

# Academy Hosts Successful Annual Meeting and Public Policy Forum

**T**HE ACADEMY held a very successful 2019 Annual Meeting and Public Policy Forum this month, at which D. Joeff Williams became the Academy's 55th president, succeeding Shawna Ackerman. The meeting and forum, held in the nation's capital Nov. 5-6, encompassed a day and a half of plenary and practice-area breakout sessions covering key casualty, health, life, and pension issues.

Keynote speakers P.J. O'Rourke and Jean Chatzky spoke, respectively, on the U.S. political situation and women's unique retirement issues; the Academy presented its annual Jarvis Farley Service Award and Robert J. Myers Public Service Award; and four members received the Academy's annual Outstanding Volunteerism Award.

In his [inaugural address](#), Williams said he plans to focus in the coming



Ackerman (left) welcomes Williams as the Academy's 55th president

year "on how the Academy is relevant on a daily basis to our members and to the stakeholders that we touch, especially policymakers and the public who rely on sound actuarial work. This will include highlighting to members, other stakeholders, and

the public the many public policy and professionalism resources and activities of the Academy and their benefits." [Read the address here.](#)

In her outgoing remarks as Academy president, Ackerman cited the many compliments she's

SEE **ANNUAL MEETING**, PAGE 6

## Plenary Sessions Cover Politics, Professionalism, Health Care, Women's Retirement Issues

**P**LENARY SESSIONS at the Academy's Annual Meeting and Public Policy Forum covered a range of issues, from the current political situation and looming 2020 election to an overview of state and federal health care policy, professionalism, and financial risks and needs facing women around retirement.

P.J. O'Rourke, author and one of the nation's most prolific political satirists and commentators, opened the meeting with an entertaining, insightful, and often humorous look at the U.S. political situation as it heads toward next year's presidential election.

"You are a rare source of facts in this strange, post-factual world that we seem to be living in," O'Rourke told attendees in his introduction, noting jokingly that it's rare for actuaries to be invited on highly political cable news



O'Rourke

evening programs. "The measurement and management of risk is insurance, and the modern world is deeply dependent on insurance of all kinds—public and private, social and institutional," he said. "Two things that define humanity are preparing for the future and sharing risk."

O'Rourke said he would "safely assume" President Trump will be the Republican nominee next year, and joked that "Democrats seem to be operating on the idea that nobody can lose to Trump, and Democrats are determined to find that nobody." Following his address, he took questions from attendees on a variety of topics including U.S. politics, the Electoral College (he likes it), the U.S. role internationally, and more.

SEE **PLENARY SESSIONS**, PAGE 8

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['Professionalism Counts'—Guidance and the ABCD](#)

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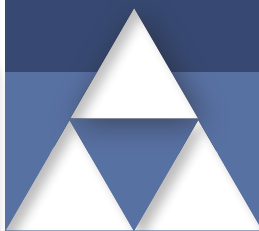
[P/C Webinar Looks at Qualified Actuary Requirements](#)

10-11

[Annual Meeting & Public Policy Forum Photo Spread](#)

12-15

[Annual Meeting & Public Policy Forum Breakout Sessions](#)



2019

## DECEMBER

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

7-10 NAIC Fall National Meeting, Austin, Texas

9-11 [PBR Boot Camp](#), Austin, Texas

13 "Friday the 13th: More Tales from the Dark Side," professionalism webinar

16 "Working With Auditors: Stories From Inside the Audit Engagement," pension webinar

**Editor's note:** Because of the Thanksgiving holiday, this issue of Actuarial Update is being published a week earlier than the usual last business day of the month. Any news from the final week of November will be included in the December issue.

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

### Review Your Membership Profile

To continue receiving *Actuarial Update*, *Contingencies*, and other Academy publications on time, please make sure the Academy has your correct contact information. Academy members can update their member profile, subscribe to Academy alerts, pay their dues, and review archived professionalism and public policy webinars at the [member login page](#).

# Academy NEWS Briefs

## Academy Dues for 2020

ACADEMY PRESIDENT D. JOEFF WILLIAMS' Nov. 7 [letter to members](#) announced the membership renewal period and includes a link to "[The Meaning of Your Membership](#)," which highlights the many mission-critical aspects of the Academy's work in 2019. To pay your annual dues directly, you may log in to the [Academy's website](#).

Williams also sent a [Thanksgiving message](#) to Academy members, wishing them well and thanking them for their membership. ▲

## Listen to the Academy's 'Actuary Voices' Podcast

THE ACADEMY'S "[Actuary Voices](#)" podcast features interesting and informative interviews with Academy leaders and volunteers about their personal journeys to becoming an actuary, and important issues facing the profession. The first two podcasts are with Academy Immediate Past President Shawna Ackerman as she wrapped up her year as presi-

dent, and with new President D. Joeff Williams. Podcasts are available on the [Actuary Voices](#) page, or can be downloaded and subscribed to via Apple Podcasts, Google Podcasts, Spotify, and Soundcloud. Already a subscriber? Leave a review to share your thoughts and to recommend the podcast to others. New episodes will be added throughout the coming months. ▲

## Recently Released

IN THE NOVEMBER/DECEMBER issue of [Contingencies](#), the cover story, "A Valuable Piece of the Puzzle,"

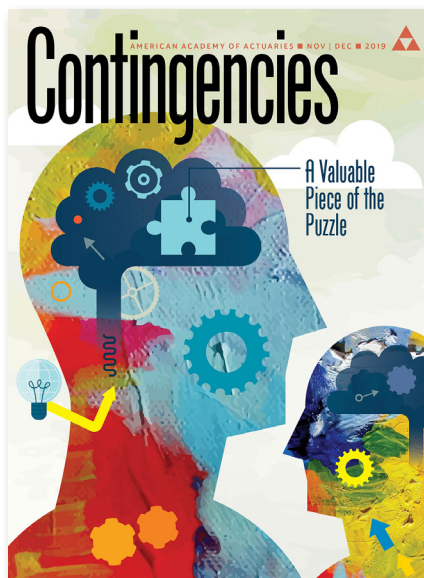
posits that shrewd companies stand to benefit from hiring neurodiverse actuaries. Other features include "Model Behavior," which contains several practical applications of artificial intelligence in actuarial science; and "Where Are the Whip-Makers?"—in the *Actuarial Software Now* supplement—the workplace of tomorrow will look very different from today; should actuaries be concerned? Plus, a President's Message from Academy President Shawna Ackerman on the Academy's unique voice; Zen and the art of actuarial science, and what does it mean to be "reasonable"?

The November [HealthCheck](#) recaps health plenary and breakout sessions from the Acad-

emy's Annual Meeting and Public Policy Forum; Senior Health Fellow Cori Uccello's presentation at a Capitol Hill panel discussion, "Examining the Continuum of Coverage Proposals"; and recent legislative, judicial, and regulatory activity.

The fall issue of [The Retirement Report](#) includes a Q&A on the Pension Committee's recent public policy practice note on defined benefit pension plans that include variable annuity benefits, the Pension

Practice Council's October Capitol Hill forum on multiemployer plans, and recent legislative and regulatory activity. ▲



# Academy NEWS

## Attendees Earn Valuable CE at Sold-Out LHQ Seminar

**A** **CAPACITY CROWD** of more than 100 people attended the Academy's sold-out Life and Health Qualifications Seminar Nov. 10–14 in Arlington, Va. Now in its 19th year, the seminar and its interactive sessions have been highly valued by attendees, with many returning every few years to brush up on skills. Attendees gained required basic education and continuing education to be qualified to sign statements of actuarial opinion (SAOs) for NAIC Life and Health annual statements. The seminar is an effective way to earn continuing education credits under the U.S.

Qualification Standards for those who already have the basic education needed to issue such SAOs. Academy President D. Joeff Williams chaired the committee that organizes this seminar. ▲



Williams presides at a Nov. 11 professionalism session

### IN THE NEWS

*Advisor* magazine reported on Academy President D. Joeff Williams taking office, and on presentation of the Academy's [volunteerism and service awards](#) from this month's Annual Meeting and Public Policy Forum.

Lisa Slotznick, the Academy's vice president, casualty, provided comments on congressional reauthorization efforts on the Terrorism Risk Insurance Act to [Business Insurance](#).

A *Forbes* opinion piece cited the recently updated [Actuaries Longevity Illustrator](#), developed jointly by the Academy and the Society of Actuaries. ▲

## PROFESSIONALISM NEWS

### Next Month's Webinar to Feature 'More Tales From the Dark Side'

**R**EGISTER TODAY for "[Friday the 13th: More Tales From the Dark Side](#)," the Academy's final professionalism webinar of the year. Highly attended and popular in each of the past two years, this latest iteration explores interesting examples of ethical problems based on cases that have been brought before the Actuarial Board for Counseling and Discipline (ABCD).

In the course of performing their work, actuaries are sometimes confronted with ethical issues that are difficult to resolve. Our presenters—ABCD members David Driscoll and Godfrey Perrott—will describe the reference points actuaries

should look to in each case to stay on the right side of the Code of Professional Conduct. They also will discuss the information and guidance the ABCD has provided to practicing actuaries in such situations through the ABCD's request for guidance process.

We believe in good faith that attendees will have the opportunity to earn up to 1.8 professionalism continuing education (CE) credits and 1.8 core ethics continuing professionalism education credits under Joint Board for the Enrollment of Actuaries rules. [Register today](#) for this professionalism webinar and learn how to avoid going over to the "dark side." ▲



## Public Policy Outreach

**A**CADEMY ASSISTANT Director of Public Policy Research Steve Jackson co-presented "An Introduction to the Actuaries Climate Index and the Actuaries Climate Risk Index" at the Middle Atlantic Actuarial Club's meeting in Columbia, Md., on Nov. 20. ▲

## Facing a Professionalism Conundrum? Ask the Experts

**S**OMETIMES A SITUATION involving actuarial professionalism arises at work that you don't feel quite comfortable discussing with your colleagues or boss. Perhaps you've been asked to take on a new role but you're not sure if you are qualified, and you wish there were someone who could review your qualifications with you. Sometimes you *think* you know what to do, but you'd like a sounding board.

At such times, we urge you to submit a [request for guidance](#) (RFG) to the Actuarial Board for Counseling and Discipline (ABCD).

Many actuaries, focused on the “D” for discipline, hesitate to contact the ABCD for help. But you should know that the board was established with a deliberate focus on the “C” for counseling to prevent the need for discipline. The idea is that if actuaries have a place to turn to for their professionalism questions, many violations of the [Code of Professional Conduct](#) could be prevented. Hence the establishment of the request-for-guidance process.

The ABCD accepts two types of RFGs—a request for guidance from an individual ABCD member, also known as “informal” guidance; and a request for guidance from the whole board, also known as “formal” guidance. The most common by far is an individual request. In recent years, the number of individual “informal” RFGs answered by the ABCD has risen to just over 100 each year. The vast majority have been related to Precept 1 (integrity/skill and care), Precept 2 (qualifications), Precept 3 (actuarial standards of practice [ASOPs]), and Precept 4 (communications). For more detailed topics covered by RFGs, please see the ABCD [annual reports](#).

To request guidance from an individual mem-

ber, you can contact either the [ABCD office](#) or an [ABCD member](#) directly. If you contact the office, ABCD Staff Attorney Edward Lee may provide guidance if the matter does not involve technical issues. Otherwise, he will connect you to one or more of the ABCD members. When you submit an individual request for guidance, you will likely hear back in just a few days, although it may take longer in some circumstances.

What can you expect from a request for guidance? First, apart from a brief, anonymized summary of the issue that is circulated to all ABCD members afterward, your discussion remains confidential. The ABCD member will likely discuss your issue

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in terms of the professionalism standards—the Code of Professional Conduct, the [U.S. Qualification Standards](#), or [the ASOPs](#)—relevant to the issue at hand. He or she may ask questions to elicit more information or raise issues that may not have occurred to you. It is a conversation between you and the ABCD member, a chance to ask questions and get advice from an experienced colleague.

In most cases, the actuary has thought about the issue and reviewed relevant professionalism standards before calling the ABCD. “Most of the RFGs confirm the actuary was on the right road, and it was a way to say, ‘Yes, you’re right. You’ve thought this through, and if I were in your shoes I probably would have come to the same conclusion.’ There have been very few RFGs that were not resolved this way,” outgoing ABCD Chairperson Rick Block said last year.<sup>1</sup>

So, when you are faced with a professionalism conundrum or just need a sounding board, remember: ABCD members really are here to help! Do submit a request for guidance. ▲

<sup>1</sup> [“The Highlight of My Career: An Interview with Outgoing ABCD Chairperson Rick Block,”](#) *Actuarial Update*, December 2018, p.4.



## Professionalism Outreach

**T**HE ACADEMY'S Speakers Bureau is on track to provide a record number of professionalism speakers to actuarial clubs and employers of actuaries this year. November has historically been the bureau's busiest month, and this year is no different.

Past Academy Board member **Laurel Kastrup** provided a "Professionalism Update from the Academy" at the Actuaries' Club of the Southwest's meeting Nov. 8 in Austin, Texas. The update focused on the Academy's professionalism activities, qualification issues, actuarial standards of practice, discipline and counseling activity, and the professionalism resources available through the Academy.

Academy Past President and Committee on Qualifications member **Tom Terry** talked about "Professionalism in Changing Times" at the MetLife Actuarial Conference in Jersey City, N.J., on Nov. 11. The presentation looked at the challenges posed by competition from other professions, new reputational risks, new

regulation, new practice areas, and new demands on actuaries.

Academy President-Elect **Tom Campbell** delivered a presentation on "Actuarial Professionalism" to actuarial students (pre-ASAs) at his company, Actuarial Resources Corporation, Farmington, Conn., on Nov. 12. Campbell also gave an update on the Academy's public policy and professionalism activities at the Actuaries' Club of Hartford and Springfield on Nov. 19.

Actuarial Board for Counseling and Discipline member **David Driscoll** reviewed the Code of Professional Conduct, the ABCD's investigation and request for guidance processes, and professionalism resources in a presentation at Aetna's annual Actuarial Forum on Nov. 12 in Hartford, Conn.

**David Brentlinger**, chairperson of the Actuarial Standards Board's Life Committee, delivered a presentation on the process of developing actuarial standards of practice (ASOPs) and recent changes and

proposed changes to ASOPs to Northwestern Mutual in Milwaukee on Nov. 13.

Former ASB Chairperson **Beth Fitzgerald** presented on "Professionalism and the Anatomy of the ASOPs" at the Casualty Actuaries of the Mid-Atlantic Region's Nov. 19 meeting in West Windsor, N.J. The presentation reviewed the basic structures and key elements of U.S. actuarial professionalism.

Academy President **D. Joeff Williams** spoke about professionalism and ethics at the Middle Atlantic Actuarial Club's meeting in Columbia, Md., on Nov. 19. His presentation included an interactive discussion with attendees of ethics case studies.

On Nov. 21, ASB Member **Cande Olsen** spoke on "The ASOP Advantage: The Latest in ASB Standards-Setting" at the Southeastern Actuaries Conference meeting in Atlanta. In her talk, Olsen reviewed the ASB standards-setting process and how actuaries can be involved in the standards-setting process. ▲

## CASUALTY NEWS



## Webinar Looks at Qualified Actuary Requirements

**T**HE ACADEMY hosted a Nov. 20 webinar, "[P/C Qualified Actuaries: 2019 Changes to Instructions](#)." The National Association of Insurance Commissioners (NAIC) Instructions to the P/C Statement of Actuarial Opinion have changed in 2019, including the definition of a qualified actuary and associated documentation that the Appointed Actuary is required to provide to company boards.

Presenters were Committee on Property and Liability Financial Reporting (COPLFR) Chairperson Kathy Odomirok, COPLFR members Michelle Iarkowski and Stephen Koca, and Anna Krylova, vice chair of the NAIC's Actuarial Opinion Working Group. The webinar looked at changes and required documentation to try to assist Appointed Actuaries with meeting the new requirements.

The new rules will require qualified actuaries to provide additional documen-

tation to an insurance company's board at the time of first appointment and annually thereafter. The regulatory guidance states that a qualified actuary is expected to obtain and maintain an NAIC-accepted actuarial designation. The webinar provided several different examples of how qualification documentation might be conveyed to the board to meet the NAIC requirements. There also was discussion in response to questions about how and when appointed actuaries must provide documentation to boards going forward, with opinions expressed that it is not likely any special meetings of boards would need to be called before year-end to receive that documentation for currently appointed actuaries. The presenters also noted that the continuing education (CE) requirements for Appointed Actuaries have not changed for 2019.

Information was provided and questions answered regarding substitution

and equivalence of basic education examinations that the NAIC has identified are acceptable to it for those who took exams from the Casualty Actuarial Society (CAS), which revised its curriculum in 2010 to include exams that are specific to U.S. practice and regulation. For actuaries who received their credentials from the CAS prior to 2010, they will now have to show either that they took those new exams at a later date or that they have mastered those subjects through practice and CE. (For those who are credentialed through the Society of Actuaries' General Insurance track, there was no equivalent change in curriculum, as it has been offered more recently.) As Iarkowski noted, "The more experience you have, the more likely it is that you can rely on that instead of exams" to meet the requirement.

[Slides and audio](#) are available without charge for logged-in Academy members. ▲



## Annual Meeting, continued from page 1

heard in the past year from members and representatives of actuarial organizations around the world who have been eager to understand the Academy's success and model of self-regulation as they take valuable lessons home to their own organizations. She also noted the steps the Academy's Board of Directors took this year "to strengthen our approach to international issues, which going forward will involve more direct contact with organizations of interest on issues concerning the U.S. actuarial profession as a whole, as well as continuing to build on the relationships we have established with other actuarial organizations around the world."

The Academy also welcomed the following incoming officers and Board members:

- ▲ Tom Campbell, President-Elect
- ▲ Cathy Murphy-Barron, Secretary-Treasurer
- ▲ Tim Geddes, Vice President, Pension
- ▲ Laura Hanson, Vice President, Life
- ▲ Gareth Kennedy, Vice President, Risk Management and Financial Reporting
- ▲ Ken Kasner
- ▲ Barbara Klever
- ▲ Frank Todisco
- ▲ Aaron Weindling

Outgoing officers and directors were also recognized for their service.

### Service Award Recipients Honored

The Academy presented its annual service awards at the Annual Meeting and Public Policy Forum. Mary D. Miller received the Jarvis Farley Service Award for her recent accomplishments and service to the Academy, including tireless efforts on behalf of the Academy as its representative to the National Association of Insurance Commissioners (NAIC), especially regarding the NAIC's efforts related to the definition of qualified/appointed actuary and on actuarial professionalism.

In presenting the award, Ackerman noted that Miller has made significant contributions during her long and distinguished record of Academy volunteerism, which began more than two decades ago and has spanned more than 35 service



Miller speaks after receiving the Farley award

positions with the Academy, including as Academy President (2014–15) and as chairperson of the Committee on Strategic Planning.

Upon receiving the award, Miller said that while she never met its namesake, Jarvis Farley, she has known almost all of the previous award winners, and "to be considered among them is such an incredible honor. ... I have gotten so much more out of volunteering than I could ever have imagined." Miller, who also served as chief actuary for the state of Ohio, received a standing ovation from attendees. [View the presentation here.](#)

Carolyn Zimmerman, an actuary with the Internal Revenue Service (IRS) based in Pittsburgh, received the Robert J. Myers Public Service Award. At the IRS, Zimmerman has made exceptional efforts to have sound guidance issued that informs pension actuaries and protects

pension benefits and beneficiaries. More recently, she has also put her vast knowledge to use by serving as a member of the Joint Board for the Enrollment of Actuaries (JBEA), a position she holds today that affects all of those who are Enrolled Actuaries who work on plans subject to the Employee Retirement Income Security Act of 1974 (ERISA), impacting the retirement security of millions of Americans.

Zimmerman said that since joining the IRS in 2005, she has been fortunate enough to get involved with a number of projects, including the development of regulations and other guidance, work on hybrid plans, and service on the JBEA.

[View the presentation here.](#)

"But what I personally find the most rewarding in public service is the opportunity to help people navigate through the various requirements applying to pension plans," she said. "I firmly believe that most actuaries are trying to do the right thing to meet these requirements, and it is beneficial for both the actuary and the government if we can help to clarify what that right thing is."

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Zimmerman (left) receives the Myers award from Ackerman



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## Outstanding Volunteerism Awards

In addition, four Academy volunteers received the annual Outstanding Volunteer Awards:

- ▲ **Ralph Blanchard**, chairperson of the Current Estimate Credit Losses Work Group.
- ▲ **Seong-min Eom**, chairperson of the Risk Management and Financial Reporting Council's ERM/ORSA Committee and Liquidity Risk Work Group.
- ▲ **Allan Kaufman**, member of the P/C Risk-Based Capital (RBC) Committee.
- ▲ **Linda Lankowski**, vice chairperson of the Life Practice Council, and a faculty member for the Academy's PBR Boot Camp.

The Academy livestreamed the awards ceremonies; [watch the presentations here](#). Save the date for next year's Annual Meeting and Public Policy Forum, which will be held in Washington on Nov. 5–6, just a few days after the 2020 presidential and congressional elections. ▲



Ralph Blanchard



Seong-min Eom



Allan Kaufman



Linda Lankowski

2019 Outstanding Volunteerism Award winners receive their awards from outgoing President Shawna Ackerman

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[actuary.org](http://actuary.org)



## Plenary Sessions, continued from page 1

### Jean Chatzky—Women and Retirement

Personal finance expert and author Jean Chatzky gave the keynote address at a Nov. 6 plenary session that led into an expert panel discussion about women and retirement.

Chatzky—founder and CEO of HerMoney, and a bestselling author and award-winning journalist whose résumé includes financial editor for NBC's *Today* show, columnist for the *New York Daily News*, and host of a daily show on the “Oprah & Friends” channel on XM Radio—spoke about women's relationships with money and the effects of upbringing and societal factors that affect it.

Prefacing her discussions by asking what women really want from their money, Chatzky answered later in her presentation that it's often safety, security, and stability. She noted that many women are heads of households and providing care not just for children but also for aging parents.

Today, more than 38 percent of women are higher-earning family breadwinners, more than half are single and de facto heads of households, almost half of U.S. millionaires are women, and for every 100 men who graduate college, 132 women graduate, Chatzky said. With a larger share of inheritance from both parents and outliving their husbands, by the year 2028, women will control 78 percent of global discretionary spending, and by 2030, two-thirds of U.S. wealth, she said.

Chatzky spoke about the difference between being an investor—with a more stable, long-term approach to markets—versus traders, who are more short-term focused (and more often men). “The financial playbook that men have used for decades doesn't quite work for women,” she said. “Before getting the things we want, women have to focus on getting the things we need.”

Chatzky was followed by a panel discussion on women and retirement issues that was moderated by Academy



Chatzky speaks at the Nov. 6 breakfast plenary session

Senior Pension Fellow Linda K. Stone. Panelists Cindy Hounsell, president of the Women's Institute for a Secure Retirement; Gretchen Livingston, a demographer and senior researcher at the Pew Research Center; and Elaine Weiss, lead policy analyst for income security at the National Academy of Social Insurance, looked at demographic and other issues affecting women's retirement and financial security.

Stone noted there are 5.7 million more women than men aged 65 or older, and that wage gaps mean women have to save more to make their money last longer. Livingston pointed out that more women are having children later than a generation ago, and that marriage rates are declining and people are getting married later.

Weiss noted women's wage and care-giving gaps—particularly for women of color—which leads to less retirement security, though she said the wage gap has narrowed from 41 cents 50 years ago to about 21 cents today. Hounsell noted increasing numbers of women who are saving money, although women face financial challenges including living longer and attendant higher health care costs.

Steps to improve financial security could include help with decision-making, such as when to begin collecting Social Security, she said—later is better. Other things that would make a positive difference would be improving caregiver credits (under consideration by Congress) and better paid family leave, or family leave that could draw on people's Social Security.

### Health Care Spotlight

The meeting and forum included several high-level discussions of health care and insurance issues. Pennsylvania Insurance Commissioner Jessica Altman was the primary speaker at a Nov. 6 luncheon plenary session, sharing her perspective with attendees on proposals to reform and improve the nation's health care system, including the current state and potential future of the Affordable Care Act (ACA). Altman also serves as chair of the NAIC's Health Insurance and Managed Care Committee and is vice chair for the National Academy for State Health Policy's Health Care Access & Finance Steering Committee.

Academy Senior Health Fellow Cori

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Uccello moderated the discussion with Altman, who spoke about choice and competition in health care markets, changing market dynamics, and open enrollment, and offered her current state-level perspective in addition to her previous federal experience with the Department and Health and Human Services' Center for Consumer Information and Insurance Oversight (CCIIO).

She said Pennsylvania's markets have stabilized and insurers are no longer losing money—most are making money—which is “a sign of a healthy market and one that will keep insurers in the market.” But she added there are differences in markets around the country “and there is a fundamental and very important difference between stability and affordability.” Pennsylvania is working on affordability for its one in five residents who rely on the individual market for coverage but are not eligible for financial assistance, she said.

She also discussed the comprehensiveness of coverage, noted that offering a state reinsurance program (part of a new Pennsylvania law) will help lower insurance premiums, and said the “federal government is going to have to make some tough decisions” on lowering the cost of pharmaceutical drugs. Pennsylvania has been one of the states hardest hit by the nation's opioid crisis, “which is the most significant public health crisis that our country has seen, potentially ever,” she said.

Asked by Uccello how actuaries and the Academy can help states and regulators, Altman said “actuaries have a lot of credibility—[states] want numbers, specifics ... and want to really understand how [a program] is going to work,” particularly when dealing with legislative appropriations. Actuaries' input “really matters, particularly so policymakers can get it right,” she said.

Altman was followed by a panel, also moderated by Uccello, which featured Chris Jennings and Jennifer Young, who served in health policy roles in the Obama and George W. Bush adminis-



Uccello (left) and Altman at the Nov. 6 health plenary session

trations, respectively. They talked about federal-level issues, including costs.

Jennings said the issue that frames the health care debate even more than those being discussed in the Democratic primary debates is that of cost and complexity, and the “frustration people face navigating through their complex health care system ... and how much cost they have to spend out-of-pocket.”

Despite Washington's politically charged environment, Young said she's seen some bipartisan effort to address the issue of surprise billing. Asked about the ongoing *Texas v. Azar* court case attempting to strike down the ACA, the two said that if the landmark 2010 law was struck down, there would likely be an initial court stay, and the case could ultimately end up in the Supreme Court.

Young noted some of the contingency plans in place, such as ensuring that pre-existing conditions would continue to be covered, and Jennings said if ACA were struck down, “the whole narrative of how the media is covering health care [would] change,” insurers would become a little more uncomfortable, and the issue of the courts and the Supreme Court would become more focused heading into next year's election.

## Professionalism Challenge

Attendees tested their professionalism acumen during a Nov. 5 afternoon plenary session, “The Professionalism Challenge,” with multiple series of questions about the U.S. Qualification Standards, actuarial standards of practice (ASOPs), and the Code of Professional Conduct.

Attendees used their cellphones to answer series of rapid-fire questions, with points awarded to the most accurate and speediest responses. Audrey Halverson, vice president, health, and chairperson of the Committee on Professional Responsibility, facilitated the program, and outgoing Academy President Shawna Ackerman and ASB Vice Chairperson Maryellen Coggins served as judges providing commentary on the audience responses and conducting a final tiebreaker to determine the winner.

On some of the questions for which there were more than a few percentage points of incorrect answers, Coggins and Ackerman pointed out that some of those had been addressed in the Academy's October professionalism webinar on reliance and the ASOPs. Academy Past President Steve Alpert took top prize in a three-person tiebreaker following the three rounds of questions at the entertaining and educational session. ▲

# ANNUAL MEETING & PUBLIC POLICY FORUM



Author and political commentator P.J. O'Rourke gives the opening keynote address



Chris Jennings (left), and Jennifer Young (center), with Senior Health Fellow Cori Uccello at the health plenary session



Esko Kivisaari, a Fellow of the Actuarial Society of Finland and past chairperson of the Actuarial Association of Europe, asks a question at a plenary session



Past President Tom Wildsmith congratulates Mary D. Miller for receiving the Jarvis Farley Service Award



Finalists at the Professionalism Challenge plenary session

# ANNUAL MEETING & PUBLIC POLICY FORUM



Senior Pension Fellow Linda K. Stone (left), with Women & Retirement plenary session panelists (L-R) Gretchen Livingston, Elaine Weiss, and Cindy Hounsell



(L-R) President-Elect Tom Campbell, outgoing President Shawna Ackerman, and incoming President D. Joeff Williams at the opening plenary session



Linda Lankowski, a recipient of an Outstanding Volunteerism Award, asks a question at a plenary session



Academy Past President Dave Sandberg (2011-12) pulls the winner of a bottle of champagne to celebrate *Contingencies'* 30th anniversary



Attendees peruse Academy publications



## Breakout Sessions Cover Key Practice-Area Issues

Practice-area breakout sessions at the Annual Meeting and Public Policy Forum covered a range of current issues in casualty, health, life, and pension practice. Following are summaries of the sessions.

### Casualty

#### Predictive Models and External Data

The panelists agreed on several points: There is a lot of external data being used in predictive models; this raises a number of questions; and there is a need for greater transparency.

Mike Woods, a senior manager at Allstate, opened the discussion by noting all the different kinds of data that are available today and observed that new sources of information such as social media, satellite imagery, and biometrics are under discussion.

Philip Barlow, associate commissioner of the District of Columbia Department of Insurance, Securities and Banking, said, "Predictive models give [regulators] a lot of challenges." He finds it particularly difficult to monitor predictive models for "unfairly discriminatory" factors. Asked about consumer understanding of predictive models, Barlow said, "Insurance companies should do a much better job on transparency. ... Companies need to do more about explaining" how they are using the data.

Dorothy Andrews, chairperson of the Academy's Data Science and Analytics Committee, noted that there are sharp generational differences in comfort levels with Big Data. She quoted a 2014 federal report that warned that "Big Data has the power to discriminate." She also cited a 2019 report from the Government Accountability Office that said data scientists may not be familiar with regulatory restrictions on the use of certain kinds of information. Her advice is that "insurance companies could do themselves a favor if they get out in front on this."

Rich Gibson, senior property casualty fellow at the Academy, moderated this discussion.

#### Insurance-Linked Securities

The market for insurance-linked securities (ILS) is thriving and actuaries



Neal (left), with Jackson and Slotznick at the climate risk session

play an important role in it, according to experts speaking at a breakout session on the subject. In a discussion moderated by Academy Immediate Past President Shawna Ackerman, it was reported that \$93 billion in catastrophe bonds and other non-life ILS are currently in force, with an additional \$15 billion in life insurance-related issues. These typically are multiyear instruments, with about \$27 billion in new issues each year.

Bill Dubinsky, head of ILS at Willis-TowersWatson Securities, outlined how the ILS market works and observed that it brings a lot of new capital into the insurance market. In terms of risk transfer, he noted that ILS functions the same as reinsurance and is used by those managing retained risk as well as by primary insurers.

Achille Sime-Lanang is co-chairing an Academy task force that is writing a monograph on ILS. He previewed the report, noting that actuaries play an important role at several points in ILS transactions, helping buyers and sellers to assess the risks in the individual contracts.

#### Climate Risk/Flood Insurance

This session was moderated by Lisa Slotznick, the Academy's vice president,

casualty. Steve Jackson, the Academy's assistant director for research (public policy), reviewed the Actuaries Climate Index (ACI), a joint project of four actuarial groups including the Academy. The ACI shows a clear trend of an increase in climate-related extreme weather in recent years. Jackson outlined refinements to the ACI that will be implemented soon and discussed the status of the closely related Actuaries Climate Risk Index, which also is nearing public release.

Andy Neal is the chief actuary at the National Flood Insurance Program (NFIP), which is part of the Federal Emergency Management Agency (FEMA), who gave an overview of FEMA activity and the NFIP. The Academy this summer [updated its 2017 monograph on flood insurance](#), which covered many aspects of the NFIP and private flood insurance.

Neal described the federal government's desire to move the NFIP from its current use of broad rating categories that were developed in the 1970s to more precise rating of individual properties. Doing so, he noted, would align the program more closely with modern practices in the private insurance market. Implementation of what is being called Risk Rating 2.0 will not come until fall 2020 or later. ▲



## Health

### Regulating the Affordable Care Act: What's New for 2020

After a year of further regulatory changes surrounding the Affordable Care Act (ACA), including the new executive order related to guidance, representatives from the Center for Consumer Information and Insurance Oversight (CCIIO) provided the audience with a regulatory update. Panelists provided an overview of market-wide policy updates; rate review and medical loss ratio (MLR); 1332 waivers; Department of Health and Human Services risk adjustment (RA) updates; and risk adjustment data validation (RADV) updates. Of particular interest was the recently finalized rule on health reimbursement arrangements as well as a new wellness program demonstration project.

The breakout was moderated by Barb Klever, chairperson of the Individual and Small Group Markets Committee. Speakers were Allison Yadsko, a health insurance specialist; Brent Plemons, director of the Office for Special Pricing Initiatives; and Jeff Wu, deputy director for policy coordination, all with CCIIO.

Attendees asked how the executive order would apply to both future and past guidance, and while that's still to be determined, CCIIO praised the benefits of a searchable database that would hold all guidance in one place. CCIIO also noted the soon-to-be-released white paper on RADV and the need to receive corresponding detailed comments.

### Expanding Access to Public Plans

Numerous proposals to expand access to public health insurance plans have been offered by policymakers as a way to reduce the number of uninsured and lower health care spending. Panelists in this session focused on each of their own efforts to analyze these potential expansions. Cori Uccello, Academy senior health fellow, moderated and provided a background of the goals and key design questions for proposals such as Medicare-for-all, Medicare buy-in, Medicaid buy-in, and a public option within the ACA.

Michael Cohen of Wakely Consulting presented a state perspective delving into the recent history and changes such as Washington state's plan for a public option starting in 2021, and Colorado

actively working to implement one in 2022. Christine Eibner discussed a RAND analysis of potential cost effects of single-payer system specific to New York state. With taxes replacing premiums as the key source of financing this system, RAND's modeling suggests a slight decline in overall health spending, but other factors such as how small businesses are affected suggest how they might leave the state, shut down, or attempt legal challenges.

Linda Blumberg presented the recently completed analysis by the Urban Institute of an overall comparison of many of the suggested proposals, which disagrees with the belief that federal spending would increase, and national health spending would fall under an enhanced single-payer system.

### Long-Term Care

With long-term care insurance (LTCI) reform options being discussed more at both the state and federal levels, this session emphasized the perspectives of the insurance industry, the NAIC, the U.S. Treasury Department (DOT), and the Academy. Michael Faulkender, assistant secretary for economic policy and chairperson of the Federal Interagency Task Force on LTC Insurance (LTCI) and Bruce Saul, senior regulatory analyst with the Federal Insurance Office, spoke to the national importance of financing LTC and the task force's ability to coordinate LTC issues with states and the NAIC.

Vince Bodnar, a partner with Oliver Wyman, gave attendees the background of declining LTCI sales as well as the increasing combo LTCI market as well as the NAIC's options for policy changes. From the Academy perspective, Bruce Stahl, chairperson of the LTC Reform Subcommittee, briefed the audience on criteria for evaluating reform proposals as well as the Academy's interaction with the DOT's task force thus far.

Moderated by Al Schmitz, chairperson of the Long-Term Care/Disability Committee, this session's attendees were informed of the upcoming report due out in the first quarter of 2020 from DOT's LTCI task force with a goal of clearly explaining possible paths forward as well as legislative and regulatory recommendations. ▲



Klever (left), with CCIIO panelists at the ACA session



## Life

### Macroprudential Issues

After the 2008 financial crisis, insurance regulators recognized the need for tools to identify systemic risk. This breakout session provided a background on the federal and NAIC initiatives and a discussion of the current initiatives designed to enhance these tools. Jeff Johnson, chairperson of the Academy's Macroprudential Task Force, moderated this session.

Panelists Tricia Matson of Risk and Regulatory Consulting, Linus Waelti of New York Life, and Lauren Eardensohn Sarper of Prudential Life discussed the Dodd-Frank Act of 2010, which established the Financial Stability Oversight Council (FSOC) and the NAIC Solvency Modernization Initiative and Macroprudential Initiative. The discussion of current oversight initiatives revolved around the use of liquidity stress testing and its framework, which is currently being refined and discussed at the NAIC. A formal exposure of the liquidity stress test framework is expected to be released later this year to the general public for comments. Panelists also touched on the objectives and general approach to the framework and engaged in an in-depth conversation regarding the factors impacting asset, liability, operating

and stressed liquidity, as well as current ORSA requirements.

### Combination Products

People are living longer and are frequently outliving their savings, contributing to financial challenges later in life as their health deteriorates. This session explored the emerging use of combination products, in which a life insurance policy is combined with long-term care (LTC). One example of the need for LTC can be noted in the costs for nursing homes, which average \$8,517 a month. "Only 10% of the people that need LTC are buying it," panelist Parag Shah of Pacific Life noted. At the same time, the stand-alone LTC insurance market has shrunk by nearly 80 percent in the past 15 years.

Panelists Carl Friedrich of the Academy's LTC Combo Valuations Work Group and Shah discussed the various LTC products currently on the market, including the pros and cons of each, such as the issues and opportunities the products present to a policyholder. While stand-alone LTC insurance is the most cost-effective solution for LTC needs, rate increases have resulted in decreased sales and fewer carriers offering the product.

Combination products have gained a market appeal by providing a solution for when LTC benefits are not used and provide stronger rate guarantees. The speakers also discussed the tax implications for combination products and how principle-based reserving (PBR) affects them.

### Modeling and New Data Sources

As new technologies emerge and new life products are created to adapt to the changing market, actuaries need to remain in the loop as the environment changes. The session began with the simple question: "Can actuaries be data scientists?" and then explored modeling in the age of the data scientists by first discussing predictive modeling. As fewer Americans are purchasing life insurance, the key drivers of change were analyzed to focus on how competition, health care costs, and insurtech are impacting the market. As insurance companies continue to invest money in startups, insurtech is causing disruption in the marketplace.

During the session, speakers Dorothy Andrews, chairperson of the Academy's Data Science and Analytics Committee, and Chris Stehno with Deloitte discussed potential scenarios in which actuaries and data scientists may be involved in a dilemma with respect to their modeling. Furthermore, the session focused on the use of external data sources, as well as the regulatory challenges actuaries and data scientists face as state jurisdictions continue to ban the use of external data for underwriting in life insurance.

The session concluded by exploring how lifestyle, behavioral, and environmental data impact how insurance companies analyze health risks, and how companies are adapting to new mobile technologies that can monitor health. This has led some companies to stop underwriting traditional life insurance and instead only sell interactive policies that track fitness and health data through wearable devices and smartphones.

Andy Ferris, an Academy board member and a member of the Academy's Data Science and Analytics Committee, moderated. ▲



Johnson (at podium) and panelists at the macroprudential issues session



## Pension

### Multiemployer Plans—A Multitude of Challenges for Plan Sponsors, Participants, and Policymakers

The first pension session dealt with terrain that, while perhaps familiar, is as foreboding as the session's title suggests. The recent historical basis of the multi-employer crisis and possible paths forward were explored from all three vantage points by the experts on stage.

The session was moderated by Josh Shapiro, outgoing Academy vice president, pension. The panel included Mary Petrovic, Pension Benefit Guaranty Corporation detailee with the House Ways and Means Committee; Vince Sandusky, CEO of the Sheet Metal and Air Conditioning Contractors' National Association; and Chris Heinz, principal at Grossman Heinz, a public affairs firm representing labor unions, corporations, and trade associations.

Shapiro opened the session by providing background on the multiemployer system and the outlook for remediation, highlighting unresolved questions that must yet be addressed. Petrovic expanded on the causes that brought the system to its perilous status quo and provided a detailed look at the House-passed "Butch Lewis Act"—legislation that seeks to address the most urgent shortfalls and mitigate the worst effects threatened by the crisis. Sandusky detailed how employee advocates have managed strategy and expectations over the past two decades, and shared insights gained from those experiences concerning the path forward. Heinz gave a retrospective of the interplay between labor and management with respect to federal advocacy in the multiemployer space over the same time frame, as well as his assessment of provisions necessary to garner support for ongoing legislative efforts.

### Public Plan Innovations and Plan Design

This session featured a panel representing the cutting edge in public pension administration, with the chief authorities of two states joined by an experienced investigative researcher specializing in the state retirement sector. Scott Hittner, vice chairperson of the Academy's Pension Practice Council, served as moderator.

David Draine, senior researcher with Pew Charitable Trusts, charted out the national plan design landscape, indicating commonalities and distinctions across states, while also characterizing the design tendencies of healthy plans. Sandy Matheson, executive director of the Maine Public Employees Retirement

System, recounted how she confronted the specific challenges of her state's system by looking beyond the traditional means of plan reform. Bob Conlin, secretary of the Wisconsin Department of Employee Trust Funds, followed with his own account of how

the Wisconsin system's approach implements risk sharing and other design features to meet the expectations of both public workers and the public at large.

The crowd eagerly started up the Q&A session, with audience members focused on gleaning insight from the two plan directors and the subject-matter expert. Diving into specifics of plan design as well as underlying rationale, they thoroughly delved into the two case studies represented on

stage and probed the panel for insights about the circumstances facing other less successful state plans.

### ERISA Retrospective—Have We Arrived at Our Intended Destination?

Chairperson of the Pension Accounting Resource Group and incoming Academy Pension Vice President Tim Geddes served as moderator for this final pension session, which culminated in a robust Q&A that continued even after the audience and panel exited the crowded room.

Professor James Wooten of University of Buffalo Law School led off by introducing the legal and economic origins of private pensions, as well as detailing how they developed over the decades in response to the pressures of contemporary legal, regulatory, and social policy and considerations, leading up to the passage of the Employee Retirement Income Security Act of 1974 (ERISA). Russ Mueller, a former staffer with the House Ways and Means Committee who had a hand in drafting ERISA, provided a vivid narrative account of his own experiences with regard to both his technical role and the politics and players that shaped the legislation's development and passage, with an eye as to how those decisions continue to shape the present state of affairs. Kelly Lapin, director of benefits finance at Raytheon Company, provided a practical employer perspective of ERISA, putting emphasis on some of the headwinds faced by those in her position and distinguishing how those relate to the law itself.

The panel presentations elicited passionate response from the audience, and strong convictions were expressed in a wide-ranging and fast-moving dialogue. ▲



Shapiro presides at the multiemployer plans session

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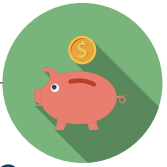


## CASUALTY NEWS

# Available for Order: P/C Loss Reserve Law Manual

**U**PDATED FOR 2019, the Academy's *P/C Loss Reserve Law Manual* is designed to help appointed actuaries know the NAIC annual statement requirements for statements of actuarial opinion. The manual contains a compilation of insurance laws relating

to P/C loss and loss expense reserves for all 50 states; Washington, D.C.; and Puerto Rico. It is designed to allow users to directly access each jurisdiction's laws, making it a useful reference tool for actuaries. The manual will be available for delivery this winter. ▲



## PENSION NEWS

# Pension Webinar Set for December

**T**HE ACADEMY will host a pension webinar, "[Working With Auditors: Stories From Inside the Audit Engagement](#)," that will feature a panel of actuaries that includes individuals who routinely support audit engagements. Ellen Kleinstuber, a member of the Pension Risk Transfer Work Group, will moderate, and panelists will include John Stokesbury, vice chairperson of the Actuarial Board for Counseling and Discipline. The webinar will be held on Monday, Dec. 16, from noon to 1:30 p.m. EST. [Register today.](#) ▲

# Practice Note on Plans With Variable Annuity Benefits

**T**HE PENSION COMMITTEE released a [public policy practice note](#) to provide information to actuaries on current and emerging practices for measuring obligations of defined benefit pension plans that include variable annuity benefits.

See the fall issue of [The Retirement Report](#) for a Q&A on the practice note with Pension Committee Chairperson Bruce Cadenhead. ▲

### HEALTH BRIEFS

- ➔ **Matt Elston** joined the Premium Review Work Group.
- ➔ The following actuaries are members of the new Social Determinants of Health Work Group: **April Choi, Kevin Geurtsen, Vanessa Olson, Rebecca Owen, Susan Pantely, Anthony Pistilli, Christopher Schmidt, Martin Staehlin, Tammy Tomczyk, and Cori Uccello.**

### LIFE BRIEFS

- ➔ **Yan Fridman** joined the C3 Life and Annuities Work Group.
- ➔ **Noel Abkemeier, Seong-min Eom,** and **Rich Owens** joined the Pension Risk Transfer Work Group.
- ➔ **Ryan Morris** joined the Life Reserves Work Group.

### PENSION BRIEFS

- ➔ **Paul Graf, Victor Harte,** and **Amanda Notaristefano** joined the Multiemployer Plans Committee.
- ➔ **Kenny Herbold** joined the Public Plans Committee.

### RISK MANAGEMENT BRIEFS

- ➔ **Brad Herman** joined the Data Science and Analytics Committee.
- ➔ **David Sandberg** joined the Liquidity Risk Work Group.
- ➔ **Dylan Strother** joined the Long Duration Contracts Work Group.

## Actuarial Update

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