

Academy Board Reviews Strategy, Discusses Value Initiatives

THE ACADEMY'S BOARD had a very productive meeting this month. Prior to its Jan. 23–24 meeting, the Board spent a half-day participating in training on topics ranging from effective governance and policies to succession planning. Following the training, the Board meeting included substantial discussions about member- and employer-value initiatives and the evolving role of member requirements in line with the Academy's Competency Framework. The Academy regularly reviews these and any changes for incoming members will be communicated in due course. The Board also reviewed progress with and priorities for its strategic plan.

In addition to the regular updates from the president and executive director, the Board also explored a number of professionalism and education initiatives, including the role and importance of self-regulation, the role of the U.S. Qualification Standards (USQS) and what it means to be qualified, and a request from the Life Actuarial (A) Task Force of the NAIC “to formally outline the knowledge

statements necessary for life actuaries signing certain statements of actuarial opinion, including for actuaries serving as appointed actuaries, as illustration actuaries, and as qualified actuaries for principle-based reserves.”

Academy practice councils gave a high-level overview of

their priorities and ongoing workstreams for the year, which is included in the current issue of [Contingencies](#).

A request from the Pension Practice Council (PPC) to change its name to the Retirement Practice Council

(RPC) was approved. There is no change in scope to the former PPC's, now RPC's, remit. Academy staff also led discussions on the public policy outlook for 2024, the impact and opportunities ahead during an election year, and some potential enhancements to the Academy's annual meeting, which is scheduled for Oct. 15–16 in Washington, DC.

The Diversity, Equity & Inclusion (DEI) Committee updated the Board on the committee's 2024 plans, including a request around proposed training for committee chairpersons and the wider Academy volunteer cohort. This training will be rolled out later this year. ▲



AMERICAN ACADEMY
of ACTUARIES

The Latest From the Academy Board

Academy Volunteers—It's Time to Submit Annual COI/CE Acknowledgments

VOLUNTEERS AND INTERESTED PARTIES (IPs) serving on Academy boards, councils, committees, subcommittees, task forces, and work groups must submit their acknowledgment of the Academy's Conflict of Interest (COI) policy and attest that they meet the continuing education (CE) requirements of the U.S. Qualification Standards (USQS).

Volunteers and IPs can make their submissions by following the instructions in the COI/CE email sent on Jan. 30, or by logging in to the member

section of the Academy website and following the appropriate link under “Volunteer Acknowledgments.”

For more information on this essential tool in place to ensure professional objectivity and independence of Academy volunteers, visit the [Professional Objectivity at the Academy](#) webpage.

to serve the public and the U.S. actuarial profession, visit the [Academy website](#). ▲

Become an Academy volunteer! To learn more about volunteer opportunities and how you can contribute your talents to aid the Academy's mission



3

Academy Promotes Resources for Actuarial Students

4

Order your P/C and Life & Health Law Manuals

5

'Professionalism Counts'—Comments Wanted on ASOP No. 7

8

Issue Brief Covers Church Retirement Plans

CE & OTHER LEARNING OPPORTUNITIES

2024

MARCH

5 Bias in P&C Insurance: Updates from the Committee on Equity and Fairness, casualty webinar

SEPTEMBER

9–11 [Casualty Loss Reserve Seminar](#), San Francisco (co-sponsored by the Academy and the Casualty Actuarial Society)

OCTOBER

15–16 Envision Tomorrow, Academy 2024 Annual Meeting, Washington, DC.

NOVEMBER

4–7 Life and Health Qualifications Seminar, Arlington, Va.

DECEMBER

9–10 Seminar on Effective P/C Loss Reserve Opinions, New Orleans

Events Calendar

For a full listing of upcoming Academy events, visit the online [Events Calendar](#).

Webinars on Demand

Remember, you can always view recordings of any webinars you missed in 2023—visit the [webinars page](#).

Academy NEWS Briefs

Membership Dues Reminder

MEMBERSHIP DUES WERE DUE JAN. 1—if you haven't yet renewed your Academy membership for 2024, please [log in to the Academy website](#) to conveniently pay your dues online. If you have any questions or need additional information, please contact the Academy Membership Department at 202-223-8196 or via the [member support form](#). Need a refresher on all the great benefits available to you as an Academy member? Visit the [Academy website](#) to learn more. ▲

Coming Next Month—Actuary Voices to Feature IABA Board Member Monique Hacker

COMING IN FEBRUARY for Black History Month, [Actuary Voices](#) will feature a conversation with Monique Hacker, a Board member and former president of the International Association of Black Actuaries (2013–2016). Subscribe and listen to [Actuary Voices](#) wherever you get your favorite podcasts. ▲



Recently Released

THE JANUARY/FEBRUARY [Contingencies](#) kicked off 2024 with a cover story on artificial intelligence, “AI and the Actuary of Tomorrow,” which examines whether the technology du jour is an existential threat or a time-saving boon for actuaries. Also in the issue, Lisa Slotznick’s inaugural President’s Message on the value of Academy membership and the evolution of membership requirements; Academy vice presidents offer their takes on practice areas and senior Academy staff give an inside look on the priorities in store for the year ahead; and an Up to Code on success stories. Looking for more on AI?—Read all about it in *Contingencies*’ “Topics in Focus” [AI section](#).

The Winter [Casualty Quarterly](#) covers the Medical Professional Liability Committee’s plans for 2024, including a call for new committee volunteers; the Committee on Property and Liability Financial Reporting’s annual practice note on statements of actuarial opinion; actuarial standard of practice (ASOP) exposure drafts open for comment; and recaps of Academy presentations to the NAIC and of the P/C Loss Reserve Opinions seminar. ▲



Academy NEWS

Academy Engages With Canadian Actuarial Students

ACADEMY PRESIDENT-ELECT Darrell Knapp and Executive Director Bill Michalisin interacted with over 700 aspiring actuaries at Canada's [Actuarial Students National Association](#) (ASNA) annual convention Jan. 19–21 in Montreal, including participating in ASNA's career fairs. Academy Manager, Governance & Board Relations, Claire Mickelson also presented to students—in English and French—on the importance of professionalism, and what it takes to practice in the U.S. and become an Academy member. ▲



Knapp (left) talks with a student at ASNA

Spread the Word—Academy Promotes Resources for Actuarial Students

THE ACADEMY REACHED OUT to more than 150 actuarial science university educators this month, highlighting the resources on its [Student Resources Page](#) and the availability of Academy speakers to address students and educators on topics ranging from professionalism to public policy issues impacting practice areas. Universities interested in hosting a virtual or in-person Academy speaker may send a request to communications@actuary.org. Please spread the word with your alma maters and academic organizations you are involved in supporting. ▲



AMERICAN ACADEMY
of ACTUARIES

Submissions Due in March for Academy Research Award

THE ACADEMY is inviting submissions for its [Award for Research](#), now in its second year. The award recognizes an early-career scholar whose work contributes significantly to an actuarial perspective on a public policy issue of interest to U.S. actuaries and public policymakers. The recipient will be announced this summer, and the award includes a monetary prize of \$7,500.

The award not only creates opportunities to share new and potentially innovative answers to some of the evolving questions within actuarial science, but also reflects the Academy's role in emphasizing the value of applying actuarial principles as

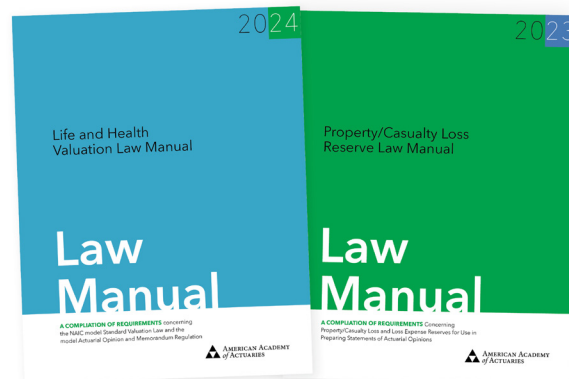
policymakers and other decisionmakers consider many of today's most pressing public policy issues.

The theme for 2024 is "Insights from Behavioral Economics/Behavioral Finance for Insurance, Retirement, and Risk Management." The recipient will present their research at Envision Tomorrow, the Academy's Annual Meeting in October, providing attendees a chance to interact with an innovative young scholar. Submissions are due March 31—for more information and to submit, [click here](#). ▲

Place Your Order—P/C, Life & Health Law Manuals

PLACE YOUR ORDER FOR ACADEMY LAW MANUALS, NOW AVAILABLE:

- ▲ The [P/C Loss Reserve Law Manual](#) includes statements of actuarial opinion (SAO) requirements and laws and regulations establishing those requirements; and instructions for property/casualty SAOs, title loss, and loss expense reserves. [Place your order today.](#)
- ▲ The [Life and Health Valuation Law Manual](#) includes a current topics section outlining key valuation developments and specific state guidance; NAIC model laws and regulations that have an effect on reserve calculations; a discussion of generally distributed interpretations; and actuarial guidelines from the NAIC Financial Condition Examiners Handbook. [Place your order today.](#) ▲



Member Spotlight

Roberto Perez Santiago



READ THE LATEST Academy “Member Spotlight” to learn more about Roberto Perez Santiago, a P&C Rate Modeling Actuary and Data Scientist at the National Association of Insurance Commissioners. Visit the [Member Spotlight page](#) to read more about Perez Santiago, his introduction to becoming an actuary, and his penchant for running and interest in genealogy. ▲

THE ACADEMY IN THE NEWS

A subscriber-only [Baltimore Sun](#) editorial urging public support of Social Security fixes cited the recent Academy issue brief [Reforming Social Security Sooner Rather Than Later](#).

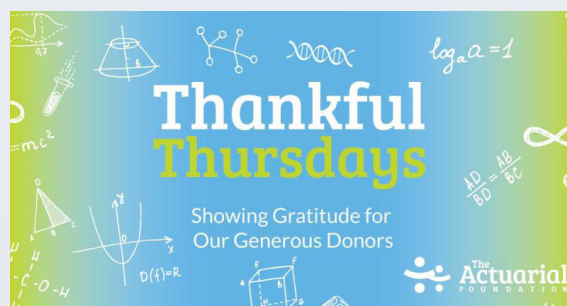
[Best's News & Research Service](#) (subscriber-only) cited findings from the Academy's [issue brief](#) on drivers of 2024 health insurance premium changes in a look ahead at industry issues in 2024.

The [Oklahoma Journal-Record](#) used Academy research in a story on Social Security's financial condition and reform options. ▲

THIS MONTH IN SOCIAL MEDIA



The Actuarial Foundation (TAF) featured the Academy and its members in a [#ThankfulThursday](#) LinkedIn post. Make sure to follow TAF to learn more about their work.



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

PROFESSIONALISM NEWS

Professionalism Outreach & Member Engagement

ACTUARIAL BOARD for Counseling and Discipline Director of Professionalism Ed Lee presented in Chicago on Jan. 22 to a group of young actuaries and students visiting the U.S. from Mexico, in an event hosted by Universidad Nacional Autónoma de México and Colegio Actuarial Mexicano.

Academy Speakers Bureau—The Academy provides qualified speakers to actuarial clubs and organizations to help members fulfill their professionalism continuing education requirements and be more informed on public policy issues. For more information and to request a speaker, visit the [Academy website](#). ▲



Monson

Proposed Revisions to ASOP No. 7

The ASB Seeks Your Input on Cash Flow Analysis

THE ACTUARIAL STANDARDS BOARD (ASB) recently released an exposure draft of a proposed revision to ASOP No. 7, tentatively titled, [*Analysis of Life, Health, or Property/Casualty Insurance Cash Flow Risk*](#). In a Q&A, ASOP No. 7 Task Force and ASB Life Committee Chairperson Matt Monson discussed some of the proposed changes.

The proposed revisions would broaden the scope of the ASOP. What activities would fall under ASOP No. 7 that didn't previously?

Matt Monson: The scope was changed in two ways. First, cash flow analysis performed for noninsurance entities are now within scope. The current standard defines an “insurer” and is tailored to actuaries performing analysis of insurer cash flows. The revised standard replaces “insurer” with “organization” and would apply to actuaries performing services involving life or health cash flow risk for any entity that accepts, self-insures, or retains risks, including—but not limited to—insurance companies. The task force’s goal for the new standard was to provide consistent guidance for cash flow analysis, regardless of entity type.

Second, the revised standard would apply to actuaries who provide services involving property/casualty cash flow risks specific to investments. The current standard applies only to property/casualty services that involve analyses of both invested assets and liabilities for insurers.

The exposure draft includes guidance on when to perform a cash flow analysis. Why was it important to include this guidance?

MM: Cash flow analysis is an evaluation of cash flow risks, often centered around determining amounts and timing of future cash flows. In the 20 years since the standard was last revised, models and methods of cash flow analysis have evolved rapidly, and regulations often require increasingly sophisticated cash flow analyses. For many actuaries, cash flow analysis can seem to be everywhere, all the time. The task force felt that beginning section 3 with guidance on when to perform cash flow analysis was important. When deciding whether and how to apply the

standard’s guidance to multi-month appraisals, 20-second elevator pitches, and everything in-between, this section helps answer the question, “Is this a cash flow analysis?”

The exposure draft also adds guidance for cash flow analysis for assets, liabilities, or both assets and liabilities. What does the actuary need to know about this proposed change?

MM: The new language adds clarity for actuaries whose work involves cash flow analysis of one side of an entity’s balance sheet, such as pricing relatively simple insurance liabilities or analyzing an investment strategy in isolation. We thought that guidance should consistently and explicitly apply to asset-only, liability-only, and more traditional asset-liability cash flow analyses. Since this is not specifically addressed in the current ASOP No. 7, some actuaries may believe in good faith that the current ASOP’s guidance does not apply if their work involves only one side of the balance sheet. However, the proposed ASOP makes it clear that a cash flow analysis involving only assets or only liabilities is in scope. The task force also took the opportunity to provide guidance for actuaries who need to decide whether to include assets, liabilities, or both assets and liabilities in a cash flow analysis.

Unusually, the ASB is seeking specific feedback from each practice area affected by the standard—life, health, and property/casualty. Why did the ASB take this step?

MM: While the ASB’s Life Committee may have taken the lead in revising ASOP No. 7, it applies to life, health, and property/casualty actuaries, and actuaries from all three practice areas participated in the revision. Let me say in all humbleness and appreciation for my health and property/casualty colleagues—you live in mysterious and fascinating worlds! Important issues or limitations, even basic ground rules for cash flow analysis, differ across practice areas. Setting the appropriate scope for the revised ASOP No. 7 is critical, as actuaries from each practice area view ASOP No. 7’s application differently. The ASB is interested in feedback from actuaries in each affected practice area and asked specific questions that, hopefully, prompt specific comments. ▲

Please consider submitting comments on ASOP No. 7; the comment deadline is June 1. The draft and instructions for submitting comments may be found on the [ASB website](#).

Advance your actuarial journey
with the Academy's new
Career Center



NEW MEMBER BENEFIT

Ready for your next opportunity?
The Academy's Career Center is your new online resource—

- ▶ **FREE** and confidential resume posting
- ▶ Job search control
- ▶ Save and apply for jobs easily

For employers, the Career Center provides unmatched exposure
for job listings and easy management of your posting.

Check out the new Career Center today | careercenter.actuary.org



Reminder—Your Input Wanted on ASOP Nos. 7, 12

THE ACTUARIAL STANDARDS BOARD (ASB) is seeking comments on two actuarial standards of practice (ASOPs) that affect multiple practice areas.

▲ ASOP No. 12, [Risk Classification \(for All Practice Areas\)](#), applies to actuaries with respect to risk classification frameworks in financial or personal security systems. Originally adopted in 1989 and last updated in 2005, ASOP No. 12 was

developed as the need for more formal guidance on risk classification increased. Comments are due by May 1—to comment, [see the exposure draft](#).

▲ ASOP No. 7, [Life, Health, or Property/Casualty Insurance Cash Flow Risk](#), which affects multiple practice areas, is also open for comments, which are due by June 1. [See the exposure draft](#) and “Professionalism Counts,” p. 5. ▲

CASUALTY NEWS



Save the Date

P/C Opinion-Writing Seminar Set for New Orleans

DEC 9–10

Save the date for the Academy's 2024 Seminar on Effective P/C Loss Reserve Opinions, which will be held Monday and Tuesday, Dec. 9–10, in New Orleans. More details will be coming soon.



NEW CASUALTY VOLUNTEER POSITIONS/ROLES

➡ **David Cummings** joined the Casualty Practice Council.

HEALTH NEWS



HEALTH NEWS IN BRIEF

The Health Care Delivery Committee, Individual and Small Group Markets Committee, and Active Benefits Committee [sent a letter](#) to the U.S. Senate Committee on Health, Education, Labor, and Pensions (HELP) in response to the committee's request for information on access to gene therapies for patients with an ultra-rare disease.

Health Equity Committee co-chairpersons Annette James and Rebecca Sheppard, and member Yi-Ling Lin, [gave an overview](#) of the committee's work on equity considerations related to benefit design to AHIP's Health Equity Workgroup.

The Individual and Small Group Markets Committee [submitted comments](#) to the

Centers for Medicare & Medicaid Services regarding the proposed rule for the 2025 Notice of Benefit and Payment Parameters (NBPP). ▲

NEW HEALTH VOLUNTEER POSITIONS/ROLES

➡ **John Miller** joined the Health Equity Committee.

Actuarial Update

MANAGING EDITOR, MEMBER CONTENT
Michael G. Malloy

**ASSISTANT DIRECTOR OF
COMMUNICATIONS FOR CONTENT**
Eric P. Harding

DESIGN AND PRODUCTION
[BonoTom Studio Inc.](#)

DESIGNER
Christopher Specht

CREATIVE LEAD
Laurie Young

American Academy of Actuaries

PRESIDENT
Lisa Slotznick

PRESIDENT-ELECT
Darrell Knapp

SECRETARY-TREASURER
Ben Slutsker

VICE PRESIDENTS
Amy Angell
Tim Geddes
Jason Kehrberg
Barbara Klever
Steve Malerich
Jason Russell

EXECUTIVE DIRECTOR
Bill Michalisin

**SENIOR DIRECTOR OF MARKETING
& COMMUNICATIONS**
David J. Nolan

EXECUTIVE OFFICE
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, 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.

©2024 The American Academy of Actuaries. All rights reserved.

LIFE NEWS



Life/Pension Webinar Examines Pension Risk Transfer

A **JAN. 25 PENSION/LIFE WEBINAR**, "[Group Annuity Contracts for Pension Risk Transfer](#)," followed up on the popular Envision Tomorrow breakout session in bringing together subject matter experts for a discussion covering regulatory and structural evolution of insurance companies that provide pension risk transfer group annuity contracts.

Moderators were Brent Dooley, a member of the Academy Research Committee and the Annuity Reserves and Capital Working Group, and Pension Committee Vice Chairperson Grace Lattyak. An [on-demand recording](#) is available as an Academy member benefit. ▲

NEW LIFE VOLUNTEER POSITIONS/ROLES

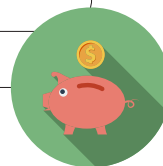
➔ **Eric Henderson** joined the C1 Subcommittee.

➔ **James Cristallo** joined the Life Illustrations Subcommittee.

➔ **Terri Foster** joined the Variable Annuity Reserves and Capital Subcommittee.

➔ **Ravi Bhandari** joined the Life Reserves Subcommittee.

PENSION NEWS



Pension Committee Releases Church Retirement Plans Issue Brief

THE **PENSION COMMITTEE** released an issue brief, [Church-Sponsored Retirement Plans—Overview and Considerations](#), which discusses the broad range of church plans and practices. Among other considerations, it discusses the impact on a participant of being in a church plan when the *Employee Retirement Income Security Act of 1974* (ERISA) protections and provisions for U.S. tax-qualified single or multiemployer pension plans generally do not apply.

"Because of their exemption from ERISA, church-sponsored plans and plans of church-affiliated hospitals generally have more flexibility than other private pension plans regarding important practices, such as how benefit funding, stability, and security can be managed," said Academy Senior Pension Fellow Linda K. Stone. [Read the Academy press release.](#) ▲

RISK MANAGEMENT & FINANCIAL REPORTING NEWS



RMFRC Committees Release Briefs on ESG Considerations, GCR

TWO **RISK MANAGEMENT** and Financial Reporting Council (RMFRC) committees released issue briefs in late January.

- ▲ The Climate Change Joint Committee released an issue brief, [ESG and the Actuary](#), which is intended to present some of the basics of environmental, social, and governance (ESG) considerations as actuaries contemplate how ESG factors may impact their work.
- ▲ The Prudential Regulation Committee released [Introduction to Insurance Group Capital Requirements](#), which provides an overview of insurance group capital requirements (GCR), with a focus on U.S. application, including a discussion of the two primary approaches used to determine group capital. ▲

NEW RMFRC VOLUNTEER POSITIONS/ROLES

➔ **Kenneth Bischel** and **Michael Barret Thompson** joined the Behavioral Economics Work Group.