

Maryellen Coggins Nominated as Academy's Next President-Elect

MARYELLEN COGGINS has been nominated as the Academy's next president-elect, as announced by Shawna Ackerman, chairperson of the Academy's Nominating Committee.

Coggins was a member of the Actuarial Standards Board (ASB) for six years, serving as chairperson in 2016–2017, and has served on multiple ASB committees and task forces. She was a presiding panelist in the ASB's July 2015 public hearing on public pension plans, has been a presenter at Academy professionalism webinars, and was the Academy's vice president, risk management and financial reporting, from 2011 to 2013.



Coggins, at a 2016 ASB meeting

"I'm honored to be nominated to serve as president-elect of the Academy," Coggins said. "I will do my utmost to maintain the excellence and leadership of those who have been the stewards of the Academy's public policy and professionalism mission over many years, and I deeply appreciate the efforts of the countless volunteers who have brought the Academy's work to fruition by so keenly focusing on our objectivity and independence—women and men who care deeply about the Academy and the profession, and so selflessly give of themselves to serve them both. I look forward to working

SEE **COGGINS**, PAGE 4

Nominations Open for Academy's Service and Volunteerism Awards

NOMINATIONS ARE OPEN for the Academy's 2020 [distinguished service and volunteerism awards](#). During the COVID-19 pandemic, volunteerism across the country has grown significantly, and the Academy's volunteers have been no exception, with volunteers continuing to focus on our mission to

serve the public and the U.S. profession while focusing on the new challenges brought by the public health crisis that affects all areas of U.S. society. With the **June 26 deadline** approaching, now is an excellent time to support the recognition of a fellow actuary who has made a difference specifically through public service, or through sustained efforts on behalf of the U.S. actuarial profession, by nominating her or him for one of the Academy's prestigious awards:

- ▲ The [Robert J. Myers Public Service Award](#) honors an actuary who made an exceptional contribution to the common good, possibly through a single noteworthy public service achievement or a career devoted to public service. [Submit your nomination here.](#)
- ▲ The [Jarvis Farley Service Award](#) is an award presented to an actuary whose volunteer efforts on behalf of the Academy have made significant contributions to the advancement of the profession throughout his or her volunteer service. [Submit your nomination here.](#)

SEE **AWARDS**, PAGE 12



Outstanding Volunteerism Awards

3

Annual Meeting
Practice-Area
Breakout Sessions

5

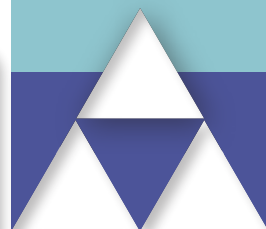
Member Spotlight:
[Audrey Halvorson](#)

6

'Professionalism Counts'—
[Precept 1](#)

7

Academy Leadership
Comments to NAIC
on Statements of
[Actuarial Opinion](#)



2020

AUGUST

8–11 NAIC Summer National Meeting, Minneapolis

SEPTEMBER

14–16 [Casualty Loss Reserve Seminar & Workshops](#) (CLRS), Orlando, Fla.

NOVEMBER

5–6 Academy [Annual Meeting and Public Policy Forum](#), Washington, D.C.

9–12 [Life and Health Qualifications Seminar](#), Arlington, Va.

14–17 NAIC Fall National Meeting, Indianapolis

Academy NEWS Briefs

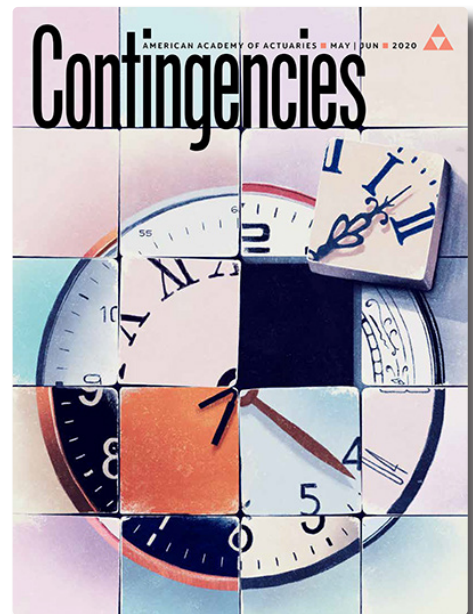
Avoid a Late Fee— Renew Your Membership Today

IT'S NOT TOO LATE TO RENEW YOUR ACADEMY MEMBERSHIP—payments made after June 1 will be charged a 20 percent late fee. You can use our fast, efficient online dues payment system anytime by [logging in](#) to the Academy's website, or contact us via email (membership@actuary.org) or phone (202-785-6925; 202-785-7873). ▲

Recently Released

IN THE MAY/JUNE ISSUE of [Contingencies](#), the cover story, “Look Before You Leap,” investigates the persistent and arcane problem of leap seconds and what might be done about them. Other features include “Social Determinants of Health”—a timely look given the current world situation at how we might move toward a more holistic view of wellness; “It’s an Opioid World”—nations’ challenges, and successes, in the fight against opioid addiction; “Checking the Odometer on AVs”—checking in on the road to completely autonomous vehicles, and what they will mean for the future of insurance. Also, Academy President D. Joeff Williams’ President’s Message on how the Academy adapts to changes over time; seeking truth in the shades of gray in “Up to Code”; and a Tradecraft piece about enterprise risk management and captives.

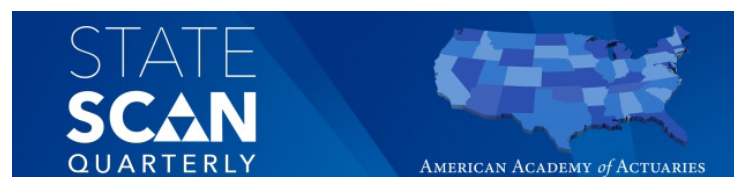
The Spring [StateScan Quarterly](#) recaps the latest quarter’s state legislation and regulation, with 15 of 33 scheduled state and D.C. legislatures temporarily adjourned due to the ongoing coronavirus pandemic, and the other 18 legislatures actively convened in session. Six states are convening temporarily to consider COVID-19-related legislation; lawmakers have largely shifted focus to introducing and considering legislation responding to the social



and economic effects of the COVID-19 pandemic. For a more comprehensive look at state legislative and regulatory activity, log in to the [StateScan portal](#), free for Academy members.

The Academy updated its Essential Elements reports on “[Medicare’s Long-Term Sustainability Challenge](#)” and “[Securing Social Security](#)” with information from the newly released 2020 Medicare and Social Security

trustees’ reports. The [Essential Elements series](#) is designed to make actuarial analyses of public policy issues clearer to general audiences. ▲



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

Annual Meeting Breakout Sessions Announced

Breakout sessions at the Academy's 2020 Annual Meeting and Public Policy Forum will cover a wide range of topics. [Visit our website to see full descriptions.](#)

CASUALTY

COVID-19: Issues in Workers' Compensation

Massive unemployment, millions working from home, presumptive benefits for first responders and essential workers. What does this mean for the workers' compensation system and what are the public policy issues to be addressed?

Cyber Risk

Coverage continues to expand, the threat continues to evolve, and questions are raised about the Terrorism Risk Insurance Program.

COVID-19—Impact on Auto Insurance

Millions of workers stayed home, others were laid off, miles driven fell dramatically, the number of accidents dropped sharply, and insurers gave billions of dollars in rate rebates. Are these just temporary adjustments due to the pandemic or will we see long-term changes to the automobile insurance business?

HEALTH

COVID-19 and the Future of Health Care Delivery and Payment

This session will explore whether COVID-19 will result in long-term changes to health care delivery and payment, including an increase in telehealth usage, greater provider openness to capitation, and provider consolidation.

A Tour of Health Care Funding Around the World

This session will present findings from schematic diagrams—compiled by the Academy's Health Practice International Committee, the SOA International Section, and the International Actuarial Association Health Section—to capture the main features of health financing systems for around 30 countries. It will also explore details of specific country funding schemes.

Regulating the Health Insurance Markets—What's New for 2021

Panelists will discuss the latest regulatory changes affecting coverage in the Affordable Care Act marketplaces, Medicare, and Medicaid.

LIFE

Implications of the SECURE Act

Experts will discuss the implications of the Setting Every Community Up for Retirement Enhancement (SECURE) Act on



the life insurance industry and its impact on defined contribution plans and annuities.

Regulation Best Interest and Annuity Suitability Model

In recent years, the Securities and Exchange Commission, the National Association of Insurance Commissioners, and the New York State Department of Financial Services have adopted new or revised regulations. Experts will discuss their implications on the life insurance industry and the role of the actuary in complying with the changes.

Effects of COVID-19 on the Life Insurance Industry

Speakers will focus on the potential financial impacts and ways that the life insurance industry will need to adapt in the post-pandemic environment.

PENSION

Retirement in the 21st Century—Individual Responsibility in the Age of the 401(k)

This session will discuss potential responses to the SECURE Act by financial providers, employers, and participants, as well as consider potential enhancements that could form a part of SECURE 2.0 to further improve access to reliable retirement income from these plans.

Social Security—Reinforcing the Foundation of Retirement in a Time of Uncertainty

This session will discuss forecasts of Social Security solvency, the impact that select proposals could have on solvency, and a discussion of other potential paths forward.

PBGC—A Tale of Two Funds

This session will provide an update on the forecasted solvency of both funds, the potential participant impact of the funds' circumstances, and the legislative efforts affecting PBGC.

Register with Confidence—As of now, the Academy is still planning for the 2020 Annual Meeting and Public Policy Forum as an in-person event, to be held Nov. 5–6 in Washington, D.C. We are continuing to monitor the ongoing COVID-19 situation and will prioritize the health and safety of our attendees as we strive to deliver a timely and topical event. [Visit our website](#) to learn more about the event. ▲

with you, our members, the U.S. actuarial profession, and the Academy Board and staff in the years to come.”

Coggins—managing director with PricewaterhouseCoopers in Boston, providing risk and capital management services and other actuarial services to insurance and reinsurance companies—has been an Academy member since 1995 and a volunteer since 2001. She served on the ASB’s rate filings and modeling task forces, and served as ASB liaison to the ASB’s casualty, general, and ERM committees.

“Maryellen epitomizes what it means to be a volunteer and leader with the Academy,” said Ackerman, also the Academy’s immediate past president. “She has been serving at the highest echelons of the actuarial profession for years on many committees and in leadership positions—including as the vice president of the Academy’s Risk Management and Financial Reporting Council, and as a member and then chairperson of the ASB. She was a

natural choice for the nominee to serve as president-elect and is the first president we will have who has long identified her actuarial practice area as risk management.

“The zeal and work ethic she has exhibited, and her acutely honed ability to identify and deal with risk issues, will serve her and the Academy very well in these times we find ourselves as a profession and a nation,” Ackerman said. “I know she’s going to do a great job.”

Vice Presidents Nominated

The Nominating Committee also nominated several new vice presidents.

Lauren Cavanaugh was nominated to be vice president, casualty; Al Schmitz was nominated as vice president, health; and Al Bingham was nominated to be vice president, professionalism. Cavanaugh is a current Academy regular director; Schmitz is a past regular director; and Bingham is a past regular director and past vice president, health. Vice presidents

serve two-year terms.

Also, current Secretary-Treasurer Cathy Murphy-Barron was nominated to a second one-year term in that position. Murphy-Barron was the Academy’s vice president, health, from 2014 to 2016.

In addition to Ackerman, this year’s Nominating Committee, a presidential committee, is comprised of Murphy-Barron, President-Elect Tom Campbell, Pension Vice President Tim Geddes; Professionalism Vice President Art Panighetti; Casualty Vice President Lisa Slotznick; Regular Director Frank Todisco; and Academy President D. Joeff Williams.

All of these officers will be elected by the Board at its annual meeting in October. The slate of regular directors presented by the Nominating Committee and elected by the membership in online voting, to be held this summer, will be announced shortly. All terms of office start and end at the Annual Meeting of the members, to be held November 5-6 in Washington, D.C. ▲

This Month in Social Media



On Facebook, we shared our latest Academy’s *Essential Elements* paper, “Medicare’s Long-Term Sustainability Challenge,” which walks through Medicare’s long-term solvency issues, and the new issue brief, *An Actuarial Perspective on the 2020 Social Security Trustees Report*.



On Twitter, we pointed to a recent “Professionalism Counts” column, which notes the importance of clear communications as underscored by Precept 4 of the Code of Professional Conduct.



On LinkedIn, we highlighted the Casualty Practice Council’s letter to Congress that addressed a proposal to support business interruption insurance for pandemic risks and noted that existing government insurance programs may provide a framework for a new federal program.

Make sure you’re a part of the conversation online by following us on [Facebook](#), [Twitter](#), and [LinkedIn](#). Like what you see? Help spread us the word by liking and sharing our updates.



Member Spotlight Audrey Halvorson

EACH MONTH, the Academy will introduce you to an actuary who shares a glimpse about their professional lives, as well as some insight into their personal lives. Visit the [member spotlight page](#) on the Academy’s professionalism page. This month, we profile Audrey Halvorson, the Academy’s vice president, health.

Why did you become an actuary?

People sometimes ask why I became an actuary. I have a funny story about that. In grade school, I asked my dad, also an actuary (William Halvorson) if he made \$50,000 a year. This was in the 1970s. He laughed and said, “Yes, dear.” Since I was good at math—and because \$50,000 a year seemed like all the money in the world—I stuck with that plan.

Describe a challenge you have overcome.

In the middle of my career, I was chief actuary at a health plan. We did regular financial projections to estimate what might happen with our financials by the end of the year. We knew from the beginning that the budget was very aggressive, and we might have difficulty meeting budget. And every quarter we were short. At the end of the third quarter, we did another projection, and my boss (the CFO) wanted a higher profit number. I argued with him, begging him to give me one more morning to convince him to go with our value, and he said OK ... at first. But in the morning, before work, he had left me a voicemail saying we were not changing the profit number. I replied that he would have to let me tell him, “I told you so.”

A month later, when the results were projected to be right where my team said they were going to be—short of estimates—the CEO said in a big meeting, “Audrey, what’s wrong with your numbers?” And the CFO said ... nothing. I realized then the value of good documentation. I had all of our estimates documented, along with the changes the CFO had made. The values he changed were the projected administrative expenses, so those were not “actuarial” in nature, but I felt the pressure many actuaries feel. It was extremely

uncomfortable. We never changed the claims projections under pressure, but I don’t think the CEO ever learned that the CFO and the chief actuary disagreed. I made a pact with the CFO that if we ever disagreed in the future, we would discuss it together with the CEO.

What do you enjoy the most about being an actuary?

Part of the job that I love the most is the challenge of finding a solution to a financial/actuarial/business/mathematical problem. Even now, coming up with “what makes sense”—or more appropriately, “what is not unreasonable”—is fun. And discussing it with other actuaries also makes it fun, because you continue to learn with every challenge provided.

Share something about yourself.

When I’m not busy in the office, I downhill ski, read, play piano, garden, raise bees, make cheese, can preserves, and drive my tractor!

What advice would you share with young actuaries?

To new actuaries: Ask questions every chance you get. Don’t “assume.” Find out why your boss thinks an answer is right or wrong. Learn the basic underpinnings of solutions. Discuss with your partners/workmates. Laugh every chance you get. And remember that it’s easier to find a new job than a new profession. Be aware of your responsibilities as an actuary to the public, to your company, to yourself. And read the Code of Professional Conduct. ▲

PROFESSIONALISM NEWS



Professionalism Outreach

ACTUARIAL STANDARDS BOARD (ASB) member Cande Olsen delivered a remote presentation, “The ASOP Advantage: The Latest on ASB Standards-Setting,” to the Actuaries’ Club of Hartford and Springfield on May 8 that was attended by more than 150 people. The presentation reviewed the ASB standards-setting process and provided an update on life, health, and cross-practice standards. Olsen concluded by urging attendees to engage in the ASB’s transparent process to

provide the valuable input the ASB seeks and considers from all those interested in proposing and commenting on standards and changes to standards.

Academy General Counsel and Director of Professionalism Brian Jackson remotely presented an overview of the Actuarial Board for Counseling and Discipline (ABCD) on May 6, and gave an update of the ABCD’s recent activities, to actuaries of the Markel Corp. Jackson’s well-received presentation was attended by about 65 people. ▲



Olsen

Precept 1: Honesty, Integrity, and Competence

BECAUSE CLIENTS, employers, and the public rely on the work of actuaries, actuaries must hold themselves to high standards of conduct. This is especially important to remember in times of economic and financial stress when actuaries may find themselves under pressure to produce results that principals think they want and need. At such times, it is a good idea to keep Precept 1 of the [Code of Professional Conduct](#) firmly in mind.

Precept 1 of the Code lays the foundation upon which the rest of the Precepts that describe the structure of actuarial professionalism are built: “An Actuary shall act honestly, with integrity and competence, and in a manner to fulfill the profession’s responsibility to the public and to uphold the reputation of the actuarial profession.”

One could reasonably argue that Precept 1 is the most comprehensive Precept in the Code of Professional Conduct. And that is because Precept 1 not only embodies the actuarial profession’s commitment to earning the public’s trust, it also promotes a shared understanding of what professionalism means when practicing in a profession grounded in trust, integrity, and candor.

Precept 1 requires the actuary to act with integrity and competence. This fundamental obligation underlies the entire Code and calls upon the actuary to provide principals with honest, skillful, and careful service. Precept 1 entitles principals, regulators, the general public, and members of other professions to expect a high degree of ethical conduct from actuaries and calls on the individual actuary to continually demonstrate honesty, integrity, and competence as the essential threads in the actuary’s professional fabric.

Obviously, that means an actuary must not intentionally misstate liability calculations, deliberately understate trend assumptions, or fraudulently overcharge clients. But simply refraining from such obvious behavior is not enough. Precept 1 also has an ethical component that implies that the credentialed actuary should be trustworthy, loyal, fair, open, and sincere. Precept 1 requires actuaries not only to understand right from wrong, but also to *act on* that understanding in all they do, including in their work.

The public expects that credentialed actuaries providing actuarial services will do so with skill and care.

Acting with skill and care includes practicing within the specific framework that derives from the actuary’s basic education, experience, skills, and expertise. As a Committee on Professional Responsibility discussion paper puts it, “An actuary who follows generally accepted actuarial principles and practices and applies due care and reasoned professional judgment to reach an honest and unbiased opinion satisfies the requirements of Precept 1 regardless of whether subsequent events develop in a different way. It is the integrity, skill, and care that the actuary brings to the work, and not the outcome, that demonstrates compliance with Precept 1.”¹

Precept 1 further obligates the credentialed actuary to uphold the reputation of the actuarial profession by not committing any act that reflects adversely on the actuarial profession. A noteworthy aspect of Precept 1—and what separates it from the other Precepts—is that it applies to *all* conduct, not just conduct related to the provision of actuarial services.

In other words, for Precept 1 to apply, the conduct does not have to occur during the actual exercise of professional skill for a principal, nor need the conduct raise general doubts about the actuary’s grasp of those skills. For example, in 2018, the Academy [expelled an actuary](#) after he was found guilty by a jury of tax fraud and obstruction of justice in a federal court. In another example from 2018, the Academy [expelled an actuary](#) after he pleaded guilty to charges of securities fraud and conspiracy to commit securities fraud in connection with an insider trading scheme. In both cases, the actuaries’ conduct was found to reflect adversely on the standing of the actuarial profession in the eyes of the public and indicated a lack of the high degree of trustworthiness the public expects from an actuary.

To perform their professional duties effectively, actuaries must enjoy the trust and confidence of the public. Precept 1 implies that the public’s trust in the actuarial profession is built on three things: honesty, integrity, and competence. Never is this trust needed more than in this time of global uncertainty. This trust—and the standing and reputation of the actuarial profession—depends on the judgment and conduct of each individual actuary, and the rigor with which actuaries bring honesty, integrity, and competence to their actions. ▲

Footnotes

¹ [The Actuary’s Relationships with Users of a Work Product](#), Committee on Professional Responsibility Discussion Paper, 2003, p. 3.



Academy Leadership, COPLFR Comment to NAIC on Statements of Actuarial Opinion

THE ACADEMY'S LEADERSHIP [sent a letter](#) to the National Association of Insurance Commissioners (NAIC) Blanks (E) Working Group reiterating concerns they have previously expressed to the NAIC on the proposed certification of continuing education by "Appointed Actuaries."

The letter—signed by Academy President D. Joeff Williams, President-Elect Tom Campbell, and Immediate Past President Shawna Ackerman—described the likely inability of the Blanks Proposal to meet NAIC's previously stated aims, and the difficulties of relying on the proposed certification process to ensure continuing education compliance.

The Academy's Committee on Property and Liability Financial Reporting (COPLFR) also [submitted comments](#) to NAIC's Blanks Working Group, regarding proposed instructions for the 2020 P&C Statement of Actuarial Opinion.

The letter noted COPLFR's specific concerns with respect to the need for, accuracy of, and potential misinterpretation of the proposed changes as currently set forth in the 2020 Instructions, and noted that the definition of Qualified Actuary as provided in the current Instructions already requires adherence to the U.S. Qualification Standards, which in turn require compliance with continuing education credit requirements. ▲

CPC Comments on Pandemic Reinsurance Proposal

THE CASUALTY PRACTICE Council [submitted comments](#) to the U.S. House of Representatives Financial Services Committee on a proposed Pandemic Risk Reinsurance Program. The letter urges committee members to consider specific challenges that would be posed by adding coverage of pandemic risk to business interruption (BI) policies through a commercial insurance approach.

"Pandemic risk is more similar to the catastrophic risks covered by programs like the Terrorism Risk Insurance Program [TRIP] and the National Flood Insurance Program [NFIP] than to risks normally insured by the commercial

insurance market, and any new federal program seeking to facilitate pandemic risk coverage should reflect that difference," said Lisa Slotznick, Academy vice president, casualty.

"From an actuarial perspective, pricing the potentially infrequent but high,

widespread costs of pandemic risk into premiums as they would typically be calculated in the commercial market could raise affordability and other issues that programs like the TRIP and the NFIP are specifically designed to address," Slotznick said.

Read the [Academy news release](#). ▲

PROFESSIONALISM BRIEFS

➔ **Brian Donovan, Shawn Parks, and Kathy Wong** joined the Committee on Professional Responsibility.

CASUALTY BRIEFS

➔ **Tim Barnett** joined the P/C Extreme Events and Property Lines Committee.

➔ **Kevin Bingham and Timothy Mosler** joined the Workers' Compensation Committee.



Health Webinar Covers Rate Filings, COVID-19 Issues

THE ACADEMY hosted a webinar, "[ACA Rate Filing and Risk Adjustment in the Time of COVID-19: A Discussion with Federal and State Regulators](#)," on May 18.

Moderated by Academy Senior Health Fellow Cori Uccello, regulators highlighted changes in the recently released final Notice of Benefit and Payment Parameters (NBPP) and discussed the potential effects of the coronavirus pandemic on 2021 rate

filings, 2020 reporting requirements, and risk adjustment issues for individual and small group plans.

Speakers were David Shea, past Academy health vice president and currently health actuary with the Virginia Bureau of Insurance; and two representatives from the Center for Consumer Information and Insurance Oversight (CCIIO)—Brent Plemons, director of the Office of Special Initiatives and

Pricing, and health insurance specialist Allison Yadsko.

"This year, premium rate development is going on amid enormous uncertainty regarding the effects of COVID-19 on health spending both for 2020 as well as for 2021," Uccello said in introducing the speakers.

Yadsko covered Risk Adjustment Data Validation (RADV) issues, and the CCIIO

CONTINUED ON PAGE 8



COVID-19 WEBINAR, CONTINUED FROM PAGE 7

officials provided a link for [Final 2021 Benefit Year Final HHS Risk Adjustment Model Coefficients](#), released May 12.

Plemons said there are many factors affecting rates independent of the effects of COVID-19, and that actuaries itemizing such factors through filings would help CCIIO not to have to re-review everything else already been submitted. “It will help us—and help you—if everyone can be mindful of things that are likely to change,” he said.

Shea, who gave a state regulator’s perspective, said, “First of all, let’s all acknowledge that at this moment no one is an expert on how COVID-19 will impact health care costs,” adding that referring to comments made recently by a medical expert who said there is more we don’t know than do know about the novel coronavirus, “I would venture to say the same is true for actuaries.”

He added that “it would be very helpful if companies can clearly show the impact [of the pandemic], explain their assumptions including any external resources or publication used—that will help facilitate timely rate reviews.”

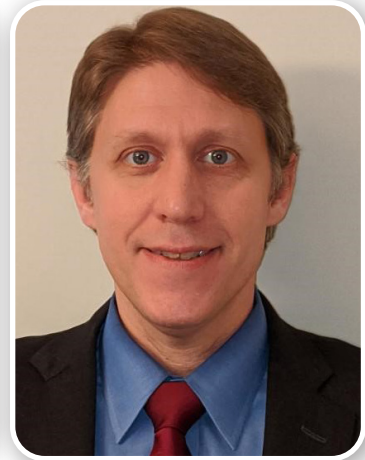
Speakers discussed the [final NBPP for 2021](#), released on May 7 by the Centers for Medicare & Medicaid Services (CMS), which CCIIO is part of. The guidance contains provisions that insurers can use as blueprints for health plan innovation.

They noted that CMS provided insurers a one-week extension for the [Qualified Health Plan \(QHP\) certification and rate-review timeline](#) in order to allow for additional time to assess the impacts of COVID-19 on health care utilization and expenditures. These dates include:

- ▲ Final rate filings that contain a QHP in the Health Insurance



Shea



Plemons

Oversight System Unified Rate Review (HIOS URR) states with exchanges that utilize the Healthcare.gov platform are due on Aug. 26.

- ▲ Final rate filings that contain a QHP to both CMS and the state for states with a state-based exchange that does not use the Healthcare.gov platform are due on Oct. 15.
- ▲ Final rate filings that only contain non-QHPs in the HIOS URR are also due on Oct. 15.

The NBPP includes several changes to provisions including drug manufacturer coupons, special enrollment periods, tax credit allocation, and value-based design plans.

A recording of the webinar (the webinar did not include slides) is available via the Academy’s [webinar page](#), free for logged-in members. ▲

Issue Brief Released on Risk Mitigation and COVID-19

THE HEALTH PRACTICE COUNCIL released an issue brief May 15, [Health Insurance Risk Mitigation Mechanisms and COVID-19](#), which notes the coronavirus pandemic is affecting the U.S. health system in numerous ways, many of which will have downstream effects on health insurers and group health benefit plans, and ultimately on health insurance premiums.

“As policymakers consider different risk mitigation mechanisms, it’s important to understand how they would work and what risks they are intended to address,” said Cori Uccello, the Academy’s senior health fellow and primary drafter of the issue brief. “Depending on how they are structured, risk mitigation mechanisms such as risk corridors could help with the increased uncertainty health insurers face due to COVID-19. But they won’t address other risks in the health system such as declining provider revenues and increased pressures on state Medicaid programs.”

The issue brief’s key points include:

- ▲ Risk mitigation mechanisms could help address the increased uncertainty health insurers face due to COVID-19.

- ▲ One-sided risk corridors can shield insurers from unusually large losses due to COVID-19; two-sided risk corridors would also protect against unusually high insurer gains.
- ▲ Reinsurance can offset the costs of high-cost enrollees, regardless of whether the insurer faced unexpected losses.
- ▲ Medical loss ratio (MLR) requirements could provide a backstop on unanticipated insurer gains under either one-sided risk corridors or reinsurance.
- ▲ Risk mitigation efforts directed at insurers won’t address other risks in the health system, including declining enrollment in employer-sponsored insurance, increased pressures on state Medicaid programs, and declines in provider revenues that threaten their financial stability and patient access. ▲

HEALTH BRIEFS

- ➔ **P.J. Beltramini** and **Alan Turkiewicz** joined the LTC Reform Subcommittee.
- ➔ **Ben Rayburn** joined the Active Benefits Subcommittee.

Honor their commitment to making a difference with a nomination for one of the

ACADEMY'S SERVICE AWARDS

Each year, Academy members have the opportunity to nominate a peer or mentor to receive one of its service awards.

THE ROBERT J. MYERS PUBLIC SERVICE AWARD

honors exceptional contributions to the common good.

THE JARVIS FARLEY SERVICE AWARD

recognizes exceptional contributions to the actuarial profession through Academy volunteer service.

THE OUTSTANDING VOLUNTEERISM AWARD

honors Academy volunteers who have made a single, noteworthy volunteerism contribution in the past year.



AMERICAN ACADEMY of ACTUARIES

Objective. Independent. Effective.™

The awards will be presented at the Academy's Annual Meeting and Public Policy Forum in Washington, D.C., Nov. 5–6.

www.actuary.org/awards

IN THE NEWS

A [Bloomberg Law](#) article quoted Senior Health Fellow Cori Uccello on uncertainty in health costs brought on by the COVID-19 pandemic, including variability due to deferrals in care.

Senior Life Fellow Nancy Bennett discussed short-term impacts of the COVID-19 pandemic for life insurance in an in-depth interview with [InsuranceNewsNet](#).

A [WorkCompCentral](#) subscription-based story quoted Senior Casualty Fellow Rich Gibson's comments from the Academy's April

28 [cross-practice webinar](#) on presumptions potentially driving costs of covered workers' compensation care.

[HR Dive](#) cited an [Insurance-NewsNet](#) story covering the cross-practice webinar on the potential impacts of the COVID-19 pandemic.

[Advisor Magazine](#) highlighted the Academy's new [issue brief](#) on Medicare's financial condition based on the 2020 trustees report.

Senior Pension Fellow Linda K. Stone was quoted in a [Plan Sponsor](#) story on the impli-

cations of the coronavirus pandemic for pension risk transfers.

[Insurance Journal](#), [Carrier Management](#), [Captive.com](#), [Commercial Risk](#), [Reinsurance News](#), [Bermuda Reinsurance Magazine](#), and [Captive International](#) reported on the Casualty Practice Council's [comment letter](#) to the U.S. House of Representatives Financial Services Committee on a proposed Pandemic Risk Reinsurance Program.

A [SHRM](#) story cited findings from the Academy's research paper, [Estimating the Poten-](#)

[tial Health Care Savings of Reference Pricing](#).

A report from the [Center on Budget and Policy Priorities](#) cited the Social Insurance Committee's 2003 [comment letter](#) to the Social Security trustees about a technical panel recommendation on measuring unfunded obligations.

[Health Payer Intelligence](#) referenced the Academy's new health issue brief on risk mitigation policy options in a story on rate-setting uncertainties due to the COVID-19 pandemic. ▲

PENSION NEWS

Pension Webinar Series Wraps With a Look at State Plans

THE THIRD AND FINAL WEBINAR in the Academy's "Retirement in America" series, "[Focus on Private-Sector Plans, State Initiatives, and Opportunities to Expand Coverage](#)," held May 27, was moderated by Senior Pension Fellow Linda K. Stone and featured speakers Academy Pension Vice President Tim Geddes; Rob Austin, vice president and head of research wealth solutions and strategy at Alight Solutions; Angela Antonelli, research professor and executive director of Georgetown University's Center for Retirement Initiatives; and Mark Iwry, a nonresident senior fellow at the Brookings Institution and a former senior adviser to the Secretary of the Treasury.

Stone shared some statistics for private sector workers which showed that only 52 percent of these workers are participating in an employer sponsored plan. The numbers for part-time workers and those with the lowest 25 percent of income have participation rates that are significantly lower.

Geddes opened with an overview of private-sector defined benefit (DB) plans, outlining the decline in DB plans over the past three-and-a-half decades with plan count decreasing 70% over the 15 year period from the late 1980's through the 1990's. He noted that private-sector single-employer pension plans are reasonably well funded against plan funding targets determined



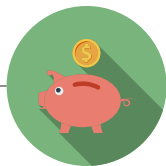
Geddes

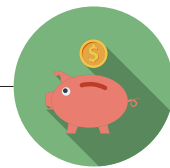
based on funding relief. He noted there have been "many conversations in the past few months" since the outset of the coronavirus pandemic about retirement strategies. Plan sponsors are continuing to look to exit defined benefit plans.

Austin covered the rise of defined contribution (DC) plans in the past decade since the Great Recession, as such plans grew with features like immediate eligibility, auto-enrollment, and auto-escalation. Auto-enrollment plans rose to 74 percent in 2019 from 58 percent a decade earlier, and the average participation in such plans jumped to 87 percent from 62 percent. "DC plans are the backbone of retirement saving for most people" but "they're not perfect," he said.

Antonelli noted that the recent COVID-19 pandemic-related economic downturn "has underscored and highlighted what we know about the reality of the financial fragility of so many American families. ... The challenge as we go forward is to see what damage we have experienced with respect to retirement savings and to consideration of the role that retirement savings plays in helping to weather economic shocks." She also mentioned factors such as student debt, as to why two-thirds of millennials having

CONTINUED ON PAGE 11





PENSION WEBINAR, CONTINUED FROM PAGE 10

little to no retirement savings, and noted the retirement challenges faced by women. (The latter topic was a focus of a plenary session at the Academy's Annual Meeting & Public Policy Forum last year). She also discussed the 12 state-facilitated individual retirement account (IRA) programs (11 states and 1 city) and their role in expanding coverage, most of which are auto-IRA / "Secure Choice" models.

Iwry said the recently passed SECURE Act did not provide

much retirement coverage expansion and that open MEPs (multiple employer plans) would only expand modestly. He noted there has been bipartisan support for an auto-enrollment IRA bill, and that some states have run pilot programs with that concept. "The automatic enrollment in IRAs, which both Republicans and Democrats have co-sponsored, would be the one thing that would make a major breakthrough in coverage in the United States," he said.

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

Social Security Committee Releases Issue Brief on 2020 Trustees Report

THE SOCIAL SECURITY COMMITTEE released an issue brief, [An Actuarial Perspective on the 2020 Social Security Trustees Report](#), following the release of the annual trustees report in April. The report—which does *not* reflect any impacts from the COVID-19 pandemic—shows that the combined retirement and disability programs of Social Security will only have sufficient resources to fully cover benefits until 2035, consistent with last year's trustees report.

"The 2020 trustees report shows that, even before accounting for any effects of the COVID-19 pandemic which is expected to result in lower tax income to Social Security, Social Security faces serious financial challenges based on an objective actuarial analysis of how demographic and economic trends are projected to play out under the current program design," said Linda K. Stone, the Academy's senior pension fellow. "Congress will have a wider range of options, with the potential for a more gradual approach to benefits or revenue changes, the sooner that it addresses Social Security's long-term solvency issues."

The report also notes that:

- ▲ The actuarial deficit increased from 2.78% of taxable payroll to 3.21% of taxable payroll, due to a change in assumptions

Issue Brief

An Actuarial Perspective on the 2020 Social Security Trustees Report

caused by lower inflation, lower interest rates, lower fertility, and the repeal of the Affordable Care Act (ACA) excise tax on high-cost employer-sponsored group health insurance plans. This repeal added 0.13 percentage points to the 75-year actuarial deficit.

- ▲ If timely changes are not made, cutting benefits for future beneficiaries only will not be enough to achieve solvency. Instead, benefits for those retirees already receiving benefits would have to be cut or Social Security's income would need to be increased through taxes. ▲

PPC, Multiemployer Plans Committee Comment to House Leadership on 'HEROES Act'

THE PENSION PRACTICE COUNCIL and the Multiemployer Plans Committee submitted a [comment letter](#) to the U.S. House of Representatives leadership on the multiemployer pension plan provisions of the coronavirus pandemic-related legislation, the Health and Economic Recovery Omnibus Emergency Solutions Act (the "HEROES Act"), which was passed by the House of Representatives in mid-May. Read the [Academy alert](#). ▲

LIFE BRIEFS

- ➔ **Gordon Enderle, Grace Lattyak, Jim Ritchie, and Beth Wong** joined the Joint Pension Risk Transfer Task Force.

Actuarial Update

COMMUNICATIONS REVIEW COMMITTEE

Cathy Murphy-Barron, Chairperson
Shawna Ackerman
Tom Campbell
Tim Geddes
Audrey Halvorson
Laura Hanson
Gareth Kennedy
Art Panighetti
Lisa Slotznick
D. Joeff Williams

EDITOR

Michael G. Malloy

ASSISTANT DIRECTOR OF COMMUNICATIONS | PUBLICATIONS

Eric P. Harding

DESIGN AND PRODUCTION

[BonoTom Studio Inc.](#)

DESIGNER

Christopher Specht

PUBLICATIONS AND MARKETING PRODUCTION MANAGER

Laurie Young

American Academy
of Actuaries

PRESIDENT

D. Joeff Williams

PRESIDENT-ELECT

Tom Campbell

SECRETARY-TREASURER

Cathy Murphy-Barron

VICE PRESIDENTS

Tim Geddes
Audrey Halvorson
Laura Hanson
Gareth Kennedy
Art Panighetti
Lisa Slotznick

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.

©2020 The American Academy of Actuaries. All rights reserved.

LIFE NEWS



Life Groups Comment to NAIC

SEVERAL ACADEMY LIFE work groups commented to the NAIC this month.

AG 49

The Life Illustrations Work Group [sent a letter](#) to the NAIC's IUL Illustration (A) Subgroup regarding an exposed proposal from the American Council of Life Insurers on how to treat IUL illustrations under Actuarial Guideline XLIX (AG 49).

PBR

The Annuity Reserves Work Group [provided](#)

[an update](#) to the NAIC VM-22 (A) Subgroup on the preliminary framework elements for fixed annuity principle-based reserving (PBR).

Illustrations Comments to LATF

The Life Illustrations Work Group sent a [comment letter](#) to the NAIC's Life Actuarial (A) Task Force (LATF) on the "independent proposal."

C-2 Longevity Factors

The Longevity Risk Work Group sent a [comment letter](#) and supplemental materials to the NAIC Life Risk-Based Capital Working Group on C-2 Longevity Factors. ▲

Academy NEWS

Actuaries Climate Index Continues to Climb



THE [Actuaries Climate Index](#) (ACI) has been updated with new quarterly data, revisions to initial data for previous periods, and annually updated values for the index's drought and sea level components.

The ACI is a measure of long-term changes across an array of observed weather extremes and sea level in Canada and the United States, expressed in units of difference (standard deviations) from the mean for a 30-year reference period from 1961 to 1990.

This release also includes revised data for previous seasons that have slightly lowered the index values for recent periods; however, the ACI's five-year moving average continues its

long upward trend, standing at 1.16 as of fall 2019.

The ACI—sponsored by the Academy and the Canadian Institute of Actuaries, the Casualty Actuarial Society, and the Society of Actuaries—is designed to provide actuaries, public policy-makers, and the general public with objective data about changes in the frequency of extreme climate events over recent decades.

Public Policy Outreach

Academy Senior Casualty Fellow Rich Gibson [presented remotely](#) on the ACI and the Actuaries Climate Risk Index at the Casualty Actuarial Society's Virtual Spring Meeting on May 12. ▲

Award Nominations, continued from page 1

In addition to these two singular awards, the Academy also recognizes some of its volunteers who have gone above and beyond in the last year and made a difference through their volunteer work.

▲ The [Outstanding Volunteerism Awards](#) honor Academy volunteers who have made noteworthy contributions during this past year. The

Academy recognizes the exceptional efforts of volunteers across all practice areas for their work in public policy and professionalism.

[Submit your nomination here.](#)

The deadline for nominations is June 26, and the award recipients will be recognized during the Academy's 2020 [Annual Meeting and Public Policy Forum](#), Nov. 5–6 in Washington, D.C. ▲