

Academy Revamps Website, Offers Resources for a New Year

TAKE ADVANTAGE of the Academy's resources for the new year, with slides and audio from recent professionalism and practice-area webinars, property/casualty and life and health law manuals, the annual practice note on P/C loss reserves, and the new U.S. Qualification Standards.

And be sure to visit the Academy's newly revamped website—www.actuary.org—more streamlined and user-friendly for finding the resources you need.

The revamped website, unveiled in late January, offers improved navigation with updated graphics and information; professionalism, public policy, and member sections;

and the latest news, publications, and Academy features.

The new site brings the Academy in line with current best practices in terms of responsiveness, design, and accessibility. All the content you need is at your fingertips. Please take some time to [explore the new website](#)—and [let us know what you think](#).

Updated Life & Health, P/C Law Manuals

The *Life and Health Valuation Law Manual* contains information to help appointed actuaries and others know the requirements of the National Association of Insurance Commissioners (NAIC)

model Standard Valuation Law and the model Actuarial Opinion and Memorandum Regulation. [Place your order today](#).

The *Property/Casualty Loss Reserve Manual*, designed to help appointed actuaries know the NAIC Annual Statement requirements for statements of actuarial opinion, is also available. [Order today](#).

Pension, Life Webinars

The Pension Practice Council's Jan. 25 webinar, "Funding Public Pension Plans—Theory and Practice," highlighted lessons learned, including *The 80% Pension Funding Myth* issue brief; explored prudent funding practices; and

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New Issue Paper Looks at Wildfire Risk

THE ACADEMY'S Extreme Events and Property Lines Committee released an issue paper, *Wildfire: Lessons Learned from the 2017 to 2021 Events*, that

updates and expands upon a June 2019 issue paper on wildfires. The new issue paper identifies and discusses key areas pertaining to wildfire risk after recent events in the Western U.S. placed a spotlight on how devastating wildfires can be to the general public, as well as the impact to insurers and reinsurers.

The issue paper is laid out into four sections:

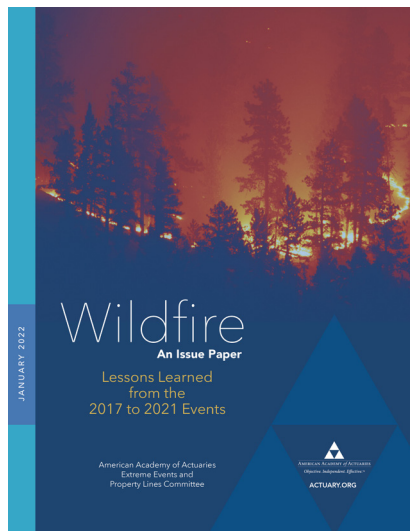
- ▲ Understanding the wildfire peril, the importance of mitigation methods, and the impacts of climate change;
- ▲ Exploring the current state of modeling and pricing for the wildfire peril and potential areas for improvement;
- ▲ Examining changes to California law and regulations as a result of the record-breaking wildfire events; and

▲ Reviewing the insurance impacts that have materialized to date from recent wildfires.

The issue paper notes that about 85% of U.S. wildfires are caused by people—either the result of leaving campfires unattended, negligently discarding cigarettes, burning debris, or intentional arson.

In an insurance context, changes and growth in the wildland-urban interfaces, or WUIs, have made a significant impact on wildfire risk. WUIs are directly related to the exposure of property to wildfires and the resulting insurance loss, and as WUI areas continue to expand, the number of ignitions caused by humans will increase, and the number of wildfires that occur also will rise.

The issue paper also addresses the current state of wildfire insurer modeling and pricing, and includes maps, charts, statistics, photographs, and citations. ▲



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DSAC Members Present at CASTF Book Club

Academy NEWS Briefs

Review Your Membership Profile and Pay Your 2022 Membership Dues

MEMBERS CAN UPDATE THEIR PROFILE, subscribe to Academy alerts, and review archived professionalism and public policy webinars via the member login page. Membership dues for 2022 were due Jan. 1—[please log in to the Academy website](#) to pay your membership dues online. If you have any questions or need additional information, please do not hesitate to contact the Membership Department at 202-223-8196 or membership@actuary.org. ▲

Spread the Word—Academy-Sponsored Diversity Scholarships Available for Drake Symposium on Insurance

ACADEMY MEMBERS ARE ENCOURAGED to share with actuarial students that the Academy is sponsoring six diversity scholarships to April's Drake Symposium on Insurance, which focuses on insurance and actuarial science. Current university students of under-represented backgrounds interested in the actuarial profession are encouraged to apply. Recipients must be available to travel to Des Moines, Iowa, from April 8 to 10. The deadline to apply is Feb. 15; [click here for more information](#). ▲



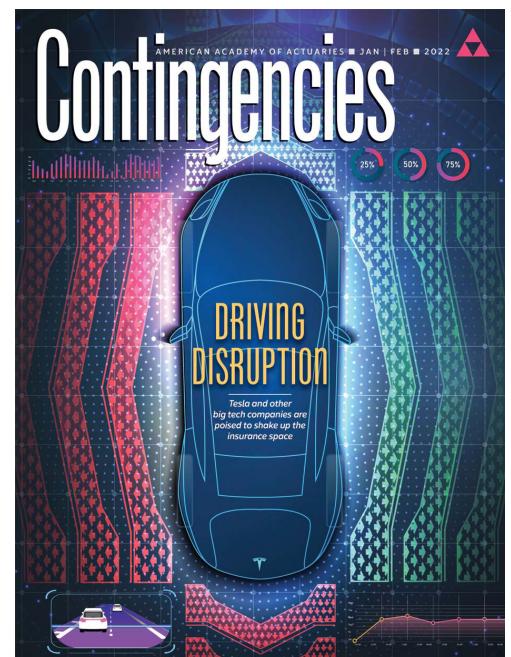
Latest 'Actuary Voices' Features Lisa Slotznick

THE LATEST EPISODE OF "[Actuary Voices](#)" features Lisa Slotznick, vice chairperson of the Committee on Qualifications and a past Academy Board member and casualty vice president. Slotznick also received an Outstanding Volunteerism Award in 2015. Subscribe to "Actuary Voices" via iTunes, Spotify, or other podcast services. [Listen now](#). ▲

Recently Released

IN THE JANUARY/FEBRUARY issue of [Contingencies](#), the cover story, "Driving Disruption," looks at why Tesla and other big tech companies are poised to shake up the insurance space. Also, "Rules Enable Innovation" shows some of the unique professionalism challenges faced by innovative actuaries, and tools that can help. "USQS Roundtable" covers the new U.S. Qualification Standards, and why the Academy is the necessary body to promulgate them. Plus, a President's Message from new Academy President Maryellen Coggins on renewal, a Tradecraft selection on body mass index and COVID-19, and an Up to Code article on integrity.

The Fall/Winter [Life Perspectives](#) leads with a Q&A on the Future Mortality Improvement Recommendation relative to VM-20. Also in the issue, LPC comments to the NAIC; the Actuarial Standards Board (ASB) adopts revisions of Actuarial Standard of Practice (ASOP) Nos. 2 and 22; an LPC task force submitted comments to the ASB on the exposure draft of ASOP No. 24; and recent life-insurance related legislative and regulatory activity. ▲



Academy NEWS

Volunteer Action Needed on COI/CE

THIS JANUARY, the Academy once again began its annual process of requiring that volunteers acknowledge conflict of interest (COI) and continuing education (CE) policies. [Click here](#) to read more about this essential tool the Academy has in place to ensure the highest level of professional objectivity and independence of our volunteers as they perform Academy work. ▲

James Participates in Health Policy Forum

HEALTH EQUITY WORK GROUP (HEWG) Chairperson and Academy Board member Annette James took part in “[Health Policy Roundup: Recent Trends in Coverage Enrollment and Affordability](#),” an online forum hosted Jan. 21 by the Alliance for Health Policy, where she focused on what actuaries do, premium development, current trends in the health “ecosystem,” and the considerable work of the Health Equity Work Group.

HEWG Extends RFI Deadline to Feb. 15:

The HEWG extended the deadline for its request for information (RFI) deadline until Feb. 15. The HEWG is soliciting input to its work assessing whether and how health actuarial practices and methods affect health disparities. [Learn more about the RFI and how to share your input here.](#) ▲



James

Academy Groups Send Research, Comments to NAIC on Climate

THE CLIMATE CHANGE JOINT TASK FORCE submitted a [comment letter](#) to the NAIC’s Climate and Resiliency (EX) Task Force addressing an exposed proposal by the NAIC for a new climate disclosure, based on the Financial Stability Board’s Task Force on Climate-related Financial Disclosures guideline. The comments are [based on research](#) conducted by the Academy’s Climate-Related Financial Disclosures Work Group, submitted along with the comment letter. ▲

Academy Presents to NAIC on Climate Risk

STEVE JACKSON, the Academy’s assistant director for research (public policy), and Michelle Young, chairperson of the Climate Related Financial Disclosures Work Group and vice chairperson of the Climate Change Joint Task Force, presented Jan. 26 to the NAIC’s Climate and Resiliency (EX) Task Force highlighting results on recently published Academy research assessing the impact of a proposed change by the NAIC from their current climate disclosure survey analysis. The NAIC is exploring elements of data collection in the NAIC survey vs. the Task Force on Climate-related Financial Disclosures (TCFD) survey. ▲

GAO Seeks Nominees for Advisory Committee

THE U.S. GOVERNMENT ACCOUNTABILITY OFFICE (GAO) issued a request for nominations to serve on a health policy-related federal commission—the Medicare Payment Advisory Commission (MedPAC). Nominations are due Feb. 11. Self-nominations are accepted. For more information, see the GAO’s [Federal Register notice](#). ▲

Member Spotlight Stephen Strommen

EACH MONTH, the Academy spotlights an actuary who shares insights about their professional lives, as well as a glimpse into their personal lives. This month’s Member Spotlight profiles Stephen Strommen, a member of the Economic Scenario Generator Work Group and a past chairperson of the International Accounting Standards Task Force. Visit the [Member Spotlight page](#), part of the Academy’s “Professionalism First” hub. ▲



Academy Resources, continued from page 1

examined considerations being made in the management of “surplus.” Presenters were Academy Pension Vice President Sherry Chan; Paul Angelo, a member of the Public Plans Committee; and Academy member David Lamoureux. Public Plans Committee Chairperson Todd Tauzer moderated. Archived recordings, including slides and audio, of Academy webinars are available post-event for logged-in Academy members. [Read more here.](#)

The Life Practice Council’s Jan. 26 webinar, “Life Practice Public Policy Update,” explored developments on current and emerging public policy issues affecting life actuaries, including examined mortality improvement, COVID-19 mortality as it pertains to Social Security, C-2 mortality risk, and provided a VM-50/VM-51 update. Presenters were Marianne Purushotham, a member of the Life Experience Committee; Amy Kemp, chairperson of the Social

Security Committee; Chris Trost, chairperson, and Ryan Fleming, vice chairperson, of the C2 Mortality Risk Work Group; and Angela McNabb, NAIC. Archived recordings, including slides and audio, of Academy webinars are available post-event for logged-in Academy members. [Read more here.](#)

For more information, visit the Academy’s [archived webinars page.](#)

Professionalism Resources

Newly [revised U.S. Qualification Standards](#) (USQS) went into effect this month. The Academy, which sets standards for qualification, practice, and conduct for actuaries practicing in the United States, revised USQS for actuaries who issue statements of actuarial opinion (SAOs) in the United States. Members can log into the Academy’s website to view the Dec. 20 webinar that walked through

the changes. Also available—slides and audio from December’s “More Tales From the Dark Side.” Logged-in members can find these webinars—along with other professionalism webinars—on our [professionalism webinars page.](#)

Updated COPLFR P/C Practice Note Now Available

The Committee On Property And Liability Financial Reporting’s (COPLFR) annual practice note, [Statements of Actuarial Opinion on Property and Casualty Loss Reserves](#), updated for 2022, is intended to assist actuaries by describing practices commonly employed by actuaries working on SAOs on loss and loss expense reserves in accordance with the NAIC Property and Casualty Annual Statement Instructions. The practice note also contains considerations related to COVID-19. ▲

IN THE NEWS

A [Washington Post](#) column cited the [Actuaries Longevity Illustrator](#) as a useful tool for understanding retirement planning horizons. The column was reprinted by [BNN Bloomberg](#), [BloombergQuint](#), [Financial Planning](#), and [Financial Advisor](#). A [Bloomberg Radio](#) broadcast also cited the illustrator.

A [Forbes](#) opinion piece cited the Multiemployer Plans Committee’s [letter](#) to the Pension Benefit Guaranty Corporation (PBGC) submitted in response to the PBGC’s request for comments on its interim final rule regarding special financial assistance pursuant to the [American Rescue Plan Act of 2021](#).

[BenefitsPro](#), [Plan Sponsor](#), and [Plan Adviser](#) reported on the Academy’s [issue brief](#), [Retirement Policy: Potential for Changing Roles of Employers in Retirement](#)

[Programs](#), which considers aspects of “decoupling”—shifting retirement plan responsibilities and related liability to a third-party entity and away from employers.

A [STAT](#) story about Medicare’s premium increase quoted Academy Senior Health Fellow Cori Uccello on the effect one drug can have on total health spending.

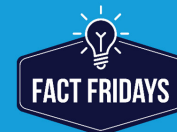
[The Topeka Capital-Journal](#) (Kan.) cited the Academy’s [Essential Elements](#) paper [The 80% Pension Funding Myth](#). The story was reprinted by [Yahoo News](#) and [Leavenworth Times](#) (Kan.).

An [A.M. Best](#) article cited the Life Underwriting and Risk Classification Work Group’s [comment letter](#) on accelerated underwriting to the NAIC’s Accelerated Underwriting (A) Working Group.▲

THIS MONTH IN SOCIAL MEDIA



Our “Fact Friday” pointed to the recently released issue brief that examined the potential impact of COVID-19 on the workers’ compensation industry’s opioid efforts for workers, employers, and insurers.



The U.S., with less than 5% of the world’s population, uses 80% of the global supply of opioid drugs.

Stay on top of the latest Academy news by following us on [Facebook](#), [Twitter](#), and [LinkedIn](#). Like what you see? Help spread us the word by liking and sharing our updates.

Explaining Professionalism to Principals

THE COMMITTEE ON PROFESSIONAL RESPONSIBILITY (COPR) published [Explaining Professionalism to Principals](#) last fall. *Actuarial Update* sat down with the authors of the paper—Nancy Behrens (NB), Brian Donovan (BD), Geoff Sandler (GS), and Karin Swenson-Moore (KSM)—who offered some background and explained how it can help actuaries.

What inspired you to write this paper, and how do you think it can help actuaries?

KSM: This paper was inspired by some real-life experiences of several of us on the committee, who had times when we were challenged on our work and felt somewhat uncomfortable with how that conversation went. We wanted to provide tools and discussion points to help actuaries explain what professionalism means to their peers and colleagues, particularly to those who are not actuaries.

NB: In a more competitive world, we are hearing more from actuaries about the pressure they're under. Actuaries need to be able to talk to their bosses—whether they are actuaries or not—about the standards to which actuaries are required to adhere. I hope the paper will make actuaries feel more comfortable raising the issue and explaining the rules that they need to follow.

GS: Not everybody is familiar with professionalism concepts and has talking points at their fingertips. We need to be able to communicate our professional standards not just within the profession, but externally, so that the public understands that we are professionals.

How can actuaries explain the importance of professionalism to a principal who isn't an actuary?

NB: At a recent professionalism seminar, someone talked about sitting in a room with professionals from different areas and actually pulling out her Code of Professional Conduct and saying, "Well, here's why we have to do it this way—our Code of Conduct says this..." It's a great example of someone taking the time and being brave enough to pull out the Code and say, here's what we're required to do in this situation.

KSM: Our intent was to make this paper something that would help actuaries prepare for that conversation. The actuarial professionalism toolbox lists the Code of Professional Conduct and all the different tools that have been developed

over the years, including actuarial standards of practice (ASOPs) and the request for guidance process run by the Actuarial Board for Counseling and Discipline (ABCD). The toolbox, as well as the case studies, provide a framework for that conversation.

It's important for non-actuaries to understand that actuaries adhere to these professional standards so that our clients, our employers, and the general public have confidence in what we do.

GS: We also need to be able to articulate the elements that go along with being a profession. This is especially important for the actuarial profession, which is self-regulated. A [previous COPR paper](#) stated that in the actuarial profession, self-regulation takes the form of establishing and maintaining rules for admission to the professional organizations, including basic education and work experience, as well as continuing education requirements; a code of

professional conduct; qualification standards and standards of practice; and rules addressing how and when members may be counseled, disciplined, or removed from professional memberships. It's important for non-actuaries to understand that actuaries adhere to these professional standards so that our clients, our employers, and the general public have confidence in what we do.

I'd like to hear about a time in your own careers when you had one of these conversations.

BD: A few years back, Florida got hit with a significant storm that pierced reinsurance layers, so we had to tell the reinsurers that they lost money. Of course, it takes time for these things to develop, and several of the reinsurers pushed back on the projection, saying we were wrong. I had discussions with my non-actuarial senior management, laying out "here's what I believe, why I believe it." After the discussion, I had the support of senior management, and we pushed back on the reinsurers. That's a perfect example of going to non-actuarial senior management, laying out all the assumptions, explaining why you say what you say, and then having their support to insist on the right number.

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NB: An actuary who worked for me was under a lot of pressure from a pricing standpoint and was looking for my support. He walked in with a copy of the ASOP and a copy of our procedure manual and said, “When you put these two side by side, you can see why I have to do what I have to do.” As supervisory actuaries, we need to back up the actuaries who report to us and make sure they are supported and protected in following the standards.

KSM: In the early years of the Affordable Care Act, my company was participating in the small group health insurance market. We saw some competitors’ rates were lower, and our salespeople were unhappy. We had to defend our position, relying on our professional standards. It took some time for the claims experience to fully emerge, but because of those early decisions, we had smaller rate changes in subsequent years. Those same salespeople who complained about our rates being uncompetitive later thanked us for stable rates, because that was better for our customers and the market.

If there was one thing you want people to take from this paper, what would it be?

KSM: That actuaries have tools available to support them in their practice every day, whether they’re a solo actuary or work in a huge department.

BD: There’s not one correct answer for any actuarial endeavor, and different actuaries can easily come up with different answers. That’s why it’s extremely important to have that documentation to be able to lay it out:—“This is my assumption, here are my selections”—and be able to explain why your work is in compliance with the ASOPs and Code. If you have questions, it’s helpful to get peer review or guidance from the ABCD. At the end of the day, assume you’re going to be challenged and make sure you can show why your number is justified.

GS: It’s easy to take for granted the importance of the Code and ASOPs because we live with them every day. But you need to be able to articulate them to people who aren’t that familiar with them so that they understand that we live in a professional environment. ▲

HEALTH NEWS



HPC Groups Comment on 2023 NBPP

THE HEALTH PRACTICE COUNCIL’S Individual and Small Group Markets Committee, Risk Sharing Subcommittee, and Health Equity Work Group submitted a [comment letter](#) to the Centers for Medicare & Medicaid Services (CMS) on CMS’ proposed rule for the 2023 Notice of Benefit and Payment Parameters (NBPP). The letter addresses network adequacy, standardized plan options, several provisions on health equity, updating quality improvement strategy and other topics. ▲

Committee Comments to CCIIO on Draft AV Calculator

THE INDIVIDUAL AND SMALL GROUP MARKETS Committee [submitted comments](#) to CMS’ Center for Consumer Information & Insurance Oversight (CCIIO) on the Draft 2023 Actuarial Value (AV) Calculator Methodology. ▲

Health Solvency Committee Comments to NAIC

HEALTH SOLVENCY SUBCOMMITTEE Chairperson Derek Skoog [presented recommendations](#) from the Academy’s H2 Underwriting Risk and Managed Care Credit report to the NAIC’s Health Risk-Based Capital (E) Working Group. The NAIC exposed the report to its members for a 45-day comment period to end on March 16. ▲

HEALTH BRIEFS

- ➔ **Annette James** is the Health Practice Council’s liaison to the Actuarial Standards Board.
- ➔ **Rachel Erne** joined the Health Equity Work Group.
- ➔ **Ari Szafranski** joined the Active Benefits Subcommittee.
- ➔ **Jeannie Chen** joined the Retiree Benefits Subcommittee.

CASUALTY BRIEFS

- ➔ **Steve Kolk** is vice chairperson of the P/C Extreme Events and Property Lines Committee.
- ➔ **Leslie Marlo** joined the Committee on Property and Liability Financial Reporting.



Work Groups Comment to NAIC

A PAIR OF LIFE PRACTICE COUNCIL work groups submitted comments to National Association of Insurance Commissioners' (NAIC) groups.

Proposed Asset Adequacy AG

The Asset Modeling and Reporting Work Group [submitted comments](#) to NAIC's Life Actuarial (A) Task Force on a proposed second exposure draft of an actuarial guideline (AG) regarding asset adequacy.

Index-Linked Variable Annuity AG

The Index-Linked Variable Annuities Work Group submitted a [comment letter](#) to the Life Insurance and Annuities (A) Committee's Index-Linked Variable Annuity (A) Subgroup on a proposed AG regarding index-linked variable annuities. ▲

LIFE BRIEFS

➔ **Zohair Motiwalla** joined the Index-Linked Variable Annuities Work Group.

PENSION BRIEFS

➔ **Carolyn Zimmerman** joined the Pension Committee.

➔ **Keith Sartain** joined the Social Security Committee.

➔ **Michael Clark** joined the Joint Pension Risk Transfer Work Group.

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Actuarial Update

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DSAC Members Presents at 'CASTF Book Club'

MEMBERS OF THE DATA SCIENCE and Analytics Committee (DSAC), including Seong-min Eom, vice president, risk management and financial reporting, [presented virtually](#) at the Jan. 25 "CASTF Book Club"—a significant forum because of its charge from the NAIC's executive-level Big Data Working Group to educate regulators on data analytics—hosted by NAIC's Casualty Actuarial and Statistical (C) Task Force (CASTF). The presentation was based on DSAC's [Big Data and Algorithms in Actuarial Modeling and Consumer Impacts](#) issue paper released in November. There will be more content issued by the committee soon, as well as opportunities to discuss these topic on upcoming Academy webinars. ▲



Eom

ERM/ORSA Committee Comments to IAIS

THE ERM/ORSA COMMITTEE [submitted comments](#) to the International Association of Insurance Supervisors (IAIS) as part of the IAIS's Public Consultation on the Development of Liquidity Metrics: Phase 2. ▲

RISK MANAGEMENT BRIEFS

- ➔ **Jim Flinn** joined the Data Science and Analytics Committee.
- ➔ **Sandra Callanan, Ken Kent, Charles Merz, Link Richardson,** and **Steve Smith** joined the Climate Change Joint Task Force.

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