in developing and adapting risk-based capital standards from a property/casualty perspective, highlighting the Academy’s Property and Casualty Risk-Based Capital Committee’s work in improving the risk-based capital formula. ▲

PENSION NEWS



The **Pension Accounting Committee** submitted comments to the ASB on a proposed revision to [ASOP No. 21](#), *Responding to or Assisting Auditors or Examiners in Connection with Financial Audits, Financial Reviews, and Financial Examinations*.



Webinar Looks at P/C Loss Reserves Practice Note

A [WEBINAR](#), “Keeping Current: Changes to the 2015 SAO P/C Loss Reserves Practice Note,” drew attendees from about 400 sites, who heard presentations on and asked questions about the Academy’s recently released *2015 Statement of Actuarial Opinion P/C Loss Reserves practice note*, which was revised to improve its format and presentation.

“A lot of thought went into the new and improved practice note, and we had a very structured approach to the rewrite,” said Kathy Odomirok, a presenter and vice chairperson of the Committee on Property and Liability Financial Reporting.

The Jan. 15 webinar, hosted jointly by the Academy’s Casualty Practice Council and the Casualty Actuarial Society, offered information on how to keep up to date with the latest NAIC instructions and highlighted practices related to preparing statements of actuarial opinion (SAOs). Odomirok said she was pleased with the high turnout for the webinar, and noted that she had received “very positive feedback” about the new format since



the practice note’s release in December.

The presenters walked participants through the new practice note, highlighted the benefits of the revisions, and addressed concerns about the length of the practice note. While it is longer than in prior years, the main reason is that there are now 138 pages of statements of statutory accounting principles, or SSAPs, which is a “huge benefit,” and despite the length, there “there are no substantive changes to the NAIC instructions this year,” Odomirok said.

Presenter Alejandra Nolibos, a director at Willis Towers Watson, covered the organization and layout of the practice notes; the NAIC instructions, which are in an appendix; and NAIC regulatory guidance. She noted that Chapter 5 covers frequently asked questions and that there is “consistency across the look of the chapters,” each of which contain relevant definitions and discussions for COPLFR members. The practice note also includes pop-up explanatory notes that expand on specific points of discussion, she said. ▲



ORSA Webinar Looks at Short-Duration Health Perspectives

WITH MORE THAN 500 attendees participating, the Academy’s Health Financial Reporting and Solvency Committee (HFRSC) hosted a [Jan. 25 webinar on Own Risk and Solvency Assessment](#) (ORSA) from a short-duration health perspective.

The moderator was HFRSC Chairperson Laurel Kastrup, who began by stating the NAIC’s ORSA model went into effect Jan. 1, 2015, and that under the model act, large and medium-sized U.S. insurers and insurance groups were required beginning in 2015 to regularly perform an ORSA and to file a report with their state regulators. While much discussion has occurred around this topic, this webinar provided an opportunity for actuaries to learn about expanding their role for ORSAs, dive into operational risk, and receive a regulatory update.

Matt Kramer, a member of the Academy’s Health Solvency Subcommittee, described the basics of ORSAs—including what they are, their process, purpose, and going over the reports themselves. Some states require insurers by law to have an Enterprise Risk Management (ERM) program in place, and actuaries can be involved in this

process in a number of ways. Rock Rockefeller, manager of actuarial and insurance risk management at KPMG, took the webinar into operational risk management and went over a number of areas, including trends, definitions, process considerations, and cyber security threats, including wide-scope vulnerabilities.

Rhonda Ahrens, a life and health actuarial examiner with the Nebraska Department of Insurance, showed the adoption of ORSA model law is now in 34 states, noting that regulators stress the “Own” of “Own Risk and Solvency Assessment” and look at what the company or group is doing to improve its ERM process. Also, the ORSA Pilot feedback section noted observations applicable to actuaries.

The panel took questions that covered many areas, including what variations across the states occurred after adoption of ORSA; who generally signs ORSA reports; how companies include reputation risk; if there is any correlation between a company’s well-done ORSA and a strong financial statement; and more.

Slides and audio are available to members logged in on the Academy’s [webinar page](#). ▲

USQS Resources: Am I Qualified? Where to Find Answers to Your Questions on Qualifications

Actuaries often have questions about qualifications: Am I qualified for a particular assignment? Does a particular course or seminar count as an “organized activity” for the purpose of obtaining continuing education (CE) credit? What if I wish to issue a statement of actuarial opinion in a new area of practice? If I have attested to compliance with another organization’s CE requirements, am I qualified? The list of possible questions is long.

The following is a brief rundown of Academy resources that are available to help actuaries answer questions on qualifications. It is important for actuaries to take advantage of these resources: Under Precept 2 of the Code of Professional Conduct, “An Actuary shall perform Actuarial Services only when the Actuary is qualified to do so on the basis of basic and continuing education and experience, and only when the Actuary satisfies applicable qualification standards.”

Your first stop should be the Academy’s [U.S. Qualification Standards page](#), accessible from the right rail on any page on the Academy’s website, or from the Academy’s [Professionalism hub](#). This page contains the “Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States” (USQS), which took effect Jan. 1, 2008. The USQS covers general and specific requirements (including CE), changes in practice and application, acknowledgment of qualification, and record-keeping requirements. The USQS are a surprisingly easy read and contain additional helpful resources. Appendix 1 of the USQS, for example, features a useful table describing various work products and whether they constitute statements of actuarial opinion.

In addition to the [USQS](#), the Academy website also has answers to 49 [frequently asked questions](#) (FAQs) that the Committee on Qualifications has received in recent years. The FAQs are organized by topic, answering general questions, as well as questions on area of practice, statements of actuarial opinion,

specific qualification standards, continuing education, and principle-based reserves qualifications.

The Committee on Qualifications receives numerous questions about continuing education. Not surprisingly, the FAQs cover CE, including how to calculate CE, whether CE may be carried over, and what constitutes “relevant,” “organized,” and “professionalism” CE. The Academy’s website also has an infographic—“[Which CE Requirements Apply to Me?](#)”—which may also help answer questions related to CE. While other U.S.-based actuarial organizations may require their members to attest that they meet membership requirements by completing a certain number of CE hours, completing those membership requirements does *not* mean that someone is qualified to issue statements of actuarial opinion in the United States under the USQS or that they have met the specific CE requirements of the USQS. The USQS go beyond CE and include basic education and experience requirements. In addition, the CE that one must complete under the USQS must be “relevant” to an actuary’s area of practice. The USQS also includes other requirements that are not part of any organization’s membership requirements. The infographic should be helpful in making this clear.

If, after reviewing these materials, you still are not sure of the answer to your qualification question, you can always submit the question using the online form under the link [Submitting Additional Questions](#). Routine qualification questions may be handled by the Academy’s Professionalism staff, while more complex qualifications questions are directed to the Committee on Qualifications.

The Academy website strives to provide the information you need to meet your Precept 2 obligation to be qualified. The chances are very good that you will find the answer to the question “Am I qualified?” using one of the helpful resources available on the Academy website. ▲

Webinar Will Explore National Health Spending

JOIN US FOR A WEBINAR on Feb. 4, “CMS Discussion of National Health Spending in 2014,” in which panelists from the Centers for Medicare and Medicaid Services (CMS) discuss their recent findings regarding national health spending.

After several years of historically low health spending growth, U.S. health care spending increased 5.3 percent in 2014—the most recent year for which complete data is available—to \$3.0 trillion. The increase in the number of Americans with insurance due to the coverage expansions under the Affordable Care Act contributed to the increase, as did the introduction of new specialty drugs. Over the

next 10 years, CMS projects that spending growth will average 5.8 percent annually, with health spending reaching \$5.4 trillion in 2024.

The panel will highlight the factors underlying these trends and projections, which were published in *Health Affairs* in August 2015 and January 2016. Panelists include Joseph Benson and Devin Stone, economists with the National Health Statistics Group with the Office of the Actuary, CMS. Academy Senior Health Fellow Cori Uccello will moderate.

This webinar is free to Academy members; [click here](#) for more information and to register. ▲



Webinar Focuses on International Health Care Options

ATTENDEES IN NEARLY 500 SITES and a dozen countries tuned into the Jan. 27 webinar, “[An International Discussion on Risk Adjustment](#),” hosted by the Academy’s Health Practice International Committee and the International Actuarial Association.

During the webinar—which covered risk adjustment systems in the United States, several European countries, and Israel, and was moderated by April Choi, a member of the Academy’s Health Practice Council—presenter John Bertko, chief actuary of Covered California, walked attendees through information shared at the most recent Risk Adjustment Network (RAN) conference that brings academics, researchers, and regulators together to discuss “new elements of risk adjustment and new research that is important to look at.” Bertko focused on the similarities and differences among the European countries, Israel, and the U.S. risk adjustment systems, noting that the one major difference is that the systems in the European countries cover a wider range of experience “from birth to death” without a separate program for seniors, as is found in the United States.

The key developments discussed in the recent RAN conference include the addition of pharmacy control groups in Switzerland in 2019, a reinsurance component for high-cost expenses or illnesses that is being reconsidered in Germany, “restrained regression” as a tool to increase payments for certain conditions, and new software allowing for a more efficient risk adjustment process.

John Hsu, director of the Program for Clinical Economics and Policy Analysis at Massachusetts General Hospital, provided an

overview of the Affordable Care Act (ACA) risk adjustment program and then took a more in-depth look at California exchange (Covered California), specifically focusing on adverse selection concerns. Hsu noted that “participation in the California exchange is relatively good; individuals coming into the exchange are no sicker on average than those who could have come in.”

He also provided a preview of an ongoing project that will examine participation in the post-ACA individual insurance market, how the risk pool is distributed across plans within the market, how well enrollees are choosing plans, how well the risk adjustment program is functioning, and what will happen when the transitional reinsurance and risk corridor programs end.

Presenters fielded questions on the technical aspects of the different European risk adjustment systems, the importance of health literacy in ensuring individuals are making the best choices based on more than just premiums, and the various components of the current U.S. risk adjustment model/methodology.

In fact, the most asked question was whether the United States could see a move from a concurrent model to a prospective model in the risk adjustment program under the ACA. Bertko noted that that is one of the many questions that is likely to be discussed during the upcoming risk adjustment conference hosted by CMS on March 31. Details on that conference can be found at www.regtap.info.

[Slides from the webinar](#) are available to members on the Academy’s website. ▲

Individual Disability Tables Work Group Sends Final Report to HATF

THE INDIVIDUAL DISABILITY TABLES WORK GROUP sent its [final report](#) on a recommended new statutory valuation standard basis for morbidity to the NAIC’s Health Actuarial Task Force (HATF). The purpose of the report was to recommend to the NAIC a new statutory valuation standard basis for morbidity—specifically, claim incidence and termination rates for use in calculating statutory active life reserve (ALRs) and Disabled life reserves (DLRs).

The current statutory morbidity basis is the 1985 Commissioners Individual Disability Table A (85CIDA) for ALRs and the 1985 Commissioners Individual Disability Table C (85CIDC) for DLRs.

The report—which was exposed for comments in the first half of 2014—describes the joint Academy/Society of Actuaries Individual Disability Tables Work Group’s (IDTWG) proposal to amend the current NAIC Model Regulation by introducing the 2013 IDI Valuation Table and proposing a new actuarial guideline applicable to

IDI tabular reserves. The IDTWG believes that the use of an actuarial guideline is appropriate to handle the multiple segments of the 2013 IDI Valuation Table, the computations of a company’s own experience, and the application of credibility, which normally are not found in model regulations.

The report includes a section summarizing recommendations for changes in the valuation standards, and proposed wording for the relevant model regulations, actuarial guidelines, and manuals to implement those documents; and implementation procedures.

It has appendices that recommend wording for both the Health Insurance Reserves Model Regulation and actuarial guidelines that would affect any changes, and the IDTWG recommended allowing for a transition period of at least two years to implement any new table and methodology. The remaining sections of the report address each key aspect of the work conducted by the IDTWG. ▲



Professionalism Outreach

THE ACADEMY'S professionalism outreach is off to a strong start in 2016. The Academy was invited by Canada's [Actuarial Students National Association](#) (ASNA) to participate in its 2016 convention in Niagara Falls, Ontario, early this month.

ASNA has existed for over 30 years, and more than 600 students attended the convention. Academy President Tom Wildsmith and Academy staff gave a presentation on "What You Need to Know About Qualifications in the United States"; Senior Policy Analyst Claire Mickelson gave the same presentation in French, a gesture that was well received by the bilingual audience. The Academy representatives answered questions on the Academy's essential role as the U.S. national association in establishing standards of conduct, practice, and qualification for actuaries practicing in the United States.

They also encouraged students interested in practicing in the United States to be aware of the need to comply with applicable U.S. standards, and hosted an exhibit booth where Wildsmith and staff answered questions and provided information and materials about the Academy and membership.

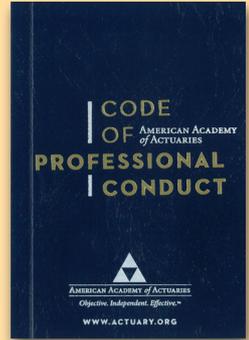
Academy Past President Tom Terry (2013-14) spoke on "Professionalism: Meeting High Expectations in a Fast-Changing World" at the Chicago Actuarial Association meeting this month. Terry provided an overview of new practice challenges for actuaries, risks to the U.S. profession, the Academy's day-to-day professionalism activities, and a "top 10" list of professionalism topics for U.S. actuaries in 2016.

Academy representatives also made presentations in Michigan and Nebraska this month. Council on Professionalism member Kevin Dyke, chief actuary of the Michigan Department of Insurance and Financial Services, spoke to the Michigan Actuarial Society in Livonia on the Academy's extensive liaison with the NAIC regarding public policy issues, technical advice, and actuarial professionalism issues. He noted the ways the Academy has responded to regulators' concerns and questions about qualification and discipline issues, the most recent of which is the development of the Academy's new [USQS attestation form](#) (see story, page 1).

Finally, Academy Past President Cecil Bykerk (2012-13) provided an overview of the Academy's professionalism activities to the Nebraska Actuaries Club in Omaha. Bykerk gave a high-level sum-

Strong Response to the Pocket-Sized Code Booklet

THE ACADEMY'S holiday greeting offered all a pocket-sized copy of the Code of Professional Conduct. More than 1,500 members requested a copy. It's not too late—if you would like to obtain a copy, please [click here](#).



PROFESSIONALISM BRIEFS

➔ **William Karbon** and **Beth Fitzgerald** have joined the Council on Professionalism—Karbon as a liaison from the ASPPA College of Pension Actuaries (ACOPA) and Fitzgerald as a liaison from the Actuarial Standards Board.

PENSION BRIEFS

➔ **Tim Geddes** has joined the Pension Practice Council.
 ➔ **Ron Gebhardt** and **Les Lohmann** have joined the Social Security Committee.

RISK MANAGEMENT AND FINANCIAL REPORTING BRIEFS

➔ **Kevin Madigan** has joined the ERM/ORSA Committee.
 ➔ **Angie Matthews** has joined the Financial Reporting Committee.

mary of the Code of Professional Conduct; the role and activities of the Actuarial Standards Board and the Actuarial Board for Counseling and Discipline; and discussed the history, benefits, and release of the Attestation Form.

Life & Health, P/C Law Manuals Now Available

THE [2016 LIFE & HEALTH VALUATION LAW MANUAL](#)—designed to help appointed life and health actuaries comply with the requirements of the NAIC model Standard Valuation Law and the Model Actuarial Opinion and Memorandum Regulation—is now available. It includes a current-topics section outlining key valuation developments and state guidance; NAIC model laws and regulations that have an effect on reserve calculations; a discussion of generally distributed interpretations; and copies

of the current actuarial guidelines from the *NAIC Examiners Handbook*. The manual is [available to order](#) in a variety of formats.

The Academy's [2015 Property/Casualty Loss Reserve Law Manual](#) is also now available. Updated annually and designed to help appointed property/casualty (P/C) actuaries comply with NAIC annual statement requirements, the manual includes statement of actuarial opinion (SAO) requirements and state laws and regulations establishing those requirements; annual

statement instructions for the SAOs for P/C, title loss, and loss expense reserves; and other pertinent annual statement instructions. It is available in two formats—web/online or CD-ROM. Members can order [online](#) by logging in to Academy's website, or orders also may be placed via [mail/fax](#).

For questions or additional information on either manual, please contact Leiloni Hayward, public policy senior administrative assistant, at 202-223-8196 or hayward@actuary.org.

ATTESTATION FORM, continued from page 1

document satisfaction of the qualification standards. The online tool also allows the actuary to upload relevant documents, as well as text descriptions of those documents, to explain the specifics of their individual qualifications and experience. Before attesting, the user is shown a summary of all of the entered responses and whether any documents were uploaded. If the actuary has not met a qualification necessary for his or her attestation, progress will be saved but he or she cannot complete the attestation until the missing qualification has been met. Once the actuary completes all required qualifications and attests, the attestation and all supporting documents can be downloaded to a convenient zip folder to the user's computer. The tool can also create a personalized link to the attestation that the actuary can share at his or her discretion with regulators or others.

The Attestation Form also allows members to easily update their qualifications as needed year over year. The tool includes a listing of the actuary's previously started and completed attestations, which can be used to create a new, updated attestation. This list is only made available to the attesting actuary, and Academy membership login

information is required to enter the Attestation Form tool. Currently, there are no plans to publish a searchable database of the volunteer attestations to the general public, so any information entered by an actuary can only be seen by the actuary or someone who has been provided the personalized link by the actuary using the tool. If the tool proves to be as useful as we hope it will, we may at some point in the future seek permission from those who are using it to publish a summary of their entered information.

The Attestation Form will greatly assist members in ensuring their experience and continuing education meet the USQS—just in time for 2016 SAOs. The Academy will continue to discuss possible enhancements to the Attestation Form in the coming months as members provide ongoing feedback.

Academy members can go to attest.actuary.org and log in with their Academy credentials to access the Attestation Form. Should you have questions not addressed on the welcome screen or in the FAQs, please contact Karen Legan, Academy legal assistant, at Legan@actuary.org. ▲

How the Academy's U.S. Qualification Standards Attestation Form Benefits Stakeholders

The public: <ul style="list-style-type: none">Increases transparency and knowledge of how those who sign SAOs are qualified to do so in accordance with the U.S. actuarial profession's standards	Academy members: <ul style="list-style-type: none">Aids understanding of the USQS requirementsEnhances reputation by showcasing credentials and qualifications in a standardized, straightforward, documentable manner that is easy to understand
Regulators: <ul style="list-style-type: none">Provides a clear demonstration of an actuary's qualifications to sign NAIC annual SAOs in accordance with the USQSProvides supporting documentation of qualifications that assists in determining whether the SAO is provided by a qualified actuary	Employers or clients: <ul style="list-style-type: none">Provides a comprehensive and consistent template to illustrate how an appointed actuary is qualifiedProvides an optional tool to help employers in assessing their employees' qualifications

← TEAM EFFORT, CONTINUED FROM PAGE 1

It all started with a simple question—how could everyone involved be certain that an actuary who signed a Statement of Actuarial Opinion was truly qualified to do so?

As a former regulator, I understood their concerns completely. The Academy's long history of support for the work of the NAIC encouraged us to begin developing a tool that would precisely follow the requirements of the Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States (USQS). As we worked through the development of the online attestation, we sought feedback from regulators and our volunteers to ensure the final version of the Attestation Form was intuitive and useful and con-

tained no new qualification provisions or requirements. This team approach, in which all stakeholders were brought together to define this important initiative, has given us a tool that all members can use. Furthermore, it allows an actuary to give confidence to regulators and the public that the actuary is truly qualified to do the work he or she is undertaking.

We kept regulators informed about the development process at every step along the way by presenting updates at each of the actuarial task force meetings and the well-attended regulators-only professionalism breakfasts that we host at each NAIC national meeting. We responded to their feedback to ensure the final tool would

meet the needs of regulators and the public. Indeed, the public trust in our professionalism is paramount—and this tool is a continuing step in the Academy's ongoing mission of ensuring actuarial professionalism. While developed at the request of regulators, this is also a tool anyone who issues statements of actuarial opinion (SAOs) can use to document their qualifications under the general requirements of the USQS as well.

I am grateful to all of those who helped us get to this end, which is also, of course, the beginning of what I hope will be a popular and straightforward way to demonstrate actuarial qualifications. Please take a moment and visit attest.actuary.org to begin using this powerful tool. ▲



Actuarial Update

COMMUNICATIONS REVIEW COMMITTEE

John Moore, Chairperson
Shawna Ackerman
Bob Beuerlein
Bill Hallmark
Jeff Johnson
Ken Kent
Mary D. Miller
Cathy Murphy-Barron
Jeffrey Schlinsog
Tom Wildsmith

EDITOR

Michael G. Malloy

ASSISTANT DIRECTOR OF COMMUNICATIONS | PUBLICATIONS

Eric P. Harding

DESIGN AND PRODUCTION

BonoTom Studio Inc.

DESIGNER

Paul Philpott

PUBLICATIONS AND MARKETING PRODUCTION MANAGER

Laurie Young

American Academy of Actuaries

PRESIDENT

Tom Wildsmith

PRESIDENT-ELECT

Bob Beuerlein

SECRETARY-TREASURER

John Moore

VICE PRESIDENTS

Shawna Ackerman
Bill Hallmark
Jeff Johnson
Ken Kent
Cathy Murphy-Barron
Jeffrey Schlinsog

EXECUTIVE DIRECTOR

Mary Downs

DIRECTOR OF COMMUNICATIONS

David J. Nolan

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

Statements of fact and opinion in this publication, including editorials and letters to the editor, are made on the responsibility of the authors alone and do not necessarily imply or represent the position of the American Academy of Actuaries, the editors, or the members of the Academy.

©2016 The American Academy of Actuaries. All rights reserved.

Long-Term Care PBR Work Group Sends Report to NAIC

THE LONG-TERM CARE (LTC) Principle-Based Reserves Work Group sent its [final report](#) on a principle-based approach model to the NAIC's Long-Term Care Actuarial Working Group. The work group was formed as a part of the Academy's effort to assist the NAIC's (then) Life and Health Actuarial Task Force in exploring a principle-based approach to LTC insurance.

Principle-based approach (PBA) reserving has been a focus of regulators and the Academy for several years. According to the Academy's Life Practice Council Consistency Work Group, which analyzed PBA application to life and other reserves.

"This conceptual approach:

- Captures the benefits and guarantees associated with the contracts and their identifiable, quantifiable, and material risks, including 'tail risks' and the funding of those risks;
- Utilizes risk analysis and risk management techniques to quantify the risks and is guided by the evolving practice and expanding knowledge in the measurement and management of risk;
- Incorporates assumptions, risk analysis methods, and models and management techniques that are consistent with those utilized within the company's overall risk assessment process;
- Utilizes company experience, based on the availability of relevant company data and its degree of credibility, to establish assumptions for risks over which the company has some degree of control or influence;



- Incorporates assumptions that, when viewed in the aggregate, reflect the appropriate level of conservatism and, together with the methods utilized, recognize the solvency objective of statutory reporting; and
- Reflects risks and risk factors in the calculation of the PBA minimum statutory reserves and statutory risk-based capital (RBC) that may be different from one another and may change over time as products and risk measurement techniques evolve, both in a general sense and within the company's risk management processes."

The report discussed the strengths and weaknesses of the model, which examined process risks for key variables, and the committee looked at several proposed simulation techniques, which were proposed and compared with respect to their capabilities to achieve the stated objectives. ▲

LIFE BRIEFS

➤ **Sheetal Kaura, Richard Nam, and Sean Pena** have joined the Life Principle-Based Approach Practice Note Work Group.

➤ **Christopher Wheeler** has joined the PBR Model Governance Work Group.

HEALTH BRIEFS

➤ **Steven Abbs, Carl Ghiselli, Alex Kogan, Kuanhui Lee, Neil Sandhoefner, and Teresa Winer** have joined the Health Practice International Committee.

➤ **Fritz Busch** has joined the Individual and Small Group Market Committee.

➤ **Ron Ogborne** is now chairperson of the LTC Medicaid Subcommittee.

➤ **Dave Klever** has joined the LTC Medicaid Subcommittee.

➤ **Josh Kuai** has joined the Medicaid Subcommittee.