

Academy Priorities for 2011

A NUMBER OF LANDMARK LAWS were enacted in 2010, including the Affordable Care Act (ACA), the Dodd-Frank Act, and the Pension Relief Act. Throughout the year, the Academy provided technical expertise and actuarial advice to policymakers as they hammered out the finer points of the legislation. As regulators work on implementing the laws in 2011, the Academy's practice councils will continue to provide assistance on actuarial issues.

The councils also will focus on other important topics in the coming year, such as improving the National Association of Insurance Commissioners' (NAIC) risk-based capital (RBC) formula, monitoring international accounting standards, and encouraging annuitization of retirement benefits. In addition, they will sponsor a variety of webinars and seminars to help actuaries keep up-to-date with current regulations and practices and earn continuing education requirements.

The following are the top priorities for 2011 as identified by each council. Stay tuned for further developments on these and other issues in the [Update](#) and on the Academy's [website](#).



Council on Professionalism

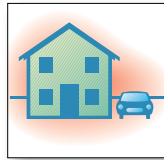
➔ The council will continue to coordinate and promote actuarial professionalism to members of all five U.S.-based actuarial organizations. Through the activities of the Committee on

Actuarial Public Service, the Committee on Professional Responsibility, the Committee on Qualifications, the Joint Committee on the Code of Professional Conduct, and the Life and Health Qualifications Seminar Committee, the

council encourages actuaries to achieve and maintain a high level of professionalism in their practices.

➔ The council will sponsor four low-cost (free to regulators) webinars on various professionalism topics throughout the year to assist actuaries in meeting the continuing education requirements of the U.S. Qualification Standards. The following are the proposed topics and dates for the 2011 professionalism webinars: ASOP No. 41 on March 23, the profession's responsibility to the public on June 29, the Code of Professional Conduct on Sept. 21, and IAA standards development and its impact on U.S. actuaries on Dec. 15. More details about the webinars will be available on the Academy website closer to the events.

➔ The Committee on Qualifications will continue to respond to questions and inquiries from actuaries, employers and recruiters of actuaries, and regulators regarding actuarial qualifications under the U.S. Qualification Standards.



Casualty Practice Council

➔ The Property and Casualty Risk-Based Capital Committee submitted a paper in 2009 to the NAIC's Property/Casualty Risk-Based Capital Working Group, the Solvency Modernization Initiative Task Force, and the Rating Agency Working Group that identified potential areas for improvement to the property/casualty risk-based capital formula. The committee will continue to work with NAIC regulators to update the formula in accordance with the recommendations set forth in the paper.

SEE 2011 PRIORITIES, PAGE 7

Don't Get Rid of Ratemaking Principles

ELIMINATING the *Statement of Principles Regarding Property and Casualty Insurance Ratemaking* would leave a substantial void in the resources available for practicing actuaries, the Casualty Practice Council told the Casualty Actuarial Society (CAS) in a [Dec. 10 letter](#). The letter was sent in response to the *Exposure Draft of Proposed CAS Foundational Statements*, in which the CAS announced its intent to replace the principles with foundational statements.

"The ratemaking principles provide reference to many actuarial concepts and considerations that have been and remain germane to the establishment of appropriate and supportable rates. [Their elimination] could lead actuaries and other users to default to other sources that may be in

conflict with some of the key concepts contained in the current ratemaking principles," said Tim Wisecarver, vice president of the Casualty Practice Council. Wisecarver also wrote that the ratemaking principles, which have been in effect since 1988, have been incorporated by reference in whole or in part into various regulations, statutes, and administrative procedures applicable to the promulgation, review, and/or regulation of rates.

"Elimination of this resource as a CAS publication will render these important references obsolete, require legislative and regulatory remediation, and will likely invite replacement by some source(s) other than the CAS," Wisecarver said.

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EA Meeting

Register now for the March meeting

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Congressional Recap

A summary of the past year's public policy action

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EA Renewals

March 1 deadline approaching

8

Professional Education

Academy webinars provide critical instruction



JANUARY

- 3 Council of U.S. Presidents meeting, Washington
- 3 Reactions to the IASB and FASB Insurance Contracts Papers, webinar
- 4-5 Academy Board of Directors meeting, Washington
- 5-7 Living to 100 Symposium, Orlando, Fla. (SOA)
- 12 ERM—An Economic Sustainability Proposition, webinar (SOA)
- 20 Overview of Life and Annuity Product Issues, webinar
- 26-28 ASB annual planning meeting, Sarasota, Fla.
- 27 A Look at IRS Guidance Notice 2010-83, webinar (Academy)

FEBRUARY

- 2 Actuarial Opinions and ASOP Nos. 36 and 43, webinar (Academy, CAS)
- 7-8 National Health Policy Conference, Washington (NAIC)

MARCH

- 4-6 NCOIL spring meeting, Washington
- 26-29 NAIC spring meeting, Austin, Texas
- 27-30 Enrolled Actuaries Meeting, Washington

APRIL

- 7-10 IAA meeting, Sydney, Australia
- 28 Executive Committee meeting, Washington

MAY

- 4 CUSP meeting, Atlanta
- 5-6 NAAC meeting, Atlanta
- 25 Board of Directors meeting, Washington

JULY

- 14-17 NCOIL summer meeting, Newport, R.I.

AUGUST

- 11 Academy Executive Committee meeting, Washington

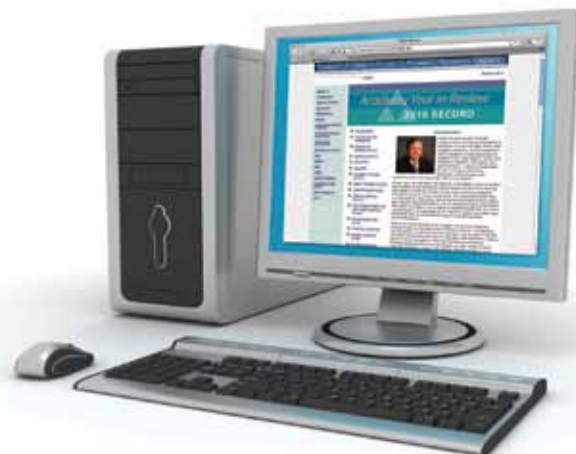
To continue receiving the *Update* and other Academy publications on time, remember to make sure the Academy has your correct contact information. Academy members can update their member profile at the member log-in page on the Academy [website](http://www.actuary.org).

Links to documents underlined in blue are included in the online version of this issue at www.actuary.org/update/index.asp

Academy NEWS Briefs

Record of the Year

THE ACADEMY'S [2010 Record](#) is now available online. The *2010 Record*—which is vastly expanded from previous editions—includes a recap of volunteer activities, Academy events, Academy awards, presidential and Academy communications, and international activities. As in past years, the *Record* also has pages devoted to each of the Academy's six councils, providing a quick and compelling reference to the many activities the Academy has undertaken in each practice area. ▲



2011 EA MEETING

Register now for the 2011 Enrolled Actuaries Meeting March 27-30 at the Marriott Wardman Park Hotel in Washington. This year's meeting, jointly sponsored by the Academy and the Conference of Consulting Actuaries, will cover such in-the-news topics as the Pension Relief Act, media scrutiny of public pension plans, and new rulings and regulations. Other timely topics to be covered include compliance issues for frozen plans, Pension Benefit Guaranty Corp. 4062(e) rules, and distress terminations. Additional continuing education opportunities are available before and after the meeting, including the Professional Standards Seminar on March 27 and the 2011 Pension Symposium on March 30. For more information and to register for the meeting and additional seminars, go to www.enrolledactuaries.org.

MEMBERSHIP DUES

REMINDER

The deadline for the payment of 2011 Academy dues was Jan. 1, 2011. If you haven't renewed your Academy membership, remember you must pay

your 2011 dues by May 1 to avoid the 20 percent late fee. You can pay online or print your invoice to mail with a check by logging in to the members-only page of the Academy [website](#) and following the instructions there. If you have questions about your account or the website, or how to make multiple payments in a single transaction, contact Mary McCracken, the Academy's membership database administrator, at 202-223-8196 or membership@actuary.org.

IN THE NEWS

A report by CreditCards.com quoted [Jeff Kucera](#), a senior

consultant for EMB America in Chicago, from his April 2009 [testimony](#) to the National Association of Insurance Commissioners (NAIC) on behalf of the Academy's Casualty Practice Council at a public hearing on credit-based insurance scores. "The removal of such insurance scores will not lower overall insurance premiums; rather, it will redistribute the premium charges so that those risks with lower expected costs will pay more than is actuarially fair, while those with greater expected costs

→ CONTINUED ON **PAGE 3**

Academy Recruiting Senior Pension Fellow

The American Academy of Actuaries seeks a senior pension fellow to advance its work on issues relating to retirement income security. The fellow will be responsible for connecting personally with policymakers, media, government officials, think tanks, academics, FASB/GASB, and other opinion leaders on issues of concern to the public and the profession. Every candidate must be a member of the American Academy of Actuaries, a fellow of the Society of Actuaries, and an enrolled actuary. For complete details and to apply, [click here](#).

will pay less than is actuarially fair,” Kucera told regulators. The CreditCards.com report was published by FOX Business News and Yahoo! Finance on Nov. 2.

The Academy’s [Social Security Game](#) was cited in a Nov. 2 Bankrate.com article that explored various options to fix Social Security.

The Academy Public Interest Committee urged the National Commission on Fiscal Responsibility and Reform to address the financial condition of Social Security and to restore actuarial balance to the program by including an increase in the retirement age in its final recommendations. The Oct. 25 [letter](#) to the commission, which was signed

by Academy Public Interest Committee Chairperson **Tom Terry**, a consulting actuary and president of TTerry Consulting in Chicago, was the subject of a *National Underwriter Life & Health* article published in the Nov. 8 issue. The letter was also cited in a Nov. 10 *National Underwriter Life & Health* online article, which discussed the fiscal commission’s draft proposal. See the December [Update](#) for additional coverage.

Comments made by the Academy Medical Loss Ratio Regulation Work Group in its Oct. 8 [letter](#) to insurance regulators regarding the NAIC’s exposure draft of a regulation for MLR rebates were included in, among other insurance trade news articles, a Nov. 17 *California Broker* report. The

work group told regulators that “increasing the magnitude of the credibility adjustments may help keep insurance markets attractive to smaller competitors, which would enhance consumer choice.” See the November [Update](#) for additional coverage.

[Concerns](#) raised by the Acad-

emy regarding the Community Living Assistance Services and Supports (CLASS) Act were cited in columns published by the *Business Journal of Phoenix* on Nov. 19 and in the *National Review* on Nov. 29.

To find out about other actuaries in the news and for external links, visit the Academy’s [newsroom](#).

Bruning Goes to NAIC

FORMER ACADEMY BOARD MEMBER Larry J. Bruning joined the National Association of Insurance Commissioners (NAIC) as an international actuary on Jan. 4. Before moving to the NAIC, he was the chief actuary for the Kansas Insurance Department. Bruning was recognized for his outstanding achievement as a career regulator in 2008 when he received the NAIC’s highest individual honor, the Robert Dineen Award. Bruning’s contributions to the profession include serving on the Academy board of directors from 2007 through 2010.

2011 Life & Health Valuation Law Manual

The Life & Health Valuation Manual is designed to help appointed actuaries comply with the requirements of the National Association of Insurance Commissioners’ model Standard Valuation Law and the Model Actuarial Opinion and Memorandum Regulation. [Learn more.](#)

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QUESTIONS?

For additional information, please contact [Phillip Hafler](#) at (202) 223-8196.

2010 P/C Loss Reserve Law Manual

The Property/Casualty Loss Reserve Law Manual is designed to help appointed actuaries comply with the National Association of Insurance Commissioners’ annual statement requirements for statements of actuarial opinion (SAO). [Learn more.](#)

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QUESTIONS?

For additional information, please contact [Phillip Hafler](#) at (202) 223-8196.

2010 LEGISLATIVE WRAP-UP

AS THE NEW CONGRESS SETTLES IN, it's helpful to take a look back at legislative and Academy activity in 2010. During the second session of the 111th Congress, much of the activity related to the passage and implementation of health care and financial services reform. It should come as no surprise that some of the following issues, particularly health care reform, will be resurfacing in 2011.

HEALTH CARE REFORM

President Obama signed the Patient Protection and Affordable Care Act into law on March 23. Several adjustments to that law were included in the Health Care and Education Reconciliation Act, which the president signed into law on March 30. These laws together have become known as the Affordable Care Act (ACA). The ACA introduced a number of insurance market reforms, imposed an individual mandate, created a new insurance exchange, provided subsidies for low- and middle-income individuals/families, expanded Medicaid, and created new programs that are intended to improve quality and address the rising cost of health care. The Academy was mentioned specifically in the ACA and tasked with providing input to the Department of Health and Human Services (HHS) on the temporary reinsurance program (Section 1341). In response, the Academy's newly created Risk Sharing Work Group, which is charged with addressing all risk-sharing components in the ACA, sent a [comment letter](#) to HHS on Sept. 22 that discussed approaches for identifying high-risk individuals and determining reinsurance payments.

Before the enactment of the ACA, the Academy commented on the health care reform legislation and hosted a webinar in January that outlined significant differences between the House and Senate bills. Following the enactment of the ACA, the Health Practice Council established a number of work groups charged with identifying areas in the law that need clarification through regulation and developed comments on various provisions for submission to the HHS, the National Association of Insurance Commissioners (NAIC), and other relevant organizations. Separate work groups were set up to address a wide variety of issues, including medical loss ratio reporting and rebates, near-term benefit and eligibility changes (e.g., prohibition of lifetime benefits, extension of dependent coverage, and guaranteed issue for children), grandfathered plans, and the creation of a voluntary long-term care services program (the CLASS Act). In addition to submitting comment letters, members of the health reform implementation work groups spoke with HHS representatives, senior White House officials, the Government Accountability Office (GAO), and congressional staff on a range of topics related to the implementation of the ACA.

The Health Practice Council also launched a new webpage, [Actuarial Compass: Navigating Health Reform Implementation](#), and an e-newsletter, [HealthCheck](#), to help keep members apprised of Academy activity, legislative updates, and media coverage related to health care reform.

FINANCIAL SERVICES REFORM

President Obama signed H.R. 4173, the Dodd-Frank Wall Street Reform and Consumer Protection Act, into law on July 21. This landmark financial services overhaul legislation was one of the president's key policy initiatives. Among its provisions, the law establishes the Federal Insurance Office within the Department of the Treasury to monitor the insurance industry and provide Congress and the administration with insurance expertise and recommendations for policy changes. As part of the response to the impending financial services reform legislation, the Academy's Financial Regulatory Reform Task Force on June 9 [urged Congress](#), as it attempted to reconcile Senate and House versions, to include an Office of the Chief Actuary in the Office of Financial Research. On a related issue, the Financial Regulatory Reform Task Force released in May a public policy white paper, [Role of the Systemic Risk Regulator](#), that outlines new key functions necessary for effective systemic risk regulation.

FISCAL RESPONSIBILITY AND REFORM

The National Commission on Fiscal Responsibility and Reform, created by President Obama on Feb. 18 and tasked with forging consensus on how to reduce the budget deficit, failed to officially adopt its Dec. 1 [proposal](#). The plan needed to receive 14 of the 18 panel members' votes to be adopted, which then would have required Congress to take up the plan for a vote.

The Academy's Public Interest Committee sent an Oct. 25 [letter](#) to the commission addressing the financial condition of the Social Security system and, more specifically, the potential for increasing the Social Security retirement age. The Academy published an [issue brief](#) on raising the retirement age in October.

CASUALTY

Medical Professional Liability

The Casualty Practice Council sent letters to congressional leaders in [January](#) and [February](#) in response to H.R. 3962 (an early version of the Affordable Care Act), warning that repealing the antitrust exemption for medical professional liability insurers could preclude data collection and aggregation across companies, which could limit competition and potentially increase premiums. The House passed a different bill, H.R. 4626, the Health Insurance Industry Fair Competition Act, on Feb. 24 that also would have repealed the antitrust exemption for medical professional liability insurers. The bill failed in the Senate, however, and was not included in the final health reform bill that President Obama signed into law.

NFIP Extension

President Obama signed into law S. 3814 on Sept. 30, which extends the National Flood Insurance Program (NFIP) until Sept. 30, 2011. The House passed a more expansive reform bill that would have reauthorized the NFIP through Sept. 30, 2015. H.R. 5114, the Flood

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Insurance Reform Priorities Act, would have postponed for five years the requirement for mandatory purchase of flood insurance by homeowners living in newly designated flood-hazard zones. The Senate conducted hearings to consider a long-term extension of the program, but did not act on the bill.

Oil Spill Liability

The Casualty Practice Council submitted written [testimony](#) on June 9 for the Senate Environment and Public Works Committee hearing on S. 3305, the Big Oil Bailout Prevention Liability Act of 2010, which would have raised the statutory limit of liability of some entities that are responsible for oil spills from \$75 million to \$10 billion. The council concluded that the higher limits reflected in the proposed bill might serve as an incentive to strengthen risk management practices and reduce the likelihood and consequences of a similar event in the future, but the retroactive nature of the bill did not serve to enhance risk management practices. No action has been taken on the bill.

HEALTH

Medicare

For the fifth year in a row, the difference between Medicare outlays and dedicated financing sources is projected to exceed 45 percent within the next seven years. As a result, the 2010 Medicare Trustees Report triggered a Medicare excess general revenue funding warning, which requires the president to propose legislation to Congress addressing this shortfall within 15 days after submitting the fiscal year 2012 budget. The House in January 2009 eliminated the requirement for House legislative activity on the Medicare trigger for the duration of the 111th Congress. It is uncertain if the House will eliminate the requirement again in 2011.

The Health Practice Council in November updated its annual issue brief, [Medicare's Financial Condition: Beyond Actuarial Balance](#), after the trustees report was issued.

Mental Health Parity

The departments of the Treasury, Labor, and Health and Human Services on Jan. 29 released [interim final rules](#) on the implementation of the Paul Wellstone and Pete Domenici Mental Health Parity and Addiction Equity Act of 2008, which took effect in October 2009. The final rules went into effect on April 5, and are generally applicable to group health insurance plans and issuers for years beginning on or after July 1. The Academy's Council on Professionalism submitted a May 19 [letter](#) to the issuing agencies in response to the rules, addressing Section 512(a)(2)(c) and making a recommendation for what constitutes a "qualified actuary."

Medicare/Medicaid Physicians' Payment Fix

President Obama on Dec. 16 signed into law H.R. 4994, which makes adjustments to the physicians' payment formula and prevented a 25 percent cut to Medicare physicians' payments from taking effect on Jan. 1, 2011. The act freezes current payment rates until Dec. 31, 2011. H.R. 4994 was the sixth extension of current Medicare rates in the past year.

EEOC Issues GINA Final Rule

The Equal Employment Opportunity Commission issued a final [rule](#) on Nov. 9 implementing Title II of the Genetic Information Nondiscrimination Act (GINA). Title II of GINA protects job applicants, current and former employees, labor union members, and apprentices and trainees from discrimination based on genetic information. The regulations, which went into effect Jan. 10, 2011, prohibit employers from using genetic information in making employment decisions (including health benefits).

LIFE

Rule 151A

The U.S. Court of Appeals for the District of Columbia on July 12 voided the U.S. Securities and Exchange Commission's (SEC) Rule 151A, which would have classified indexed annuities as securities under the SEC's oversight. The court's ruling allows indexed annuities to continue to be classified as insurance products under state regulation. Issued in January 2009, Rule 151A was scheduled for implementation by Jan. 12, 2011. The court's opinion in *American Equity Investment Life Insurance Company v. SEC* is available [online](#).

On a related matter, the Dodd-Frank Wall Street Reform and Consumer Protection Act classifies indexed annuities as state-regulated insurance products governed by standards developed by the NAIC.

PENSION

Defined Benefit Pension Plan Relief

President Obama signed into law [H.R. 3962](#), the Preservation of Access to Care for Medicare Beneficiaries and Pension Relief Act, on June 25. H.R. 3962 was a six-month Medicare doctor-payment extension; pension relief provisions were incorporated to help offset the cost. The funding relief grants pension plan sponsors an extended period to account for investment losses incurred during the economic decline. Sponsors may elect an extended nine-year amortization period for up to two plan years during the four-year period from 2008 to 2011, paying interest only in the first two years of that nine-year election. This represents a change from the seven-year amortization period under current law. For pension plans not yet subject to the funding rules of current law under the Pension Protection Act of 2006, a 15-year amortization schedule for one plan year is available. Plan sponsors that elect to extend their amortization periods will be required to make additional contributions to their pension funds if they pay employees in excess of \$1 million a year, pay out extraordinary dividends to shareholders, or redeem in excess of 10 percent of the market capitalization of their stock. For multiemployer pension plans, the option of a 30-year amortization schedule is now available, a change from the 15-year period available under current law.

Implementation of Funding Relief Provisions

The Internal Revenue Service on Aug. 16 published IRS Notice 2010-55 and IRS Notice 2010-56, providing guidance on the implementation of funding relief provisions of the Preservation of Access to Care for Medicare Beneficiaries and Pension Relief Act. [IRS Notice](#)

2010-55 describes the funding rules sponsors of single-employer defined benefit pension plans can use to make up for funding shortfalls. [IRS Notice 2010-56](#) pertains to the special funding rules for multiemployer defined benefit plans.

Multiemployer Pension Plans Funding Relief

[H.R. 4213](#), the American Workers, State, and Business Relief Act of 2010, became law on July 22. The Pension Committee and the Multiemployer Subcommittee in a May 4 [letter](#) expressed concerns about certain aspects of the multiemployer pension plan provisions included within H.R. 4213 that could be misinterpreted, and they offered suggestions as to how these provisions could be clarified. Before H.R. 4213 became law, the pension plan provisions were stripped from the bill and inserted into the text of [H.R. 3962](#), the Preservation of Access to Care for Medicare Beneficiaries and Pension Relief Act.

Social Security Trustees Report

The Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance (OASDI) Trust Funds on Aug. 5 released its 2010 [report](#) on the financial status of the Social

Security program. The report indicated that the 75-year outlook for the program has improved slightly, primarily because of a provision in the ACA that is expected to cause a higher share of labor compensation to be paid in the form of wages subject to the Social Security payroll tax. Under the trustees' best-estimate set of assumptions, however, the combined OASI and Disability Income trust funds are projected to become exhausted in 2037, the same year of exhaustion as was projected in the 2009 report.

The Academy updated its annual [issue brief](#) on the trustees report and the future solvency of Social Security in October. In addition to the trustees report issue brief, the Academy's Social Insurance Committee in June updated an existing [issue brief](#), *Social Security Reform: Changes to the Benefit Formula and Taxation of Benefits*. In conjunction with the Pension Committee, the Social Insurance Committee also made [suggested changes](#) to specific Social Security Administration resources designed for workers 55 or older who are thinking of retiring.

Copies of all legislation can be found through the Library of Congress online legislative service at <http://thomas.loc.gov>.

—JUSTIN EDWARDS

Nominations Now Accepted

The Actuarial Foundation is now accepting nominations for two distinguished honors:

The Wynn Kent Public Communication Award is presented to an actuary who has contributed to the public awareness of financial risk and the work product of the actuarial profession to the public in the fields of life, health, casualty, pension, and/or other related areas.

The John Hanson Memorial Prize recognizes the best paper addressing an employee benefits topic.

For more information or to nominate a candidate, visit the [foundation's website](#). Nominations must be received by March 15.



LIFE BRIEFS

➔ **Peter Boyko**, assistant vice president, corporate actuarial for Manulife Financial in Toronto, has been appointed vice chairperson of the Academy's Life Capital Adequacy Subcommittee.

CASUALTY BRIEFS

➔ **Francois Morin**, director, consulting services for Towers Watson in Weatogue, Conn., and **Karen Adams**, property and casualty actuary for the Arizona Department of Insurance in Phoenix, have joined the Property and Casualty Risk-Based Capital Committee.

HEALTH BRIEFS

➔ **Edwin Husted**, an actuary in Alexandria, Va., has been appointed the new chairperson of the Academy's Medicare Steering Committee.

➔ **Beth Lieberman**, a consulting actuary for Towers Watson in Southfield, Mich., has joined the Academy's Health Care Quality Work Group.

➔ **Zerong Yu**, senior actuarial associate for BlueCross/BlueShield of Massachusetts in Boston, has joined the Academy's Health Practice International Task Force.

➔ Joining the Academy's Rate Review Practice Note Work Group are **Chuck Smith**, pricing actuary for Principal Financial Group in Des Moines, Iowa; **James Drennan**, principal for Ingenix Consulting in Duluth, Ga.; and **Margaret Chance**, consulting actuary for Milliman in Chicago.

➔ The council is planning to publish a cross-practice-area informational paper for regulators and other policymakers concerning the meaning and use of the term “actuarial soundness” in regulatory and legislative contexts.

➔ With the National Flood Insurance Program expected to expire before the end of the year, the council plans to issue a monograph on the history and future of the program. The council will be following closely the progress of other natural disaster-related and all-perils legislative efforts at both the state and federal levels.



Health Practice Council

➔ Health care reform—and the implementation of the ACA—is still the top priority for the Health Practice Council in 2011. The council and its work groups will continue to offer input to regulators as they issue guidance on the implementation of the various provisions in the ACA. In addition, while policymakers consider modifications to the law, the council will provide objective, educational information to ensure that the overall goals of health care reform are preserved.

➔ Medicare also remains a high priority. The Medicare Steering Committee will analyze the various deficit reduction proposals relevant to Medicare and will continue to stress the message to policymakers, the media, and the public that steps need to be taken to ensure Medicare’s long-term sustainability.

➔ With the enactment of the ACA and the creation of the National Commission on Fiscal Responsibility and Reform, the council will continue to encourage policymakers and regulators to address the growth in health care spending as part of its overall efforts on health care reform. The council will examine the potential impact of various payment and delivery system reforms. It also will encourage the timely broad-scale adoption of successful demonstration projects included in the ACA.

➔ The council’s agenda also includes continuing to provide reports to the NAIC on stop-loss factors, the creation of a new long-term care valuation table, an update of the cancer claims cost tables, recommendations to the Medicare supplement refund formula, and recommendations for the Medicare Part D risk-based capital formula.

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Life Practice Council

➔ The council will continue to assist with the NAIC’s Solvency Modernization Initiative as it relates to life insurance and annuities. This year the focus will be on RBC, accounting convergence, and risk/reporting disclosure.

➔ The council will provide expertise to the public and the profession on topics such as life settlements and government mandates. It also will work with the Pension Practice Council to promote long-term solutions to national deficiencies in the areas of lifetime income and retirement security.

➔ With the principle-based approach (PBA) to reserves and capital for life insurance and annuities moving toward its implementation phase, the council will monitor and shepherd PBA throughout the field-testing of the valuation manual and offer expertise as changes need to be made.

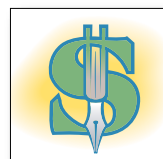


Pension Practice Council

➔ The economic and fiscal challenges of recent years keep retirement security at the forefront of public policy debates on Capitol Hill. The council has built on its relationships with policymakers through serious discussions about the design and financing of sustainable retirement security systems, studying the current state of retirement plans as well as envisioning new ideas for the future of retirement. Finding ways to encourage annuitization of retirement benefits and analyzing the financial condition and reform options for Social Security are now more important than ever. The council will continue to collaborate with the Society of Actuaries Retirement 20/20 initiative and has formed a task force to focus on envisioning a 21st-century retirement system.

➔ The council will continue to monitor discussions on how to determine appropriate disclosures on actuarial reports for public pension plans. This includes making itself available to build upon and provide input to the recommendations of the Academy’s Public Plans Practices Task Force. The council last year contributed submissions in response to the Governmental Accounting Standards Board’s (GASB) 2010 *Preliminary Views on Pension Accounting and Financial Reporting*, and the chairpersons of both the Pension Finance Task Force and the Public Plans Subcommittee testified at a public hearing on the subject. The council will monitor GASB’s work as it follows up on its *Preliminary Views*.

➔ The Pension Relief Act of 2010 was signed into law last June, and implementation of funding relief regulations for both single-employer and multiemployer pension plans will be a high priority for the council. The council plans to continue conversations with Congress, the Internal Revenue Service, and the Pension Benefit Guaranty Corp. to ensure that the actuarial voice is heard. Changes to and implementation of the Pension Protection Act will remain a priority for the council in 2011.



Risk Management and Financial Reporting Council

➔ The Financial Regulatory Reform Task Force will provide Congress and other stakeholders with an actuarial perspective on the implementation of the Dodd-Frank Act. One way it will do this is

by helping the Federal Insurance Office develop reports to Congress on the modernization of insurance and insurance regulation. The task force also will review pronouncements by international organizations that may affect the federal regulation of insurance in the United States, especially with respect to regulation of systemic risk.

➔ The Financial Reporting Committee and its International Financial Report Standard Task Force plan to monitor and respond to the development by the International Accounting Standards Board of a final accounting standard for insurance contracts. The task force will monitor any changes to U.S. GAAP (generally accepted accounting principles) for insurance contracts by the Financial Accounting Standards Board. The task force also will review the international financial reporting standards produced by the International Actuarial Association.

➔ The Solvency Committee will respond to national and international initiatives by the NAIC and the International Association of Insurance Supervisors concerning capital adequacy determination and group supervision of insurance enterprises.

EA Renewal Form Available Online

ENROLLED ACTUARIES APPLYING to renew in the 2011-2013 enrollment cycle can download the application (Form 5434-A) from the Internal Revenue Service (IRS) website. As with the 2008 renewals, EAs will not receive renewal forms by mail or e-mail. If you are unable to download the form, contact the Joint Board for the Enrollment of Actuaries at nhqjbea@irs.gov or 202-622-8225 and one will be faxed or e-mailed to you.

Renewal applications must be postmarked on or before March 1. To renew their enrollment to practice, EAs must have earned all required continuing professional education (CPE) credit hours specified in the Joint Board's regulations by Dec. 31,

2010. The fee to renew is \$250.

If your renewal is postmarked after March 1, 2011, or if you must rely on CPE credit hours earned after Dec. 31, 2010, you must cease to practice as an enrolled actuary beginning April 1, and cannot resume practicing until you receive notification of renewal from the Joint Board. The Joint Board's website states that all renewal applications are processed in the order received—so it is likely that an actuary who misses either of these deadlines will have to suspend practice as an enrolled actuary for some period.

For more information, go to the renewal of enrollment page on the [IRS website](#). ▲

Ratemaking Principles, continued from Page 1

In the letter to CAS, Wisecarver expressed a concern that replacement documents, which could be written by people not trained in actuarial matters, may be less clear and less useful than the existing documents. In addition, replacement regulations could differ by jurisdiction.

"This would be a significant loss of accepted and authoritative references and would create problems, particularly for those engaged in the preparation and filing of rates in multiple jurisdictions," said Wisecarver.

He acknowledged that there may be valid concerns about conflicts between the current standards of practice terminology and the ratemaking principles. "We would expect that a document of more than 20 years' vintage could benefit from being updated," Wisecarver added. He urged the CAS to address these issues by editing the existing principles as needed, and cautioned that their elimination could cost the actuarial profession an opportunity to maintain a valuable, widely recognized, and commonly used reference. ▲

A Look at IRS Guidance Notice (2010-83) on Multiemployer Plans

Webinar on Jan. 27, 2011,
Noon-1:30 p.m. Eastern

Do you want to learn more about the Internal Revenue Service's recently released guidance regarding funding relief for multiemployer defined benefit plans? The Academy's Multiemployer Plans Subcommittee will present an interactive 90-minute webinar on Jan. 27 to discuss several aspects of Notice 2010-83. This notice relates to funding relief for multiemployer plans under the Pension Relief Act of 2010.

For more information or to register, please visit http://www.actuary.org/webcasts/irs_guidance_notice.asp

Do You Prepare or Sign P/C Loss Reserve Opinions?

Webinar on Feb. 2, 2011,
Noon-1:30 p.m. Eastern

Actuaries who prepare and sign NAIC Statements of Actuarial Opinion on property/casualty loss reserves are encouraged to sign up for an educational webinar on actuarial opinions and Actuarial Standard of Practice (ASOP) Nos. 36 and 43. This interactive webinar, jointly sponsored by the Academy and CAS, will educate registrants about standards applicable in drafting loss reserve opinions.

For more information or to register, please visit <http://www.casact.org/education/webinar/2011/index.cfm?fa=opinions>

RISK MANAGEMENT AND FINANCIAL REPORTING BRIEFS

➔ **Rowen Bell**, divisional vice president and actuary for Health Care Service Corp. in Chicago, and **Gareth Kennedy**, manager for Ernst & Young in Chicago, have been appointed the new vice chairpersons for the Academy's Financial Reporting Committee.

➔ **William Hines**, a consulting actuary for Milliman in Wakefield, Mass., has been appointed the new chairperson for the Academy's Financial Reporting Committee.

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