

The Academy Year in Review

2017

THE 2017 RECORD



AMERICAN ACADEMY of ACTUARIES

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The 2017 Record

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Professionalism in a Changing Profession



Bob Beuerlein
Academy President, 2016–2017

Letter From the President

The world is changing. Advancements in science and medicine are helping to keep disease at bay, extending healthy lives for millions of Americans. Technological progress continues to accelerate, altering and improving our existence in myriad ways both big and small. And financial institutions are becoming ever-more innovative, offering complex products tailored for every individual situation.

As the world shifts, the actuarial profession is evolving to meet these challenges. Health and pension actuaries are hard at work making sure their projections reflect the latest medical discoveries and improvements in mortality experience. Casualty actuaries are pondering how Big Data, cyber risk, and autonomous vehicles will affect their clients' business. Life actuaries are rolling up their sleeves and rethinking how insurance companies need to set aside reserves in a world of principle-based reserving.

And through it all, the American Academy of Actuaries is the steady hand on the wheel, assuring the actuarial profession provides an objective, independent, and effective voice on financial security matters of national importance.

Full transparency leads to trust and a sense of security.

Over the years, the Academy has assembled a full toolkit of helpful items that support our mission—to serve the public and the United States actuarial profession—tools that effectively provide the structure for professionalism. The Academy and its component bodies have developed foundational documents such as the Code of Professional Conduct, the actuarial standards of practice, and the U.S. Qualification Standards (USQS). We have created tools such as the Applicability Guidelines for the standards of practice, FAQs and responses to individual questions for the Qualifications Standards, the USQS Attestation Form, and institutionalized requests for guidance (RFGs). Yes, we have the tools, but we also need to communicate about our profession effectively with our audiences.

An analogy that I used during my term as Academy president is that we need to turn our black boxes into glass boxes. We need to be totally clear and transparent in all we do. As the Dalai Lama once said: “A lack of transparency results in distrust and a deep sense of insecurity.” A corollary to that is that full transparency leads to trust and a sense of security—which is what we are all about.

And that brings us to the long-standing, tried-and-true exposure processes for the Actuarial Standards Board (ASB) and the Committee on Qualifications (COQ). The ASB, which is responsible for the development and promulgation of actuarial standards of practice (ASOPs) for actuaries in the United States, issues exposure drafts and solicits comments on *all* proposed ASOPs. After carefully considering each comment received and revising the draft accordingly, it's common for second, third, or even occasionally fourth exposure drafts to be released before the ASOP is issued as final—the ASB wants to be certain that the standards it releases describe appropriate practice, taking into account all perspectives and serving both the profession and the public.

Similarly, the COQ is fastidiously transparent in its important work overseeing matters related to qualifications for U.S.-based actuaries. For the most recent revision to the USQS, which became effective January 1, 2008, the COQ received more than 200 comments on the final exposure draft. The COQ studiously weighed each of these comments before recommending the 2008 revision to the USQS to the board for adoption. That outcome expanded the reach of the USQS to many more actuaries beyond those only signing prescribed (statutory) statements



Academy President Bob Beuerlein speaks at the Annual Meeting and Public Policy Forum.

of actuarial opinion. This expansion improved actuarial work, strengthened the profession, and enhanced actuaries' reputation.

The professionalism bodies within the Academy—and indeed, every committee, subcommittee, work group, and task force of the Academy—can be relied on because of the objective, independent, and rigorously reviewed nature of the work they do. Especially during this period of rapid and uncertain change, the U.S. public and the actuarial profession can trust that the Academy works daily to serve them both. It is the robust, tested, and proven processes in place that make certain that trust is earned.

The 2017 *Record* describes the wide range of public policy activities coming out of the Academy's various practice councils. These activities—letters to Congress, monographs, practice notes, issue briefs, and policy papers—represent the many different areas of actuarial practice, and they address some of

the most critical policy issues facing the nation today. As you read about the varied activities of our practice councils, consider how the Academy's efforts reach a variety of audiences, including Congress, federal regulators, state regulators and international audiences. I'm proud of the work we do and the extent of our reach, and I hope you are too.

On the international front, the Academy continued to serve as the voice of the U.S. actuarial profession on the global stage. In 2017, the International Actuarial Association (IAA) developed and continued to discuss a draft education syllabus and proposal to designate that syllabus as a minimum requirement for full member associations (FMAs). While the Academy has indicated its support for the IAA in the goal of assisting FMAs with developing models to improve their educational programs, we have consistently expressed concerns with any effort by the IAA to establish a universal mandatory educational curriculum for all its FMAs. To that end, I, along with Penultimate President Tom Wildsmith, outlined in multiple ways to the IAA a number of the Academy's concerns and recommendations for proceeding with a syllabus, stressing that actuarial practice is jurisdiction-specific, reflecting local laws, regulations, business practices, markets, and the associations of the IAA are in no way regulated by that association of associations. These are all essential elements of self-determination that exist in the U.S. and it has been the Academy that assures the U.S. profession can continue to be what it must be—U.S.-centric.

The Academy maintained its role as providing the infrastructure for professionalism for U.S. actuaries. In 2017, after years of various voices in the profession advocating for identifying qualifications and standards for non-actuaries (“para-actuaries”) who provide essential support to actuaries everywhere, we made an in-depth independent examination of whether there was a mission-justified role for the Academy in professionalizing “para-actuaries.” Using expert outside consultants and an extensive survey and data collection process from employers of actuaries and individual actuaries themselves, we undertook a multi-year, multi-part analysis to understand what kind of program would be valued by employers, actuarial support personnel, and our members, and whether the Academy’s execution of such a program would create positive change and value for the profession. The Board found a moderate level of employer support for a continuing education program but not for a formal credentialing program; it also found a low level of support from credentialed actuaries for a potential program. As a result of this extensive analysis, the Board decided that establishing a para-actuary program was outside our core mission and would not add value to those we serve.

Membership in the Academy continued to grow to over 19,000, of which more than 1,200 volunteer their time and expertise. These volunteers represent the U.S. actuarial community’s shared commitment to professionalism and serving the public. The changing world needs our independent and objective input now more than ever, and I’m grateful for it.

I would also like to recognize the dedication and diligence of Academy staff. Their commitment to sustaining the U.S. actuarial profession—its professionalism infrastructure and public policy work—is another source of strength. We simply could not achieve our mission without their able support.

We live in exciting times—both as individuals and as a profession. I’m confident that the Academy stands ready to help steward the profession through this period of change, just as it has for more than 50 years.

Presidential Communications

In each issue of *Contingencies*, the Academy's bimonthly magazine, the Academy president offers perspectives on issues relevant to the profession and the public policy work of the Academy.

In 2017, Academy President Bob Beuerlein wrote about:

- “[What’s Your Big Data Opportunity?](#)” A look at Big Data’s applications, which can be in actuarial areas such as health care, principle-based reserving, and more. Even actuaries who may not be working directly with Big Data have seen their services change in the past five years.
- “[Hone Your Skills Through Continuing Education](#)” Beuerlein underscores the need for actuaries to continually hone their skills through continuing education.
- “[Planning Your Course](#)” Using a comparison of recreational to professional golfers, Beuerlein emphasizes the planning and execution required of actuaries, and highlights the U.S. Qualification Standards’ frequently asked questions (FAQs) as a good resource.
- “[Creating Your Glass Box](#)” The importance of effective communication in the profession.
- “[Developing a Game Plan](#)” How to apply knowledge, experience, and professional judgment when addressing actuarial assignments.
- “[Professionalism in Your Actuarial Marathon](#)” Actuaries come from a variety of backgrounds and have different abilities. But there is a common profile of a professional actuary and the actuary’s career—we might think of our career as a marathon in which professionalism is the common denominator.

Throughout his term, Beuerlein also kept members informed through a series of emails and articles to give updates or address specific issues:

- A [message](#) explaining why the Academy is reaching out to various segments of our membership to gather data on para-actuaries. (April 2017)
- A [message](#) encouraging members to take the 2017 Academy Volunteer Survey. (June 2017)
- A [memo](#) to Academy volunteers underscoring the importance of Academy policies creating independence and objectivity, free from commercial interests, in the context of committee work. Volunteers and interested parties “must do that work solely in the best interest of the Academy,” Beuerlein writes, and that means keeping drafts and deliberations of Academy groups confidential and adhering to the Academy’s Conflict of Interest policy. (August 2017)
- A [message](#) introducing the Academy’s upcycling program to benefit The Actuarial Foundation. (August 2017)
- In the October issue of *Actuarial Update*, Beuerlein [provided an overview](#) of Academy Board decisions and actions regarding para-actuaries, a position statement on lifetime income, and the Joint Discipline Council. (October 2017)
- A [letter](#) on renewing membership in the Academy. (November 2017)

Section 1—

The Academy continued its mission of serving the public and the U.S. actuarial profession in 2017, culminating in high-impact initiatives that spanned critical areas from health care to retirement security to extreme weather risks.

Key Academy



A photograph of three people walking down a modern office hallway. On the left, a man in a dark suit and tie walks towards the camera. In the center, a woman in a patterned top and dark pants walks alongside him. On the right, another man in a dark suit and tie walks towards the camera, carrying a folder. The hallway has a carpeted floor, white walls, and a glass railing on the right side. The word "Initiatives" is overlaid in large white text on the left side of the image.

Initiatives

Public Policy Toolkit

The Academy provided lawmakers with a [Public Policy Toolkit](#) featuring essential background and analysis of major issues identified by congressional leaders as priorities for action, including health care, financial services, retirement security, and other reforms.

“All signs indicate that Congress is eager to consider and act on far-reaching measures affecting the financial security of many Americans, including complex public policy matters that the U.S. actuarial profession has studied extensively through the Academy,” said Academy President Bob Beuerlein. “The Academy consolidated its analyses of major issues into this toolkit to provide legislators with an objective, nonpartisan resource detailing policy considerations and relevant alternatives, informed by actuarial expertise.”

PUBLIC POLICY TOOLKIT

The toolkit describes existing legislative frameworks and examines policy considerations relevant to possible reforms related to:

- Health care, including the Affordable Care Act (ACA), Medicare, Medicaid, and long-term care financing;
- Retirement and lifetime income, including Social Security;
- Financial services;
- Flood insurance;
- Cyber risk; and
- Climate risk.

An Evaluation of the Individual Health Insurance Market and Implications of Potential Changes

With health care reform on the minds of the public, policymakers, and the profession, the Academy's Individual and Small Group Health Markets Committee stepped in and provided an overview of the sustainability of the individual health insurance market and options to address challenges in an [issue paper](#).

“As Congress and the new administration consider major changes, it’s essential for policymakers to take stock of the individual market, its challenges and successes, and the possible effects of any changes,” said Academy Senior Health Fellow Cori Uccello. “Our new issue paper outlines what’s needed for a sustainable individual market, assesses how well the ACA has achieved those conditions, and explores how ideas for addressing the challenges would affect the market.”

An Evaluation of the Individual Health Insurance Market and Implications of Potential Changes acknowledges improvement on some key measures in the nearly seven years since the ACA was enacted, such as lowering the uninsured rate. However, enrollment has been lower than initially expected and enrollees have been less healthy than expected. In addition, there have been recent declines in insurer participation and consumer choice. The paper examined the pros and cons of a variety of different ideas put forward to address those challenges, including enhancing enrollment incentives, modifying insurance rules, and establishing high-risk pools.

The paper examined the pros and cons of a variety of different ideas.



Actuaries Climate Index Reaches New Record High



ACTUARIES CLIMATE INDEX
INDEX ACTUARIES CLIMATE INDEX

Contact: media@actuariesclimateindex.org

Actuaries Climate Index™ Fall 2017 Data Released

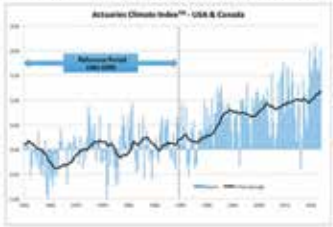
Fall 2017 Data Reveal Extreme Weather Frequency and Sea Level Changes Continue to Drive Composite Index Values Higher

Washington, D.C., Arlington, VA, Schaumburg, IL, and Ottawa, ON (August 1, 2018)—The latest Actuaries Climate Index™ data reported today by organizations representing the actuarial profession in Canada and the United States show that the five-year moving average of climate extremes across the two countries reached a new record high in fall 2017.

"Increased precipitation and continuing rising sea levels drove Actuaries Climate Index values for the United States and Canada higher in fall 2017," said Doug Goffin, chair of the Climate Index Working Group.

With the fall 2017 data, the five-year moving average of the Actuaries Climate Index reached 1.19, a new record that surpasses the previous record of 1.14. The seasonal Actuaries Climate Index value increased to 2.00 in fall 2017, from the previous level of 1.59.

The elevated moving-average and seasonal index values reflect continued deviation of climate and sea level extremes from historically expected patterns for the two countries.



The Actuaries Climate Index is based on analysis of seasonal data from neutral, scientific sources for the six different index components collected since 1961. The index measures changes in extremes of high and low temperatures, high winds, heavy precipitation, and drought, as well as

With extreme weather in the news from widespread flooding in Houston to historic wildfire season, the Academy, along with the Canadian Institute of Actuaries, the Casualty Actuarial Society, and the Society of Actuaries provided quarterly updates to the Actuaries Climate Index, an objective measure of changes in extreme weather frequency and sea level. The Actuaries Climate Index reached a new record high in winter 2016–17, following the record value measured in fall 2016.

The Actuaries Climate Index reached a new record high in winter 2016–17.

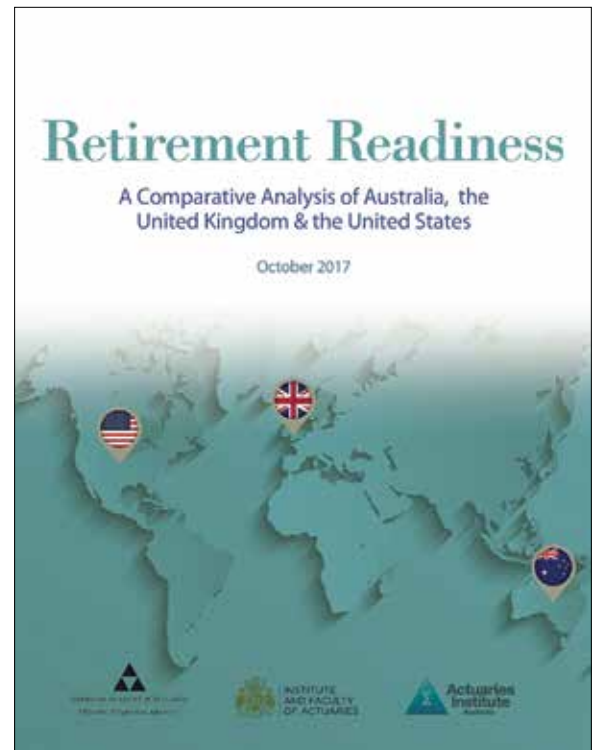
International Survey Finds Complexity of Retirement Risks Is a Challenge Common to Future Retirees in U.S., U.K., Australia

An international [survey](#) sponsored jointly by the American Academy of Actuaries, the Institute and Faculty of Actuaries (U.K.), and the Actuaries Institute of Australia shows that many people in the United States, the United Kingdom, and Australia struggle with preparing for retirement—and for similar reasons.

“Many people start planning but can’t follow through because they aren’t equipped to address complex questions like how much they need to save for retirement, how they will cover the risk of an especially long life, or how they will handle unexpected costs associated with chronic health conditions as they age,” said Steve Jackson, the Academy’s assistant director for public policy research. “A concerted effort by policymakers to support education initiatives could help savers sort out the tough questions they face as they prepare for their retirement future.”

A major factor behind the challenges, according to [Retirement Readiness:](#)

[A Comparative Analysis of Australia, the United Kingdom, and the United States](#), is the increasing demand on Americans, British, and Australians to individually manage the risks of their future retirement. While the pension and retirement systems of all three countries provide some safeguards against risks, the trend away from defined benefit pension systems continues to shift greater responsibility to individuals for taking the steps to achieve individual financial security in retirement.



Section 2—



Professionalism

The Academy maintained its efforts in 2017 to enhance and support actuarial professionalism in the United States critical to its mission.



Most actuaries know that the Academy is the home for actuarial professionalism in the United States. But that home is no mausoleum, full of artifacts that matter little to practicing actuaries. No, the Academy—through all its professionalism bodies—keeps professionalism alive, thriving, and contemporary.



D. Jeoff Williams
Vice President, Professionalism

In 2017, President Bob Beuerlein wrote an incisive series called “Professionalism in Action” in *Contingencies* magazine. Because the magazine is read by policymakers, regulators, and business leaders—in addition to 20,000 U.S.-based actuaries—important stakeholders were made aware of how the Academy works to maintain and promote professionalism for all actuaries, thus building trust in the work actuaries do.

Outreach has been a focus for the Council on Professionalism, and in 2017 the COP began engaging with local actuaries to support them in efforts to make professionalism a part of their everyday practice. And we continued our longstanding placement of professionalism speakers for events held by actuarial clubs, companies, and schools.

The Actuarial Board for Counseling and Discipline and the Actuarial Standards Board were busy as ever in 2017. The ABCD closed 15 inquiries and responded to 104 requests for guidance; the Actuarial Standards Board adopted a brand-new actuarial standard of practice (ASOP) and several revisions of ASOPs, as well as many exposure drafts of proposed new or revised ASOPs. You can read more about the activities of the ABCD and the ASB below.

Professionalism is alive and well at the Academy—and thanks to the tireless efforts of the volunteers of the Academy’s professionalism bodies, it will remain so well into the future.

Professionalism in Action

In a four-part series in *Contingencies*, Academy President Bob Beuerlein focused on “Professionalism in Action” and the ways in which professionalism helps actuaries navigate ethical and other challenges that arise in the workplace while reinforcing the public’s trust in the profession.

- Using a timely baseball analogy in his first Presidential Papers column, Academy President Beuerlein asks, “Are You Modeling Professionalism?” Actuaries have the opportunity to be teachers and role models to other actuaries relying on the Code of Professional Conduct. “Walk the walk,” he writes, and don’t be afraid to ask for advice. (*Contingencies*, [March/April 2017](#))
- In the second part of the “Professionalism in Action” series, Beuerlein explores actuary-to-actuary communications, including elements of Actuarial Standards of Practice No. 1 and No. 41, Precepts 10 and 13 from the Code of Professional Conduct, and the Actuarial Board for Counseling and Discipline’s request for guidance (RFG) process. (*Contingencies*, [May/June 2017](#))
- In the third part of the series, Beuerlein looks at professionalism and new and emerging practice areas and urges actuaries to use the Code of Professional Conduct and the responsive and available resources of the Committee on Qualifications and the Actuarial Board for Counseling and Discipline for help. (*Contingencies*, [July/August 2017](#))
- In the fourth and final installment of his Presidential Papers series, Beuerlein focuses on the importance of implementing professional and ethical standards in the actuarial profession. (*Contingencies*, [September/October 2017](#))



Actuarial Board for Counseling and Discipline

The Actuarial Board for Counseling and Discipline (ABCD) was established in the bylaws of the American Academy of Actuaries to strengthen the adherence of actuaries to the recognized standards of ethical and professional conduct required by the Code of Professional Conduct.

ABCD functions include:

- Responding to requests for guidance regarding professionalism (RFGs);
- Considering complaints about possible violations of the Code(s) of Professional Conduct;
- Counseling actuaries in good professional practice;
- Mediating disputes; and
- Conducting educational outreach efforts, such as oral presentations and writing articles to help actuaries, regulators, and other stakeholders become more familiar with the ABCD's work.

The ABCD's Annual Report for 2017 has a lot of information about its work. In brief, in 2017, the ABCD handled 145 cases, comprised of 104 requests for guidance (RFGs) and 41 inquiries. It provided guidance in response to the 104 RFGs and closed 15 inquiry cases.

The ABCD continued its popular "Up to Code" series in *Contingencies* magazine. These columns are usually written by a different ABCD member for each issue and extrapolate from the current experiences and issues ABCD members are seeing in RFGs and complaints to educate the profession on trends and their guidance. Topics in 2017 were:

- ["Peer Review—Small Investment, Big Return"](#)—
January/February 2017
- ["A 'Checklist Manifesto' for Professionalism?"](#)—
March/April 2017
- ["Controlling Communications"](#)—May/June 2017
- ["Lessons Learned"](#)—July/August 2017
- ["Control of Work Product—Be Upfront With Clients"](#)—
September/October 2017
- ["Precept 1 and 'Bad Conduct'"](#)—November/December 2017



The ABCD also regularly presents one webinar a year for the Academy's Council on Professionalism popular series of professionalism webinars.

Actuarial Standards Board

The Actuarial Standards Board (ASB) sets standards for appropriate actuarial practice in the United States through the development and promulgation of actuarial standards of practice (ASOPs). These ASOPs describe the procedures an actuary should follow when performing actuarial services and identify what the actuary should disclose when communicating the results of those services.

When creating or revising an ASOP the ASB:

1. reviews and evaluates current and emerging practices;
2. determines appropriate guidance;
3. publishes one or more exposure draft(s) to obtain input from actuaries and any other interested parties;
4. considers all comments received; and
5. publishes a final standard or another exposure draft.

ASB activities in 2017 included:

- The ASB adopted a final revision of ASOP No. 24, [*Compliance with the NAIC Life Insurance Illustrations Model Regulation*](#). (January 6, 2017)
- The ASB adopted a final revision of ASOP No. 23, [*Data Quality*](#). (January 18, 2017)
- The ASB approved a third exposure draft of a proposed new ASOP titled [*Estimating Future Costs for Prospective Property/Casualty Risk Transfer and Risk Funding*](#). (February 8, 2017)

Boxscore

To keep the profession and the public apprised of all its standards-setting activities, the ASB published *Boxscore*, its quarterly newsletter, in [February](#), [May](#), [August](#), and [November](#).



- The ASB approved an exposure draft of a proposed new ASOP titled [*Principle-Based Reserves for Life Products*](#). (April 14, 2017)
- The ASB approved an exposure draft of a revision of ASOP No. 17, [*Expert Testimony by Actuaries*](#). (April 19, 2017)
- The ASB adopted a final revision of ASOP No. 5, [*Incurred Health Claim Liabilities*](#). (April 27, 2017)
- The ASB approved a second exposure draft of a proposed new ASOP titled [*Pricing of Life Insurance and Annuity Products*](#). (July 24, 2017)
- The ASB adopted ASOP No. 51, [*Assessment and Disclosure of Risk Associated with Measuring Pension Obligations and Determining Pension Plan Contributions*](#), and ASOP No. 52, [*Principle-Based Reserves for Life Products under the NAIC Valuation Manual*](#). (October 26, 2017)
- The ASB approved a second exposure draft of a proposed ASOP titled [*Capital Adequacy Assessment for Insurers*](#). (December 6, 2017)

Similarly to the ABCD, the ASB also issue an informative Annual Report. The ASB also regularly presents one webinar a year for the Academy's Council on Professionalism popular series of professionalism webinars.

ABCD, ASB Annual Reports

Both the ABCD and the ASB published annual reports in 2018 that highlighted their activities of the prior year. These reports can be found on the [ASB](#) and the [ABCD](#) websites.



Applicability Guidelines Updated

The [Applicability Guidelines](#) are a useful tool sponsored by the Council on Professionalism. A nonauthoritative reference to the ASOPs that usually apply to various actuarial assignments, the Guidelines were updated in 2017. Additions were made to reflect revisions in ASOP No. 5, *Incurring Health and Disability Claims*; [ASOP No. 21, Responding to or Assisting Auditors or Examiners in Connection with Financial Audits](#), *Financial Reviews*, and *Financial Examinations*; ASOP No. 23, *Data Quality*; and ASOP No. 24, *Compliance with the NAIC Life Insurance Illustrations Model Regulation*.

Professionalism Basic and Continuing Education and Resources

Life & Health Qualifications Seminar

The Academy's long-standing [Life and Health Qualifications Seminar](#) was held in November in Arlington, Va. The seminar is the most efficient way for actuaries to acquire the basic education and continuing education (CE) required to be qualified to sign statements of actuarial opinion (SAOs) for NAIC Life and Health annual statements. It is also a valuable and popular way to earn relevant CE credits under the U.S. Qualification Standards for those who already have the basic education needed to issue SAOs.

COQ Updates USQS FAQs

The U.S. Qualification Standards (USQS) define the basic and continuing education and experience requirements necessary for issuing actuarial opinions in the United States. The Academy's Committee on Qualifications (COQ) is responsible for recommending to the Academy Board the content of the USQS. The Committee also is charged with responding to questions about qualifications in the United States. Since the USQS was last revised in 2008, the COQ has received and answered hundreds of questions. The FAQs are derived from the most commonly asked questions and contain more than 50 questions and the COQ's carefully considered responses.

Professionalism Webinars

The Academy continued its widely attended series of quarterly webinars, which offer an economical and convenient way for members to earn necessary professionalism CE credits in an organized format, delivered by the experts who promulgate standards and answer questions about them. All of the Academy's webinar presentations undergo the rigorous review other printed communications receive. In 2017, the following webinars were held:

- [“Practical Applications of the Code Of Professional Conduct”](#)
Immediate Past President Tom Wildsmith, Vice President of Professionalism D. Joeff Williams, and Council on Professionalism member Chad Wischmeyer discussed practical applications and approaches to the Code of Professional Conduct. Using case studies, as well as themes described in the “Web of Professionalism” series authored by Tom Wildsmith in 2016–17 and published in *Contingencies*, they discussed the Precepts of the Code and how best to integrate them into daily work. (March 28, 2017)
- [“Actuary-To-Actuary Communications”](#)
Academy President Bob Beuerlein, Cecil Bykerk, past president and member of the Council on Professionalism, and Janet Fagan, past chairperson of the ABCD, discussed precepts of the Code and standards of practice relevant to actuarial communications. They shared and explored a variety of examples, including examples of issues that have come to the ABCD's attention, giving attendees insights on how the Code, standards of practice, and other professionalism tools can help guide successful actuary-to-actuary communications. (June 28, 2017)
- [“The Great Assumptions Debate”](#)
Assumptions lie at the heart of actuarial work. Late in 2016, the ASB approved an exposure draft of a proposed ASOP that would provide guidance to actuaries setting assumptions. ASB member Barbara Snyder, ASB Assumptions Task Force Chairperson Maria Sarli, and ASB General Committee member Ralph Blanchard examined key issues raised in many comment letters during the exposure process. (October 26, 2017)
- [“Tales From the Dark Side: Ethical Cases at the ABCD”](#)
David Driscoll and Godfrey Perrott—both members of the ABCD who transformed themselves into characters from Dickens' “A Christmas Carol”—examined case studies and examples of ethical problems brought before the ABCD and, drawing on the available guidance, discussed what steps an actuary could take in each case. They also discussed the information and guidance the ABCD has provided to practicing actuaries in several situations through the ABCD's well-used request for guidance (RFG) process. (December 20, 2017)

Slides and audio of archived webinars are available to members only, without charge, on the Academy's webinar page.

Professionalism Counts

This monthly column in *Actuarial Update* provides timely, pertinent discussion of professionalism topics affecting actuaries' daily practice.

- January—“[Important Interpretations: Qualifications FAQs in 2016](#)”
- February—“[Change for the Better—The Revised ASOPs Adopted in 2016](#)”
- March—“[A Look into the Revision of ASOP No. 32 on Social Insurance](#)”
- April—“[Which ASOPs Apply? Check the Applicability Guidelines](#)”
- May—“[Critical Stages: Professionalism at Career Transition Points](#)”
- June—“[Make Sure Your CE is ‘Relevant’](#)”
- July—“[The ABCDs of Precept 10](#)”
- August—“[Must, Should, May: Small Words, Huge Implications](#)”
- September—“[Don’t Lose Your Way on CE: Remember the ‘WHY!’](#)”
- October—“[Reliance and the ASOPs: In Good Faith and Subject to Disclosure](#)”
- November—“[Professionalism Resources at Your Fingertips](#)”
- December—“[If You Get That Call](#)”

Be sure to read *Actuarial Update* each month to learn about professionalism from leaders in the U.S. actuarial profession.

Professionalism Outreach

In 2017, the Academy's professionalism speakers bureau provided Academy representatives at 25 meetings at regional conferences and actuarial clubs, for private employers, and at actuarial students associations, reaching an estimated 3,600 attendees.

Actuarial Clubs

Columbus Actuarial Club
Southern California Casualty Actuarial Club
Actuaries Club of Philadelphia
Actuarial Society of New York
Actuaries' Club of Springfield/Hartford
Southwest Actuarial Forum
Actuaries Club of the Southwest,
Southeastern Actuaries Conference
Casualty Actuaries of the Desert States
Kansas City Actuarial Club
Tri-State Actuarial Club
Atlanta Actuarial Club
Iowa Actuaries Club
Actuaries Club of Philadelphia
Middle Atlantic Actuarial Club
Actuaries Club of Boston
Southeastern Actuaries Conference
Saint Louis Actuaries Club

Estimated Audience
Reached: 2,700

Employers and Employer Organizations

TIAA
Intercompany Long-Term Care Insurance Conference
Pacific Life Actuarial Conference
Prudential Network Annual Seminar

Estimated Audience
Reached: 600

Students and Universities

Actuarial Students National Association (Canada)
Columbia University
Penn State Actuarial Students

Estimated Audience
Reached: 300

For information on The Academy's policies about when it will consider providing a speaker and how to do so, see the "[Request a Professionalism Speaker](#)" page on the Academy website.

Evaluation Results

The Academy seeks feedback for improvement, and evaluations of speakers it places. From returned evaluations, the results were:

Rating Element	Mean Rating (1=Poor; 5=Excellent)
Overall Quality of Speaker	4.92
Relevance/Appropriateness of Topic(s)	4.85
Length of Presentation	4.85
PowerPoint Presentation	4.85
Printed Collateral/Handouts	4.93
Engagement With Audience	4.79
Customer Service Provided by Academy Staff	5

Regulator-Specific Outreach

The Academy continued its regulator-focused outreach on professionalism matters in 2017, answering questions and making in-depth presentations at well-attended regulator-only breakfasts at the three National Association of Insurance Commissioners' (NAIC) national meetings. Academy representatives include individuals from the Actuarial Standards Board, the Actuarial Board for Counseling and Discipline, and the Committee on Qualifications. To improve communications with regulators, these breakfast forums facilitate frank, open, and informative discussions among regulators and professionalism representatives.

Academy Attends IABA Conference

The Academy offered its congratulations to the International Association of Black Actuaries at the IABA's 25th anniversary celebration, held in July 2017 in Washington, D.C. The Academy was a "Premium" sponsor of this event and staffed an exhibit showing the work of the Academy and its role in the profession. Academy President Bob Beuerlein attended, as did Jeff Johnson, vice president, life, and a founding IABA member; Executive Director Mary Downs; and Assistant Director of Membership Kasha Shelton. David Driscoll, a member of the Actuarial Board for Counseling and Discipline, presented a professionalism session for attendees at which they could obtain professionalism continuing education credit.



Section 3—



Public Policy

There are many current pressing public policy issues that call for the application of actuarial principles and impact on the work of practicing actuaries. As the unified voice for the U.S. actuarial profession, the Academy provides independent, effective, and objective actuarial information, analysis, and education for the formation of sound public policy.



The Academy provides actuarial expertise and advice to public policy makers on a broad range of issues that require the special set of skills and qualifications that actuaries possess. The Academy also identifies and addresses issues on behalf of the public good on matters in which actuarial science provides a unique understanding.

With health care reform efforts and tax reform making headlines, the National Flood Insurance Program up for reauthorization, and the necessity of preserving the long-term security of Social Security and Medicare, the Academy continued to provide input on critical public policy concerns in 2017.

Practice Councils

In 2017, the Academy's Public Policy practice councils undertook extensive work in their respective areas, focusing on critical public policy and professionalism issues. Their efforts touch a variety of audiences, including the American public, Congress, federal and state regulators, and international audiences.

Casualty Initiatives, Statements, and Resources

The Casualty Practice Council (CPC) had an active 2017. Much of its work focused on flood insurance, ahead of the reform process in Congress.

The Flood Insurance Work Group released a [public policy monograph](#), *The National Flood Insurance Program: Challenges and Solutions*, which aims to provide objective information to policymakers on differing approaches to premium-setting and program financing, including both public and private financing mechanisms.

The monograph was the basis for a June presentation and briefing on Capitol Hill and it garnered much media attention as Congress struggled with how to proceed.



In addition to the monograph, the CPC continued its work in engaging the National Association of Insurance Commissioners (NAIC), Congress, and other state and federal legislators and regulators on matters on which an actuarial perspective is relevant—including auto insurance, predictive modeling, climate risk, and workers' compensation.

The property/casualty environment is changing, and the CPC is responding to these new and exciting challenges.



Rade Musulin
Vice President, Casualty

Committee on Property and Liability Financial Reporting

In 2017, the Committee on Property and Liability Financial Reporting (COPLFR):

- Submitted a [comment letter to the NAIC's Title Insurance Financial Reporting Working Group](#) regarding proposed changes to reporting of reserves in the statement of actuarial opinion for title insurance. (July 14, 2017)
- Submitted a [comment letter to the NAIC's Statutory Accounting Working Group](#) questioning the proposed new definition of reinsurance risk transfer in Statement of Standard Accounting Practice No. 62R: *Property and Casualty Reinsurance*. (October 4, 2017)
- Submitted a [comment letter to the NAIC's Actuarial Opinion Working Group](#) on the effect of life insurance Valuation Manual changes on property and casualty insurers' Statements of Actuarial Opinion that include accident and health and long-term care lines of business. (October 18, 2017)
- **Law Manual:** *P/C Loss Reserve Law Manual*—This valuable resource is an annual publication of laws designed to help appointed actuaries comply with NAIC Annual Statement requirements for a statement of actuarial opinion. (December 2017)
- **Seminar:** Seminar on Effective P/C Loss Reserve Opinions—This two-day seminar, held annually by the Academy, is designed to deepen attendees' expertise on the latest regulations and standards with reviews of actuarial qualification standards and interactive case studies. (December 7–8 2017)
- **Practice Note:** [Statements of Actuarial Opinion On Property and Casualty Loss Reserves](#)—This annual practice note provides actuaries with information on current and emerging practices in which their peers are engaged. (December 19, 2017)

National Flood Insurance Program (NFIP)

- Representatives from the Academy's Casualty Practice Council met in May with U.S. Senate staff members on Capitol Hill. They discussed the Academy's recent [flood insurance monograph](#) and potential flood insurance legislation with staff of Subcommittee on Securities, Insurance, and Investment Chairman Dean Heller (R-Nev.), Ranking Minority Member Mark Warner (D-Va.), and several other senators as Congress considered reauthorization of the NFIP. (June 26, 2017)
- The Casualty Practice Council sent a [comment letter to the U.S. Senate Committee on Banking, Housing, and Urban Affairs](#) urging reauthorization and revision of the NFIP. (August 23, 2017)
- The Casualty Practice Council sent a [comment letter to members of the U.S. House of Representatives](#) urging reauthorization and revision of the NFIP. (August 30, 2017)
- The Casualty Practice Council [sent a letter to the U. S. House of Representatives](#) on pending flood insurance legislation. (November 8, 2017)

Other CPC Activities

Also in 2017:

- Academy Senior Casualty Fellow Jim MacGinnitie presented the Actuaries Climate Index and Actuaries Climate Risk Index to the Inter-Agency Forum on Climate Change Impacts and Adaptations meeting at NASA headquarters in Washington. (March 16, 2017)
- The Workers' Compensation Committee sent a [comment letter to California's Office of Self-Insured Plans](#) regarding guidance on actuarial reports on self-insured workers' compensation plans. (March 30, 2017)
- The Casualty Practice Council [submitted comments on the ASB's third exposure](#) of the proposed ASOP *Estimating Future Costs for Prospective Property/Casualty Risk Transfer and Risk Funding*. (April 27, 2017)
- The Casualty Practice Council gave [multiple presentations](#) on predictive modeling at the NAIC's Insurance Summit in Kansas City, Mo. The program was coordinated by Roosevelt Mosley, chairperson of the CPC's Automobile Insurance Committee, and Senior Casualty Fellow Jim MacGinnitie moderated the final discussion panel. (May 25, 2017)
- The Property and Casualty Risk-Based Capital (RBC) Committee, jointly with the Health Solvency Subcommittee, submitted a [comment letter](#) regarding proposed changes to corporate bond factors being considered by the NAIC's Investment Risk-Based Capital Working Group. (July 25, 2017)

Casualty Resources

- **[Casualty/Quarterly](#):** The Academy began publishing a new newsletter in May 2017, *Casualty Quarterly*, which looks at property/casualty news and highlights P/C legislation and regulation. The inaugural issue covered issues surrounding the National Flood Insurance Program, which was up for congressional reauthorization in September; the Academy's flood insurance monograph; and more.
- **Webinar:** [P/C Loss Reserve Opinion Writing](#): A summary of presentations made at the December 2016 Seminar on P/C Effective Loss Reserve Opinions. (January 19, 2017)
- **Webinar:** [P/C Post-NAIC Update–Fall 2016](#): An overview of the top property and casualty issues discussed at the NAIC Fall 2016 National Meeting. (January 26, 2017)
- **Webinar:** [P/C Post-NAIC Update–Spring 2017](#): An overview of the top property and casualty issues discussed at the NAIC Spring 2017 National Meeting. (April 25, 2017)
- **Webinar:** [P/C Post-NAIC Update–Summer 2017](#): An overview of the top property and casualty issues discussed at the NAIC Summer 2017 National Meeting. (September 6, 2017)



- **Seminar:** Casualty Loss Reserve Seminar (CLRS) and Workshops: This annual seminar helps attendees stay current with industry developments and learn from expert analysis of innovation in reserving. More than 500 people attended this seminar, which is co-hosted by the Academy and the Casualty Actuarial Society. A number of Academy volunteers are on the faculty. (September 10–12, 2017)

Health Initiatives, Statements, and Resources

The Health Practice Council was very active in 2017 as efforts continued to “repeal and replace” the Affordable Care Act (ACA). The Academy offered fact-based, objective, nonpartisan analysis to help inform this important debate.

The HPC and its associated work groups produced a wealth of work product in 2017, engaging in a rapidly evolving environment as new options were considered. Some of these documents—explored more fully elsewhere in *The Record*—include:

- *An Evaluation of the Individual Health Insurance Market and Implications of Potential Changes;*
- *Association Health Plans;*
- *Selling Health Insurance Across State Lines;*
- *Using High-Risk Pools to Cover High-Risk Enrollees;*
- *Proposed Approaches to Medicaid Funding;*
- *Steps Toward a More Sustainable Individual Health Insurance Market; and*
- *How Changes to Health Insurance Market Rules Would Affect Risk Adjustment.*

As it does each year, the Academy continued its Capitol Hill and federal agency outreach efforts, including an HPC visit in February with congressional offices and the administration, and several high-impact engagements for Senior Health Fellow Cori Uccello with policymakers, think tanks, academic institutions, and other stakeholders.

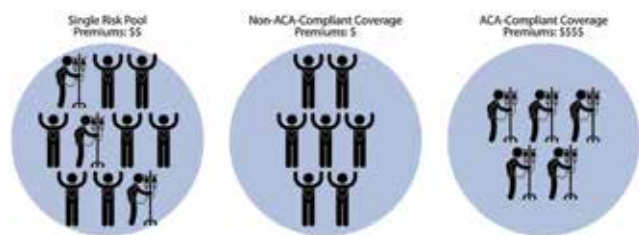


Shari Westerfield
Vice President, Health

As the health care landscape continued to evolve, the Academy—through the efforts of the HPC—was ready to provide the technical assistance necessary to have an informed debate.

Capitol Hill Outreach

In February 2017, members of the Academy's HPC made their annual visits to Capitol Hill, talking with federal lawmakers and agency officials about relevant public policy issues related to health care and the future of the ACA. Over two days, eighteen volunteers met with staff from more than 40 congressional offices and government agencies, discussing topics surrounding ongoing ACA "repeal-and-replace" proposals among other topics and highlighting the Individual and Small Group Markets Committee's [issue briefs](#) on high-risk pools, association health plans, and selling insurance across state lines.



Several Academy volunteers did brief video presentations outlining the visits for the Academy's [Facebook page](#).



Separately, Academy Senior Health Fellow Cori Uccello presented a nonpartisan, objective actuarial perspective on the individual health insurance market at a meeting of U.S. senators and a group of health care experts on Capitol Hill in Washington on June 12. That same day, Uccello participated in a teleconference, hosted by the Commonwealth Fund, on the individual health insurance market.

Affordable Care Act

In three timely issue briefs, the Academy examined a number of key public policy considerations that policymakers can weigh when evaluating specific proposals for reforming or replacing the ACA. Developed by the Academy's Individual and Small Group Markets Committee, the papers address high-risk pools, selling health insurance across state lines, and association health plans.

Many Academy Health practice groups were active in 2017 on issues related to the ACA:

- The Individual and Small Group Markets Committee released a [public policy paper](#) that outlines what's needed for a sustainable health insurance individual market, assesses how well the ACA has achieved those conditions, and explores how ideas for addressing challenges would affect that market. (January 18, 2017)

- Academy Senior Health Fellow Cori Uccello and Karen Bender, chairperson of the Academy's Individual and Small Group Markets Committee, submitted [testimony](#) on the effectiveness of the individual mandate in the ACA to a U.S. House Ways and Means Oversight Subcommittee hearing. (February 6, 2017)
- The Individual and Small Group Markets Committee sent [comments](#) to the U.S. House Committee on Education and the Workforce on H.R. 1101, the Small Business Health Fairness Act, related to association health plans. (March 8, 2017)
- The Individual and Small Group Markets Committee and the Medicaid Subcommittee sent [comments](#) to U.S. House Leadership on H.R. 1628, the American Health Care Act, which was intended to repeal and replace provisions in the Affordable Care Act. (March 22, 2017)
- The Health Practice Council [presented](#) to the NAIC's Health Actuarial Task Force on the potential changes to the ACA through possible legislation and administrative actions and the actuarial considerations. (April 7, 2017)
- The Health Practice Council [presented](#) to the NAIC's Health Insurance and Managed Care Committee on the potential changes to the Affordable Care Act through possible legislation and administrative actions, and subsequent actuarial considerations. (April 9, 2017)
- The Health Practice Council published an [issue brief](#) examining ways in which the individual health insurance market can be strengthened and made more viable. (April 24, 2017)
- The Risk Sharing Subcommittee published an [issue brief](#) examining the risk adjustment program implemented under the ACA and the implications for the program under different potential changes to current insurance market rules. (May 10, 2017)
- The Health Practice Council (HPC) sent [comments](#) to the Senate Finance Committee on improving the individual health insurance market and changing the approach to Medicaid funding. (May 23, 2017)
- The Individual and Small Group Markets Committee and the Medicaid Subcommittee sent [comments](#) to U.S. Senate leadership on the Better Care Reconciliation Act of 2017, which was intended to repeal and replace provisions in the ACA. (June 30, 2017)
- The Health Financial Reporting and Solvency Committee sent [comments](#) to the NAIC's Statutory Accounting Principles Working Group in a Form A Maintenance Agenda Submission Form. (July 7, 2017)



- The Individual and Small Group Markets Committee published an issue brief, [Drivers of 2018 Health Insurance Premium Changes](#), which provides an overview of the general factors underlying premium rate setting and highlights the major components driving premium changes for 2018. (July 11, 2017)
- The Individual and Small Group Markets Committee made a presentation to the National Conference of Insurance Legislators about the key drivers of 2018 premiums and what goes into developing a premium. (July 14, 2017)
- The Health Practice Council released a new [policy paper](#) highlighting several frequently asked questions (FAQs) on risk pooling and explaining how it works in the individual health insurance market. The FAQs also explore the differences between a single risk pool and separate risk pools. (July 14, 2017)
- The Health Practice Council released a new [policy paper](#) highlighting cost-sharing reductions, including what they are and why they need to be funded. (July 24, 2017)
- The Health Practice Council sent a [letter](#) to U.S. Senate leadership on the potential adverse consequences of legislation to eliminate the ACA's individual mandate which would lead to lower enrollment, a deterioration of the risk pool, and higher premiums. (July 25, 2017)
- As part of an expert panel convened during a forum jointly sponsored by the American Enterprise Institute and the Center for American Progress to weigh in on possible ACA reform options, Academy Senior Health Fellow Cori Uccello offered an actuarial perspective on the challenges of stabilizing the marketplace and ensuring access to affordable health coverage. Watch the video [here](#); Uccello's prepared remarks begin at 9:50. (September 8, 2017)
- The Health Practice Council sent a [letter](#) to U.S. Senate HELP Committee on efforts to stabilize the individual health insurance market. (September 12, 2017)
- The Health Practice Council sent [comments](#) to U.S. Senate leadership on the Graham-Cassidy-Heller-Johnson Proposal about revisions to the individual health insurance market and approaches to federal Medicaid funding. (September 22, 2017)
- The Health Practice Council sent a [letter](#) to the U.S. Departments of Treasury, Labor, and Health and Human Services on the Oct. 12 executive order focused on expanding access to association health plans, short-term limited-duration insurance, and use of health reimbursement arrangements. (November 7, 2017)
- The Health Practice Council submitted a [letter](#) to the U.S. Senate providing comments on the potential consequences of eliminating the ACA's individual mandate, as included in the *Tax Cuts and Jobs Act*. (November 21, 2017)
- The Health Practice Council submitted a [letter](#) to the U.S. House and Senate providing comments on the potential consequences of eliminating the ACA's individual mandate, as possible in the conference committee for the *Tax Cuts and Jobs Act*. (December 12, 2017)

Long-Term Care

Academy groups also were active on critical issues related to long-term care (LTC) in 2017:

- The LTC Reform Subcommittee submitted a comment [letter](#) to the Maryland Insurance Administration Public Hearing on Long-Term Care Insurance. (January 6, 2017)
- The Health Financial Reporting and Solvency Committee sent [comments](#) to the Long-Term Care Valuation (B) Subgroup on asset treatment for stand-alone LTC asset adequacy analysis. (January 26, 2017)
- Al Schmitz, chairperson of the LTC & Disability Committee, gave a [presentation](#) to the National Conference of Insurance Legislators (NCOIL) about long-term care and sales and premium increase data, understanding premium rate increases, and essential criteria in LTC reform. (November 17, 2017)

Medicare/Medicaid

Academy activities on issues related to Medicare and Medicaid in 2017 included:

- The Individual and Small Group Markets Committee submitted a [letter](#) to the Centers for Medicare & Medicaid Services regarding the proposed rule on market stabilization. (March 7, 2017)
- The Medicaid Funding Work Group published an [issue brief](#) addressing key design elements of block grants and per capita caps in relation to program sustainability. (March 17, 2017)
- The Medicare Subcommittee sent [comments](#) to the House Ways and Means Health Subcommittee on preserving and strengthening the Medicare program. (June 1, 2017)
- The Medicare Subcommittee published an [issue brief](#), *Medicare's Financial Condition: Beyond Actuarial Balance*, on significant concerns about Medicare's long-term financial health. (July 19, 2017)
- The Health Practice International Committee published an [issue brief](#) on global aging demographics, quality of life during the end-of-life period, palliative versus curative care, and strategies for addressing health care challenges at the end of life using case studies from a variety of countries. (December 6, 2017)

Other Health Activities

Also in 2017:

- Tom Wildsmith [represented the Academy](#) as a guest on C-SPAN's *Washington Journal*, a televised national call-in program that focuses on current events related to politics, policy, and legislation. Wildsmith, who was president in 2015-16, provided an actuarial perspective on health reform proposals surrounding the sale of insurance across state lines. (March 14, 2017)
- The Premium Review Subgroup submitted [comments](#) to the Center for Consumer Information and Insurance Oversight on the final 2018 unified rate review template instructions. (April 27, 2017)
- The Stop-Loss Work Group sent [comments](#) to the NAIC's Capital Adequacy (E) Task Force concerning calibration of risk factors in the *Stop-Loss Factors Report*. (May 9, 2017)
- Members of several Health Practice Council committees provided presentations at the SOA Health Meeting on the [criteria for evaluating long-term care reform, telehealth from an international perspective](#), and the [current legislative and regulatory environment for health care reform](#). (June 15, 2017)



Senior Health Fellow Cori Uccello at the Urban Institute/American Action Forum panel.

- Senior Health Fellow Cori Uccello [participated](#) in an Urban Institute/American Action Forum panel, "Stabilizing the Individual Health Insurance Market: What is the Role for Risk Adjustment?" (June 28, 2017)
- The P/C RBC Committee and the Health Solvency Subcommittee submitted a joint [comment letter](#) to the NAIC's Investment Risk-Based Capital Working Group expressing concern about proposed changes to corporate bond factors. (July 24, 2017)
- The Comparative Effectiveness Work Group of the Health Care Delivery Committee published an [issue brief](#) providing an actuarial overview of comparative effectiveness research, including measuring its impact and its potential to reduce health care costs. (November 17, 2017)
- The Risk Sharing Subcommittee and Premium Review Work Group submitted [comments](#) to the U.S. Department of Health and Human Services regarding the proposed rule for the 2019 benefit and payment parameters. (November 27, 2017)

Health Resources

- **Webinar:** [Global Perspectives on Long-Term Care: United States and Germany](#): A discussion about some of the global challenges facing long-term care, including delivery methods, financing, and program design, as well as the role actuaries play in identifying trends and potential solutions to each of these challenges. (March 24, 2017)
- **Webinar:** [A Global Look at Pandemic Risk](#): Presenters discussed examples of the calculation and observation for different indices, including infrastructures for public health communication, institutional capacity, and economic factors. They also share case studies on the United States, Canada, Israel, China, Singapore, and more. (June 6, 2017)
- **Webinar:** [End-of-Life Care in an Aging World: A Global Perspective](#): Explore the increased health care costs of global aging, quality of life during the end-of-life period, palliative versus curative care, and stakeholder strategies for addressing the unique health care challenges at the end of life. (November 10, 2017)
- **Publication:** [HealthCheck](#): The Academy's monthly digital newsletter covering the actuarial perspective on health care reform implementation.

Life Initiatives, Statements, and Resources

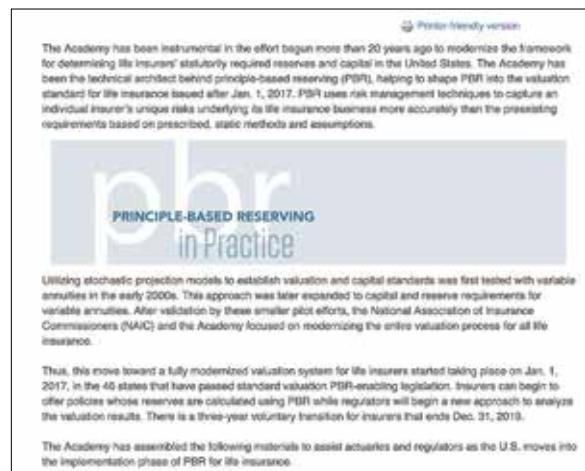


Jeff Johnson
Vice President, Life

The Life Practice Council (LPC) continued its work in 2017 in supporting the implementation of principle-based reserving (PBR), which is now the valuation standard for life insurance issued after Jan. 1, 2017. The LPC has long supported adoption of and been the technical architect for PBR, and many of the council's groups and members have submitted comments and made presentations on PBR this year to the NAIC and the National Conference of Insurance Legislators (NCOIL). In addition, the LPC has continued its longstanding practice of producing webinars after each NAIC national meeting for members.

In 2017, the Academy held two successful PBR Boot Camps. These intensive two-and-a-half-day seminars delivered instructional sessions and interactive case studies, providing attendees with key learning experiences—and valuable continuing education credit—as they prepared to implement and utilize PBR.

In other work, the Government Mandates Work Group released an issue brief providing information on the impact of laws and regulations on consumer cost and consumer choice for annuity and life insurance benefits, and the Tax Work Group released an issue brief on the implications of calculating tax-deductible claim reserves based on incurral date versus issue date for long-term disability insurance policies.



Principle-Based Reserving

The Academy provided sustained and extensive resources to the development of PBR, helping to shape PBR into the valuation standard for life insurance issued after Jan. 1, 2017, in the 46 states that have passed standard valuation PBR-enabling legislation. PBR uses risk management techniques to capture an individual insurer's unique risks underlying its life insurance business more accurately than the pre-existing requirements based on prescribed, static methods and assumptions. The Academy has assembled materials and [launched a new webpage](#) to assist actuaries and regulators as the United States moves into the implementation phase of PBR for life insurance.

LPC work groups were active on issues related to PBR in 2017:

- The PBR Model Governance Practice Note Work Group released a new [practice note](#) to provide additional information for practicing life actuaries seeking to better understand models, model risks, model governance, and related issues, as these actuaries implement PBR. (April 20, 2017)
- The Life Principle-Based Approach Practice Note Work Group released a [practice note](#), *Life Principle-Based Reserves Under VM-20*, to assist actuaries with the implementation of the principle-based life reserve valuation approach adopted by the NAIC as detailed in VM-20—*Requirements for Principle-Based Reserves for Life Products*. (May 18, 2017)
- The PBR Governance Work Group submitted [comments](#) to the Actuarial Standards Board on the exposure draft for a new ASOP, *Principle-Based Reserves for Life Products*. (May 31, 2017)
- The summer 2017 issue of [PBA Perspectives](#) included items on the PBR Review (EX) Working Group's pilot project; the Life Practice Council's PBR Boot Camp in Orlando in May; and the PBR Model Governance Practice Note Work Group's new practice note. (June 30, 2017)
- The Annuity Reserves Work Group [presented](#) an update on its work related to issues that need to be modified for non-variable annuities to the Life Actuarial Task Force. (August 5, 2017)



- The Academy's PBR Review Procedures Work Group submitted a [comment letter](#) to the NAIC's Financial Examiners Handbook Technical Group regarding the exposure of proposed changes to the Financial Condition Examiners Handbook. (August 17, 2017)
- The PBR Governance Subgroup presented an [update](#) to the NAIC Life Actuarial (A) Task Force on the Academy's efforts on PBR implementation. (December 1, 2017)

PBR Boot Camps

The Academy again offered its informative PBR Boot Camps in 2017. A three-day seminar in May featured 18 dynamic, interactive sessions; the limited attendance audience of 105 received targeted instruction and participated in intensive, focused discussion groups, providing an opportunity for attendees to share insights and learn from others' experience following January's PBR implementation. At the Las Vegas seminar in September, 60 attendees—primarily regulatory actuaries—learned from experts and one another about the experiences and challenges faced since implementation of PBR.

Life Risk-Based Capital

LPC work groups also were active on issues around risk-based capital (RBC) in 2017:

- The Life Operational Risk Work Group submitted [comments](#) to the NAIC's Operational Risk (E) Subgroup on a draft report on operational life risk-based capital. (March 17, 2017)
- Tricia Matson, chairperson of the Longevity Risk Task Force, presented an [update](#) on efforts to develop a methodology for recognizing longevity risk in statutory reserves and RBC to the NAIC's Life RBC Working Group. (April 8, 2017)
- The Operational Risk Work Group submitted [comments](#) to the NAIC on the life RBC operational risk factor. (May 25, 2017)
- The C1 Work Group submitted [comments](#) to the NAIC with revised recommendations on corporate bond RBC factors based on changes to the representative portfolio. (June 8, 2017)
- The C1 Work Group submitted [comments](#) to the NAIC's Investment Risk-Based Capital Working Group on its proposal on RBC requirements for real estate. (July 24, 2017)
- The C1 Work Group sent [comments](#) to the NAIC's Investment Risk-Based Capital Working Group on capital requirements for bonds. (October 10, 2017)
- The LPC sent a [comment letter](#) to the NAIC's Financial Condition Committee raising concerns over the process by which the NAIC is developing changes to the statutory framework for variable annuities (VAs), including both C-3 Phase II for RBC and Actuarial Guideline (AG) 43 reserve requirements. (November 28, 2017)

Other Life Activities

Also in 2017:

- The Non-Guaranteed Elements Work Group submitted [comments](#) to the New York state Department of Financial Services on Proposed 11 NYCRR 48 (Insurance Regulation 210) on life insurance and annuity nonguaranteed elements. (January 17, 2017)
- The Standard Valuation Law Interest Rate Modernization Work Group submitted [comments](#) to the NAIC's Life Actuarial Task Force (LATF) on its VM-22—*Maximum Valuation Interest Rates for Income Annuities* exposure draft. (January 25, 2017)
- The AG 43/C-3 Phase II Work Group submitted [comments](#) to the NAIC's Variable Annuities Issues (E) Working Group on version 1 of the draft specifications for the second quantitative impact study. (February 3, 2017)
- The SVL Interest Rate Modernization Work Group submitted [comments](#) on a revised weighting methodology proposal to the NAIC's VM-22 (A) Subgroup. (February 17, 2017)
- The SVL Interest Rate Modernization Work Group submitted [comments](#) to the NAIC's VM-22 Subgroup on the VM-22—*Maximum Valuation Interest Rates for Income Annuities* draft report. (March 14, 2017)
- The Life Experience Committee gave a [report](#) to NAIC's Life Actuarial Task Force (LATF) on 2017 guaranteed issue mortality tables, including spreadsheets with a [blended](#) mortality table, a [male](#) mortality table, and a [female](#) mortality table. (April 6, 2017)
- Mary Bahna-Nolan, chairperson of the joint committee of the Academy's Life Experience Committee and SOA Preferred Mortality Oversight Group, presented updates on its work to NAIC's LATF on [guaranteed issue and preneed mortality tables and simplified issue and accelerated underwriting mortality](#) under VM-20. (April 6, 2017)
- The Life Reserves Work Group submitted an [amendment proposal form](#) to NAIC's LATF regarding the VM-20 wording on modeling of policy loans and separate account assets. (May 12, 2017)

- The Life Reserves Work Group submitted comments on two LATF proposed amendments to VM-20: one [comment letter](#) related to additional definitions and another [comment letter](#) related to proposed changes to Section 2G. (May 2, 2017)
- The Government Mandates Work Group published an [issue brief](#) providing information on the impact of laws and regulations on consumer cost and consumer choice for annuity and life insurance benefits. (June 15, 2017)
- The Non-Guaranteed Elements Work Group submitted [comments](#) to the New York Department of Financial Services on re-proposed 11NYCRR 48 (insurance regulation 210) on life insurance and annuity nonguaranteed elements. (June 22, 2017)
- The VM-31 Subgroup submitted [comments](#) to NAIC's LATF on an amendment to eliminate the summary of methods and assumptions that covers multiple product groups in the executive summary. (July 10, 2017)
- Senior Life Fellow Nancy Bennett and Tom Campbell, chairperson of the Life Valuation Committee's AG 43/C3 Phase II Work Group, [presented](#) to the Federal Reserve Board Insurance Industry Work Group on regulatory capital requirements for life insurers. (July 11, 2017)



Mary Bahna-Nolan represents the Academy at the NAIC Spring 2017 National Meeting.

- The Accelerated Underwriting Project Oversight Group (reporting to the Academy’s Life Experience Committee and SOA’s Preferred Mortality Oversight Group) submitted [comments](#) to NAIC’s LATF discussing future experience study data elements. (July 14, 2017)
- The Tax Work Group released an [issue brief](#) on the implications of calculating tax-deductible claim reserves based on incurral date versus issue date for long-term disability insurance policies. (July 28, 2017)
- The Academy’s Life Experience Committee and SOA Preferred Mortality Oversight Group [presented](#) to NAIC’s LATF on the [2017 simplified issue composite mortality tables report](#). (August 4, 2017)
- Mary Bahna-Nolan, chairperson of the Academy’s Life Experience Committee and SOA Preferred Mortality Oversight Group, [presented](#) on the guaranteed issue report and amendment proposal forms (APFs) to NAIC’s LATF. The [first APF](#) examines implementation of guaranteed issue mortality tables under current requirements; the [second APF](#) examines implementation under principle-based reserve requirements. (August 4, 2017)
- Bahna-Nolan also [presented on](#) PBR valuation considerations and recommendations related to accelerated underwriting to NAIC’s LATF. (August 4, 2017)
- The Academy’s Standard Valuation Law Interest Rate Modernization Work Group [presented](#) an update to the NAIC’s LATF summarizing its activities on its new project to modernize the process of setting valuation interest rates for non-variable annuities (except SPIAs). (August 5, 2017)
- The Life Reserves Work Group submitted a [comment letter](#) on term insurance riders to the NAIC’s LATF regarding VM Maintenance Agenda Item 2017-40. (August 28, 2017)
- The PBR Governance Work Group’s VM-31 Review Subgroup sent [comments](#) to the NAIC’s LATF on the exposed VM-31 Amendment Proposal Form. (September 12, 2017)
- The Asset Adequacy Analysis Practice Note Work released a new [practice note](#) to assist practicing life actuaries who are faced with the requirement of asset adequacy analysis. (September 26, 2017)
- The Life Reinsurance Work Group sent [comments](#) to the NAIC’s Statutory Accounting Principles Working Group on exposure draft 2017-28 relating to “Reinsurance Risk Transfer.” (October 13, 2017)
- The Non-Guaranteed Elements Work Group submitted a [comment letter](#) to the NAIC’s Life Insurance Buyer’s Guide Working Group regarding the Life Insurance Buyer’s Guide discussion draft. (October 19, 2017)
- The Life Products Committee submitted a [comment letter](#) to the Actuarial Standards Board regarding a proposed actuarial standard of practice on pricing of life insurance and annuity products. (October 31, 2017)

- The Life Reinsurance Work Group submitted a [comment letter](#) to the NAIC's LATF on yearly renewable term reinsurance premiums under Section 20 of the Valuation Manual. (November 7, 2017)
- The Non-Guaranteed Elements Work Group submitted a [comment letter](#) on the NAIC's Life Insurance Buyer's Guide Q&A draft. (November 15, 2017)
- Dave Neve, vice president of the Academy's Life Practice Council, presented a [preliminary summary](#) to the NAIC's LATF on the aggregation of mortality segments in VM-20. (November 27, 2017)
- Mary Bahna-Nolan, chairperson of the Academy's Life Experience Committee, gave a presentation to the NAIC's LATF on [developing accelerated underwriting techniques](#) and another on [joint committee recommended changes](#) related to guaranteed issue (GI) tables and exposed simplified issue (SI) exposed tables and report. (November 30, 2017)
- Arnold Dicke, chairperson of the Role of the Actuary Subgroup, presented an [update](#) on the development to NAIC's LATF on the definition of "qualified actuary" in the valuation manual and standard valuation law. (December 1, 2017)

Life Resources

- **Law Manual:** *Life and Health Valuation Law Manual*: This vital annual resource is designed to help appointed actuaries comply with the requirements of the NAIC model Standard Valuation Law and the Model Actuarial Opinion and Memorandum Regulation. (February 9, 2017)
- **Webinar:** [Life Post-NAIC Update–Fall 2016](#): An overview of the top life issues discussed at the NAIC Fall 2016 National Meeting. (January 5, 2017)
- **Webinar:** [Life Post-NAIC Update–Spring 2017](#): An overview of the top life issues discussed at the NAIC Spring 2017 National Meeting. (April 20, 2017)
- **Webinar:** [Life Post-NAIC Update–Summer 2017](#): An overview of the top life issues discussed at the NAIC Summer 2017 National Meeting. (August 25, 2017)
- **Publication:** *PBA Perspectives*: This publication kept readers up to date on activities surrounding the implementation of the principle-based approach for life insurance.

Retirement security is a complex subject, and the PPC is dedicated to providing thorough and robust assistance to policymakers and regulators.

Pension Initiatives, Statements, and Resources



Bill Hallmark
Vice President, Pension

The Pension Practice Council (PPC) focused in 2017 on retirement issues such as multiemployer pension plans and state-based retirement initiatives. Together with the Retirement for the AGES initiative, this work provides important actuarial perspectives to policymakers on pension and retirement issues. The PPC and its Retirement System Assessment and Policy Committee also focused on the implementation of various aspects of the *Tax Cuts and Jobs Act* specifically, and the role of tax policy in promoting retirement security more broadly.

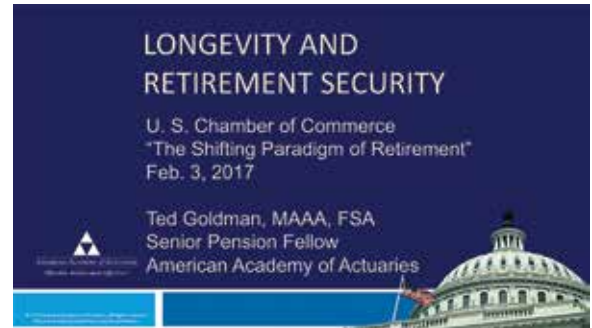
Social Security provides a solid retirement foundation for most Americans but faces long-term solvency issues. To help illuminate the problems and solutions of this program, the Academy, through the PPC's Social Security Committee, released an issue brief examining gender-related factors that can cause differences to the benefits women and men receive from Social Security, in addition to the yearly issue brief that studies the Social Security program as a whole.

Finally, a new issue brief, *Assessing Pension Plan Health: More Than One Right Number Tells the Whole Story* explores various methods to measure the financial health of pension plans. Among its findings are that a single number often cannot comprehensively address an issue as complex as the obligation or funded status of a pension plan, and the availability of multiple measurements can lead to a more robust understanding of the situation and more well-reasoned conclusions.

Retirement security is a complex subject, and the PPC and its numerous work groups are dedicated to providing thorough and robust assistance to policymakers and regulators as they grapple with the issues related to it.

Pension Policy Outreach

The Academy presented on “Longevity and Retirement Security” at the U.S. Chamber of Commerce’s “The Shifting Paradigm of Retirement” forum in Washington in February, reviewing the Actuaries Longevity Illustrator (jointly sponsored with the SOA) and the challenges of and potential approaches to addressing longevity risk. [View the slides.](#) (February 3, 2017)



Enrolled Actuaries Meeting

The Academy again jointly hosted the annual Enrolled Actuaries Meeting in Washington in April with the Conference of Consulting Actuaries. The meeting was attended by more than 700 enrolled actuaries and pension professionals.

Academy President Bob Beuerlein gave an opening address, noting that the pension community’s “work analyzing retirement income plans and programs has consequences for virtually every American.”

Pension Assistance List

The Pension Assistance List (PAL) is an Academy program that serves the public by providing a contact with a volunteer to provide pro bono advice to consumers who have questions about their pension plans. More than 35 individuals requested and received assistance on questions related to their pension plans in 2017 from the dedicated volunteers of the PAL.

Social Security

- The Social Security Committee produced an [issue brief](#) that discusses gender-related factors that can cause differences in the benefits women and men receive from Social Security. (May 12, 2017)
- The Social Security Committee released an [issue brief](#) on the 2017 Social Security Trustees Report that examines the social insurance program’s long-term solvency issues and recommends that Congress act soon to improve the long-term financial outlook of the program. (July 31, 2017)

Multiemployer Plans

Groups and individuals representing the Academy were active on issues around multiemployer plans in 2017:

- The Multiemployer Plans Subcommittee submitted a [comment letter](#) to the Pension Benefit Guaranty Corporation (PBGC) on alternative two-pool withdrawal liability methods. (February 24, 2017)
- The Multiemployer Plans Subcommittee released [notes](#) from its meeting on Feb. 22 with officials of the Treasury and Labor departments and the PBGC to discuss applications by multiemployer pension plans in critical and declining status to suspend benefits or partition liabilities. (March 23, 2017)
- The Academy hosted a Capitol Hill [briefing](#) in connection with the release of its issue brief, [Multiemployer Pension Plans: Potential Paths Forward](#). The presentation focused on how to address failing multiemployer plans and strengthen the multiemployer pension system. (June 27, 2017)
- The Multiemployer Plans Committee submitted a [comment letter](#) to the PBGC on modifications to the instructions for the 2017 Schedule MB (Multiemployer Defined Benefit Plan Actuarial Information) of the Form 5500. (November 21, 2017)

Retirement Policy

Academy groups focused on topics around retirement policy in 2017:

- The Pension Committee submitted a [comment letter](#) to the IRS on proposed regulations to the minimum present value requirements for defined benefit plan distributions. (February 23, 2017)
- The Pension Committee submitted a [comment letter](#) to the U.S. Treasury Department requesting guidance from the IRS and Treasury to resolve uncertainties that exist as to how variable annuity plans should be valued for minimum funding and Internal Revenue Code (IRC) §417(e) purposes. (March 8, 2017)
- The Pension Committee submitted a [comment letter](#) to the IRS on an update to mortality tables for determining the present value for defined benefit pension plans. (March 29, 2017)

- The Pension Practice Council sent a [letter](#) to congressional leaders on pension-related revenue offsets. (April 17, 2017)
- The Pension Committee submitted a [comment letter](#) to the IRS and Treasury Department on the projection of benefits under cash balance plans with variable interest credits. (May 12, 2017)
- The Intersector Group released the [notes](#) of its May 2017 meeting with the PBGC and the [notes](#) of its May 2017 meeting with the Treasury Department and Internal Revenue Service. (August 3, 2017)
- The Pension Committee submitted a [comment letter](#) to the ERISA Advisory Council regarding the Annual Funding Notice for Defined Benefit Plans. (August 15, 2017)
- The Pension Practice Council sent a [comment letter](#) to the Missouri State Employees' Retirement System Board regarding the newly-adopted Terminated-Vested Member Buyout Program. (October 23, 2017)

Other Pension Activities

Also in 2017:

- The Pension Committee submitted a [comment letter](#) to the Actuarial Standards Board on the proposed actuarial standard of practice, *Setting Assumptions*. (April 30, 2017)
- The Pension Practice Council published an [issue brief](#) that explores various methods to measure the financial health of pension plans. (July 13, 2017)
- The Academy, the Institute and Faculty of Actuaries (U.K.), and the Actuaries Institute of Australia published [Retirement Readiness: A Comparative Analysis of Australia, the United Kingdom, and the United States](#), showing that people in the three countries struggle with planning for retirement because they often aren't equipped to address complex questions. (October 2017)
- The Pension Committee submitted a [comment letter](#) to the American Institute of Certified Public Accountants' Employee Benefit Expert Panel on the current ASC 960 reporting standards for defined benefit pension plans. (October 20, 2017)
- The Academy issued a [position statement](#) encouraging policy and educational initiatives to increase retirement income options within employer-sponsored defined contribution plans. (October 31, 2017)
- The Retirement System Assessment and Policy Committee published an [issue brief](#) on state-based initiatives to expand retirement coverage among workers who do not have access to employer-sponsored plans and the alignment of these efforts with the Academy's Retirement for the AGES principles. (November 29, 2017)



Pension Resources

- The spring issue of [Retirement Account](#) covered a presentation of “Longevity and Retirement Security” by Senior Pension Fellow Ted Goldman to a U.S. Chamber of Commerce retirement forum; notes from a Multiemployer Subcommittee meeting with members of the PBGC, and Treasury and Labor departments on multiemployer pension plans; an issue brief by the Pension Cost Work Group on pension cost recognition; and more. (March 23, 2017)
- The summer issue of [Retirement Account](#) included items on the Multiemployer Committee’s Capitol Hill briefing on multiemployer pension plans; the Social Security Committee’s issue brief on Social Security and women; and comments to the IRS and Treasury Department on projections of cash balance plan benefits. (June 27, 2017)
- **Webinar:** [Retirement Readiness In Three Countries: Who Is Ready To Retire?](#): Speakers discussed the report noted above on how prepared citizens are for retirement in the U.S., U.K., and Australia, and explored some specific recommendations for policy initiatives aimed at improving overall retirement readiness. (October 12, 2017)
- **Webinar:** [Valuation of Lump-Sum Benefits](#): A look at lump-sum payments and the valuation of these benefits. (December 08, 2017)
- **Publication:** [Enrolled Actuaries Report](#) (EAR): A quarterly newsletter with news, analysis, and regulatory and standard-setting updates for Academy members who work with public and private pension plans.



Risk Management and Financial Reporting Initiatives, Statements, and Resources

Members of the Risk Management and Financial Reporting Council (RMFRC) and its committees focused on interactions with U.S. policymakers and international standard-setters.



Jeffrey Schlinsog
Vice President,
Risk Management and
Financial Reporting

Members of the council liaised with congressional leaders from both parties, congressional committees, the National Association of Insurance Commissioners (NAIC), state insurance commissioners, federal agencies including the Federal Reserve Board, the U.S. Securities and Exchange Commission (SEC), and the Financial Accounting Standards Board (FASB). The council provided these groups with feedback on international and domestic capital standards proposals, changes to financial reporting requirements, risk management issues including the Own Risk and Solvency Assessments (ORSA), and other insurance issues of concern to the Academy and its members.

Separately, the ERM/ORSA Committee gave a presentation at the ERM Symposium in New Orleans on its 2016 practice note, *Quantifying Risk Exposures for Own Risk and Solvency Assessment Reports*. The presentation offered background on how Academy practice notes are drafted, and risk categories within ORSA reports.

Finally, the council released an exposure draft of a practice note, *Credit for Life Reinsurance in U.S. Statutory Financial Statements*, and held a follow-up webinar to provide context for interested members.

Enterprise Risk Management / Own Risk and Solvency Assessments

RMFRC work groups were active on specific issues related to enterprise risk management (ERM) and Own Risk and Solvency Assessments (ORSA):

- The ERM/ORSA Committee submitted [comments](#) to the Actuarial Standards Board (ASB) on its *Capital Adequacy Assessment for Insurers* exposure draft. (January 31, 2017)
- The ERM/ORSA Committee submitted [comments](#) to the ASB on its *Setting Assumptions* exposure draft. (April 27, 2017)

Systemic Risk

The RMFRC addressed issues related to systemic risk in 2017:

- The Financial Regulatory Task Force submitted [comments](#) to U.S. House leadership on H.R. 10, the *Financial CHOICE Act of 2017*, noting that if Congress chooses to establish an Office of the Independent Insurance Advocate, that office should include an Office of the Actuary. (May 19, 2017)
- The Financial Regulatory Task Force submitted [comments](#) to the U.S. House Financial Services Committee on H.R. 3110, *Financial Stability Oversight Council Insurance Member Continuity Act*. (July 13, 2017)
- The Financial Regulatory Task Force submitted [comments](#) to the U.S. Senate Committee on Banking, Housing, and Urban Affairs on S. 1463, *Financial Stability Oversight Council Insurance Member Continuity Act*. (August 31, 2017)

Financial Reporting / International Accounting

Various RMFRC groups were active on issues related to financial reporting and international accounting in 2017:

- The Financial Reporting Committee submitted [comments](#) to the International Actuarial Association on the exposure draft of its “Risk Adjustments for Financial Reporting of Insurance Contracts under International Financial Reporting Standards No. X” monograph. (February 28, 2017)
- The Financial Reporting Committee submitted [comments](#) to the Public Company Accounting Oversight Board’s on its proposed amendments to auditing standards for auditor’s use of the work of specialists. (August 29, 2017)
- The Financial Regulatory Task Force submitted [comments](#) to the U.S. Senate Committee on Banking, Housing, and Urban Affairs on S. 1360, *International Insurance Capital Standards Accountability Act of 2017*, and S. 1463 *The Financial Stability Oversight Council Insurance Member Continuity Act*. (August 31, 2017)

Solvency Committee

In 2017, the Solvency Committee:

- Submitted [comments](#) to the International Association of Insurance Supervisors on the Revised Insurance Core Principles (ICPs) and ComFrame material integrated with ICPs' public consultation package dated March 3, 2017.
(May 8, 2017)
- Submitted [comments](#) to the NAIC's Group Capital Calculation Working Group on the group capital calculation and the proposed adjustments for comparability and consistency.
(May 26, 2017)
- Submitted [comments](#) to the NAIC's Group Capital Calculation Working Group on the group capital calculation and the proposed treatment of captives. (September 5, 2017)

Risk Management and Financial Reporting Resources

- The Credit for Reinsurance Subgroup of the Reinsurance Committee released an exposure draft of a new [practice note](#), *Credit for Life Reinsurance in U.S. Statutory Financial Statements*. (May 5, 2017)
- **Webinar:** [A Discussion Of The Exposed Credit For Life Reinsurance Practice Note](#) Practice Note (June 26, 2017)
- **Webinar:** [International Insurance Regulatory Developments—An Update on the IAIS Insurance Capital Standard](#): An update on the development of the Insurance Capital Standard, a lead project at the International Association of Insurance Supervisors. (August 23, 2017)
- **Webinar:** [International Financial Reporting—A Long Duration Contracts Perspective To IFRS 17](#): An in-depth look into the IASB's final standard on accounting for insurance contracts—IFRS 17 Insurance Contracts—through a long-duration contracts perspective. (September 19, 2017)
- **Webinar:** [International Financial Reporting—A Short Duration Contracts Perspective To IFRS 17](#): An in-depth look into the IASB's final standard on accounting for insurance contracts—IFRS 17 Insurance Contracts—through a short-duration contracts perspective. (September 25, 2017)

StateScan/StateScan Quarterly

In 2017, the Academy continued to provide state legislative and regulatory reports on key topics via its [StateScan portal](#) as a service to its members to help them stay abreast of changes in regulation and legislation that may be of interest to practicing actuaries.



Each legislative report shows legislation in all 50 states on a selected topic, including a short bill summary, legislative status, and sponsor information. All reports automatically update the status of listed bills. Each regulatory report shows regulations in all 50 states on a selected topic, including status, description, and text of the regulation.

Four times a year, *StateScan Quarterly* highlights state legislation across the country that may be of interest to Academy members.

Academy Alerts

In early 2017, as is done every year, the Academy released its 2016 year-in-review Alert. This review is a comprehensive summary of the significant regulatory and legislative events during the prior year at the state, federal, and international levels that were of interest to the U.S. actuarial profession, and recaps the Academy's efforts in addressing those key areas. In 2017, the Academy sent out a total of 103 public policy alerts, broken down by practice area as follows:

- 15 casualty alerts
- 29 cross-practice alerts
- 39 health alerts
- 4 life alerts
- 16 pension alerts

Essential Elements

Essential Elements, a series of concise and informative papers developed by the Academy, is designed to provide a quick and easy-to-understand overview of key public policy issues of interest to Academy members, policymakers and the general public. Each paper provides the important points and analysis, supplemented by graphics, so that the reader can quickly understand the issue and its significance to the public debate.



In 2017, the Academy released the following Essential Elements papers:

- “Auto Insurance in the 21st Century”—Explores insurance issues surrounding autonomous vehicles, ride-sharing services, and distracted driving. (August 2, 2017)
- “Tax Treatment of Pensions and Insurance Protections”—Highlights select tax treatments of pensions and insurance protections, and outlines the potential public policy trade-offs of changes to the tax code. (November 13, 2017)

Cross-Practice Letter to Congress on Tax Reform

Vice presidents from the Academy’s public policy practice councils [sent a letter](#) to all members of Congress in August as Congress was preparing to consider tax reform. The vice presidents noted that in looking at broad tax reform, “it is important to consider the potential implications for insurance and pension plans and other critical protections used by American families and businesses,” while citing “complex actuarial issues” at the foundation of each of these protections.

Because the tax code is deeply interwoven with how individuals, employers, and financial services providers behave and interact, the Academy noted that it would be especially helpful for policymakers to evaluate potential reforms from an actuarial perspective. The Academy noted its willingness and availability to work with lawmakers as they address this vital issue.

Section 4—

Volunteering and Membership Statistics

Academy
Membership by
Practice Area

Casualty:

3,861

Health:

5,226

Life:

4,649

Pension:

3,337

Risk Management &
Financial Reporting:

841

Other:

555

None Specified:

723

The Academy's volunteers are critical to the role that the Academy undertakes in serving the American public on behalf of the profession.

Membership in the Academy continues to grow. As of Dec. 31, 2017, Academy membership numbered 19,192.

In 2017, the Academy's 1,200+ active volunteers produced significant work that touched every practice area and many aspects of the actuarial profession.

Volunteer, Service Award Recipients Honored

The Academy presented its prestigious annual service and volunteer awards at the Annual Meeting and Public Policy Forum, with Academy President Bob Beuerlein bestowing the honors.



Kenneth Kent received the Jarvis Farley Service Award from Academy President Bob Beuerlein.

Kenneth Kent received the Jarvis Farley Service Award for his lifetime of service leading and participating in many of the Academy's most mission-critical volunteer efforts.

Kent has served as vice president of professionalism, vice president of pension, and chairperson of the Joint Committee on the Code of Professional Conduct, of the Para-Actuary Task Force, and of the Public Plans Subcommittee.

Larry Bruning received the Robert J. Myers Public Service Award for his extraordinary contributions to the actuarial profession through his public service and diligent leadership. His work at the Kansas Insurance Department and as chair of the National Association of Insurance Commissioners (NAIC) Life Actuarial Task Force was instrumental to the adoption and implementation of life principle-based reserving.

The Academy's Outstanding Volunteerism Award honors Academy volunteers who have in the past year made a single, noteworthy volunteerism contribution that is above and beyond what can reasonably be expected of an Academy volunteer. The 2017 awardees were **Nancy Watkins, Aaron Weindling, Mary Bahna-Nolan, Lenny Reback, and Keith Passwater.**



Academy President Bob Beuerlein hands the Robert J. Myers Public Service Award to Larry Bruning.



Volunteer Opportunities, Conflict of Interest and Continuing Education Attestations

In 2017, close to 700 completed the annual volunteer survey, indicating they wished to offer their time, talent, and expertise to advance numerous Academy projects. To assist members in choosing volunteer opportunities that match their needs as well as the expectations of Academy groups, the survey provided participants information on time commitment, travel, and required skills for each group included on the survey.

Committee member and interested party annual conflict of interest (COI) acknowledgements are a vital element in the Academy's ability to maintain unquestionable ability to provide unbiased, objective reliable information for policymakers and others who rely on actuarial insights to inform their decisions regarding U.S. fiscal and societal challenges. The Academy requires members who serve in volunteer positions with the Academy to acknowledge annually its long-standing conflict of interest policy and to comply with the continuing education requirements of the U.S. Qualification Standards. Individuals who are interested parties must formally acknowledge the Academy's COI policy as well.

Steven B Abbs
Noel J Abkemeier
Jason E Abril
Yazeed F Abu-Sa'A
Russell H Ackerman
Shawna S Ackerman
Daniel I Adams
Jeffrey L Adams
Gerald M Adamski
John A Adduci
William Aguayo
Rhonda K Ahrens
Olukemi I Akinyemi
Terry J Alfuth
Alexander E Alimi
Cheryl G Allari
Joseph A Allbright
Jeffrey H Allen
Scott A Allen
William H Allen
Stephen A Alpert
Eduard Alpin
Robert A Alps
Michael David Altier
Jeffrey N Altman
Timothy P Aman
Bryan M Amburn
Anthony Amodeo
Trisha A Amrose
Erik A Anderson
Robert B Anderson
Scott C Anderson
Dorothy L Andrews
Julie A Andrews
Chester D Andzejewski
Michael E Angelina
Paul Angelo
Clifford W Angstman
Roger K Annin
Matthew W Anthony
Anna S Antonova
John R Aprill
Janejira Aranyawat
Michele L Archer
Marios Argyrou
Adam L Arians
Sara Ark
Jamala M Arland
Steven D Armstrong
Rita Arora
Dylan Ascolese
Natalie Atkinson
Eric J Atwater
Nichimen Au
James G Auger
Kenneth S Avner
Bethany Axtman
Kyle Babirad
Christine S Bach
Yongmei L Badgett
Rory J Badura
David J Baelis
Mary J Bahna-Nolan
Michael L Bain
Tom L Bakos
Glenn R Balling
Dhaneshwar Balroop
Pauline L Bao
Emmanuel T Bardis
Rex E Barker
Dana Barlow
Philip A Barlow
Cindy D Barnard
Katharine Barnes
Rachel L Barnes
Janet M Barr
Joan C Barrett
Nicola P Barrett
Austin S Barrington
Jay A Barriss
Jonathan R Barry
Emily M Bartel
John E Bartel
Susan K Bartholf
Brian G Bayrele
Robert W Beal
Daniel D Becker
Mariah Becker
Jeffrey A Beckley
Berna Beekman
Albert J Beer
Saeeda Behbahany
Nancy A Behrens
Rowen B Bell
George M Belokas
P.J. Beltramini
Karen Bender
Christian E Benjaminson
Nancy E Bennett
T Scott Bentley
James G Berberian
Margaret S Berger
Mark S Bergstrom
Barnet N Berin
Daniel C Berry
David A Berry
Thomas S Berry Jr.
John M Bertko
Eric B Best
Robert M Beuerlein
Raji R Bhagavatula
Philip J Bieluch
Anthony J Bierke
Jeremy A Bill
Mark E Billingsley
Alfred A Bingham Jr.
Mark W Birdsall
Damian A Birnstihl
Brent Bish

Manoj Bista
Carolyn A Bittner
Elena V Black
Ralph S Blanchard III
Robert G Blanco
John L Blocher
Richard A Block
Charles W Block IV
Benjamin J Bock
Vincent L Bodnar
Michael W Boerner
Yekaterina Bogush
Joyce E Bohl
Bruce J Bohlman
Christopher D Bohn
Kristi M Bohn
LeRoy A Boison Jr.
Joseph Bojman
Philip Bonanno
Dave Bond
Peter J Bondy
Michael A Boun
Delmer F Borah IV
Ashlee M Borcan
Christopher J Borcik
Mary A Borrelli
Lesley R Botsniack
Thomas S Botsko
Richard J Bottelli Jr.
Linda L Bournival
Samuel S Boustani
Caleb A Bousu
Peter M Boyko
Michelle L Boyles
Mark E Bracher
Andrew J Bradford
Nancy A Braithwaite
Paul Braithwaite
Timothy G Branch
Roger T Brand
Ben S Brandon
Sharlene T Braun
Jena A Breece
Stephen S Breeding
Susan L Breen-Held
Gayle M Brekke
Joseph P Brennan Jr.
David A Brentlinger
Rachel M Brewster
Elizabeth K Brill
Joanne M Briody
Jill H Brostowitz
Raymond R Brouillette
Brian Z Brown
Jeremy J Brown
Leonard G Brown
Roger A Brown
Jill A Bruckert
John K Bruins
William M Brummond
Marc-Andre Brunet
Larry J Bruning
Puneet A Bryant
James Budhiraja
Victor J Buonopane
Mark E Burgess
James D Burke
John C Burkett
Frederick S Busch
Anthony R Bustillo
Anne M Button
Stephen G Butz
J'ne E Byckovski
Cecil D Byker
Bruce Cadenhead
Charles D Cahill
Elizabeth D Caldwell
Sandra J Callanan
Katherine S Campbell
Thomas A Campbell
Katie Cantor
Ze X Cao
Jennifer L Caplin
Mary E Caracagno
Nicholas E Carbo
Sarah B Cardin
Timothy C Cardinal
Rodrigo Careaga
Jennifer S Carioto
Christopher S Carlson
Christopher S Carlson
Jeffrey R Carlson
Thomas P Carlson
Caryn C Carmean
Bruno Caron
James M Carson
D. Wayne Carstens
Janet M Carstens
Michael V Carstens
Alicia A Carter
John S Cathcart
Grady C Catterall
Patrick J Causgrove
Lauren J Cavanaugh
Sam R Cayemberg
Ronald Scott Cederburg
Michael R Celichowski
Thomas Q Chamberlain
Steven C Chamberlin
Matthew P Chamblee
Sherry S Chan
Cindy X Chen
Kui K Chen
Li Cheng
Christopher Chernick
Malcolm A Cheung
Carol L Chio
April S Choi
Byongok Jenny Chon

Wanchin W Chou
Lo Linda Chow
Nadeem Chowdhury
Gregory R Chrin
Tristan T Christ
Andrea B
Christopherson
Kevin J Christy
Wei Chuang
Donna R Claire
Martin R Claire
Franklin C Clapper Jr.
Adrian L Clark
Benjamin W Clark
Charles J Clark Jr.
James R Clark
Kenneth L Clark
Kay A Cleary
Gary E Cline
Jo Ellen Cockley
Suzanne M Codespote
Joseph F Cofield
Maryellen J Coggin
David H Cohn
Allison J Colberg
Matthew R Coleman
Brian M Collender
James R Collingwood
Matthew P Collins
Patrick L Collins
Larry K Conlee
Christopher M Conrad
J Christian Conradi
Ann M Conway
Patricia Conway
Michael C Cook
Clint L Copeland
David A Coronel
Kathleen S Cost
Matthew A Covalle
Emily Coventry
Dean M Crawford
A. David Cummings
Jonathan S Curlee
Robert J Curry
Edward C Cymerys
Peter J Da Silva
Sarkis Daghlain
Rui Dai
Richard H Daillak
Robert A Daino
Karen B Daley
Constance B Dalmadge
Hall
Andrew H Dalton
Sarah E Dam
Robert M Damler
Jeffrey M Danzig
Sophia L Dao
Anthony Dardis
Robert W Darnell
Tricia A Dave
Daniel R Davidson
Peter B Davidson
Bradley J Davis
Stacey A Day
Michael J de Leon
Jonathan R de Lutio
Armand M De Palo
Thomas J DeFallo
Kris D DeFrain
Timothy A DeMars
Wesley J DeNering
Tim P Deno
Erin M Derksen
Sivakumar Desai
Carl Desrochers
Noelle J Destrampe
Seth J Detert
Lawrence Deutsch
James B Dexter
Silksha Dhar
John G Di Meo
Richard H Diamond
Stephen R Dicenso
Arnold A Dicke
Kurt S Dickmann
Morton M Dickstein
Mick L Diede
Robert A Diefenbacher
Gabriela C Dieguez
Elizabeth K Dietrich
David M Dillon
David L DiMartino
Robert A DiRico
Bradley M Dirks
Deborah K Distler
Devin B Dixon
Tammy F Dixon
Kevin M Dolsky
Rachel C Dolsky
Kathryn I Dominguez
Paul J Donahue Esq.
Gayle L Donato

Eli N Donkar
James J Donofrio
Thomas A Doran
Michael S Dossett
Mathieu Doucet
Edmund D Douglas
William F Dove
Mita D Drazilov
David L Driscoll
Michael C Dubin
Michael E Dubois
Janice A Duff
Paul B Dugan
Mark K Dunbar
Ian G Duncan
Janet E Duncan
Paul B Dunlap
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Rex M Durlington
Linda M Durman
Brandon J Dwyer
Kevin M Dyke
Amy J Eby
Edward A Echeverria
Douglas A Eckley
Thomas P Edwards
Frank G Edwards Jr.
Randall S Edwards
Henry E Egesi
Ken R Ehresmann
Warren S Ehrlich
George E Eknaian
Robert L Ellerbruch
Nicole L Elliott
Brian J Emanuel
Brandon P Emerson
Charles C Emma
Gordon C Enderle
Seong-min Eom
Jacob H Epp
Richard A Erickson
Andrew M Erman
John O Esch
James P Eubank
Jonathan P Evans
Mark D Evans
Shane Ewen
Janet L Fagan
Michael N Fallor
Gary L Falde
Yao-Chuen Fang
Gregory G Fann
Jenna L Farris
Derek Farmer
Benjamin C Farnsworth
Sholom Feldblum
Joshua D Feldman
John M Fenton
Andy Ferris
Aaron F Fezatte
Joseph N Fick
Debra L Fickett-Wilbar
Troy Michael Filipek
William E Finch
Thomas J Finnegan
Tony Fiorillo
Paul M Fischer
Kenneth Ray Fisher
Beth Fitzgerald
Scott L Fitzpatrick
Timothy J Fitzpatrick
Jean-Marc Fix
Robert F Flannery
Matthew Lucas
Fleischman
David Fleiss
Brandon M Flowers
David A Foley
John D Folkrod
Brian W Fomby
Alice M Fontaine
Harold E Forbes
Charles V Ford
Edward W Ford
Andrew C Forgrave
Susan J Forray
Jean J Forrest
Robert J Foskey
Brett S Foster
Terri L Foster
Katherine F Foucault
Dawn Fowle
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Andrew France
Dennis A Franciskovich
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Michael W Frank
Robert G Frasca
Jennifer R Frasier
Janis L Frazer
K Eric Freden
Melissa A Fredericks
William J Freese

Jeremy P Freestone
Howard A Freidin
Derek Freihaut
Aldwin P Frias
Julianne H Fried
Mark A Friederich
Bruce A Friedland
Carl A Friedrich
Beth R Fritchen
Scott A Fry
Donald E Fuerst
Bruce E Fuller
Casey M Fyffe
James M Gabriel
Nicholas D Gabriele
Bruce C Gaffney
Glen C Gahan
James P Galasso
Vincent P Gallagher
Al Ivy Gao
Robert J Garbus
Dieter S Gaubatz
Edwin S Gauld
Joseph E Gaworski
Gerhard J Gebauer
Ronald Gebhardt-sbauer
Tim J Geddes
Margaret W Germani
Kevin T Geurtsen
Carl Ghiselli
John D Gibson
Sabrina H Gibson
Kurt J Giesa
Christopher J Giese
Brandon D Gilbert
Emily C Gilde
Jennifer L Gillespie
Steven A Ginnan
Jason S Gladden
John Gleba
Karen P Glenn
James M Glickman
Steven A Glicksman
David R Godofsky
Barbara R Gold
Sara W Goldberg
Steven B Goldberg
Roy Goldman
Theodore A Goldman
Jason B Gomborg
Diana L Goodman
Heather J Gordon
Amy R Gorham
Bela P Gorman
Rebecca L Gorodetsky
Stephen C Goss
Stacey C Gotham
Gregory B Goulding
Francis X Gowen
Susan Gozzo Andrews
Loic Grandchamp-Desaux
Vincent J Granieri
Daren M Gravin
Laura S Gray
Eli Greenblum
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Stephen J Gruber
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Patricia L Guinn
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Marcie S Gunnell
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C. David Gustafson
Timothy D Gustafson
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Sam Gutterman
Derek N Guyton
Kevin M Hacker
Monique N Hacker
Nasser Hadidi
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Dale S Hagstrom
Lee M Hakert
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Kylie M Hall
R. Dale Hall
Winston T Hall
William R Hallmark
Randy E Halper
Aaron Halpert
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Jane L Hamrick
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Geoffrey H Hancock
Robert A Hanes
Judith Hanna

Tara J Hansen
Laura A Hanson
Noel H Harewood
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Carl M Harris
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Lori L Helge
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Rachel Hemphill
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Marlene H Howard
Che G Hu
Siliang Hu
Angela Huang
Liwu Huang
Nancy J Hubler
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Dennis J Hulet
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Kathy K Huong
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David R Jarrett
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Shereen J Jensen
Shiraz Jetha
Karen Jiang
Shiwen Jiang
Yi Jing
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Richard L Jolley
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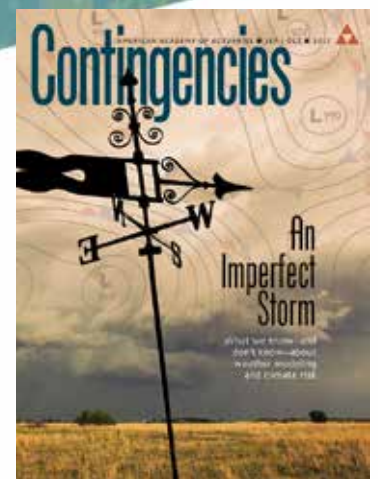
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Sheetal Kaura
David T Kausch
Jacqueline M Keating
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Craig B Keizer
Shannon C Keller
Carrie L Kelley
Neil S Kelsey
Amy E Kemp
David L Kennedy
Kristina L Kennedy
Kenneth A Kent
David E Kerr
Adam S Kessler
Emily K Kessler
Andrew J Kiener
Don Killian
Rachel W Killian
Hye-Jin N Kim
Joseph M Kim
Mengting Kim
Deborah M King
Thomas M King
John P Kinney III
Chris L Kinnison
Gregory L Kissel
Jeffrey Kissel
Matthew J Klaus
Allen M Klein
Ellen L Kleinstuber
Barbara W Kliever
David M Klever
Martin G Kline
Rebecca M Knackstedt
Darrell D Knapp
Catherine L Knuth
Stephen J Koca
Alexander Kogan
Barry M Koklefsky
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Shyam Prasad Kolli
Russ J Kolmin
Nick A Komissarov
Ronald T Kozlowski
Matthew J Kramer
Kerry A Krantz
Jodi L Krawitz
Piotr Krekora
Christopher B Krieger
Scott E Kropf
Donald R Krouse
Stephen P Krupa
Sarah Krutov
Joshua M Kuai
Andrew E Kudera
Ronald T Kuehn
Kristin J Kuhn
Lisa S Kuklinski
John M Kulik
Daniel J Kunetz
Howard A Kunst
E Perry Kupferman
Kevin M Kuzmick
Hoi Yan Kwan
Yuenkwan A Kwong
Heather D Lake
Julia S Lambert
Marc A Lambright
James R Lamenzo
David E Lamoureux
Alexander Landsman
Andrew C Lang
Dennis L Lange
Leon L Langlitz
Linda M Lankowski
Matthew G Lantz
Matthew R Larrabee
Lisa A Larsen
Richard A Lassow
Grace K Lattay
Clifford K Lau
Michael Laufer
Barbara J Lautzenheiser
Paul R Lavallee
Robert K Leach

Thanks to all our Academy volunteers

Section 5—

Communications





The Academy continued its efforts in 2017 to provide the profession and the public with timely and useful information. The Academy produces a number of publications to communicate both with members and external audiences about the actuarial profession and our contributions to sound public policy and professionalism.

Contingencies—The Academy’s award-winning bimonthly magazine takes readers into the world of the actuary—insurance, casualty, health, pension, financial, and risk management—through a wide array of feature stories, commentaries, interviews, how-to columns, a Presidential column, and the ABCD’s “Up to Code” feature. Among the articles were a look at “How Telehealth Will Transform the Industry”; “Preparing for Artificial Intelligence Before It’s Too Late”; “How to Survive—and Thrive—Amid Regulatory Change”; “A Rigged Game?”—A probing look at human nature and the U.S. health care system; “An Imperfect Storm”—What we know—and don’t know—about weather modeling and climate risk; and “Wild Blue Yonder”—With drone use on the rise, insuring against associated liability is a big unknown.

Actuarial Update—The monthly newsletter for all Academy members covers public policy and professionalism news and issues. *Update* also is a key source for news about the Academy itself and Academy membership.

The *Update* covered important news about the profession and the Academy, such as opportunities to submit nominations for regular directors to the Academy’s Board; the exposure of a proposed public interest advocacy statement on lifetime income; the annual volunteer survey; and Board actions regarding researching and ultimately deciding against professionalizing “para-actuaries,” adopting a position statement that indicates Academy support for policies that increase the availability of retirement income options within employer-sponsored defined-contribution (DC) plans, and withdrawal from the Joint Discipline Council.



ASB Boxscore—The Actuarial Standards Board’s (ASB) newsletter, with transparent progress reports on the ASB’s work developing and updating standards. This is the easiest way to see what the ASB is working on and exposing for comment.

Casualty Quarterly—The Academy launched this new newsletter, which looks at property/casualty news and highlights P/C legislation and regulation, in May 2017.



Enrolled Actuaries Report—A quarterly newsletter with news, analysis, and regulatory and standard-setting updates for Academy members who work with public and private pension plans.

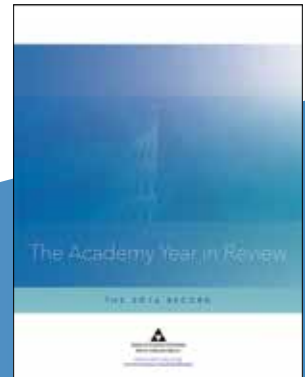
HealthCheck—The Academy’s monthly digital newsletter covering the actuarial perspective on health care reform implementation.

PBA Perspectives—A quarterly publication to keep life actuaries up to date on activities surrounding the implementation of the principle-based approach for life insurance.

Retirement Account—A quarterly digital newsletter for Academy members who work with retirement plans, covering developments ranging from regulations and standard-setting to public policy and legislation.

This Week—The Academy’s end-of-week digital newsletter, compiling a week’s worth of news, updates, events, and media coverage in one convenient, easy-to-use publication.

The Record—The Academy’s annual report to the membership and the public, recapping the work of Academy volunteers over the past year in serving the public and the profession.



On the Web

Actuary.org—The Academy’s flagship site hosts all of its public policy and professionalism information and resources.

ActuarialStandardsBoard.org—The Actuarial Standards Board (ASB) website (downloadable to a mobile device) hosts the comprehensive library of current actuarial standards of practice, proposed revisions under discussion, instructions on how members can offer their input, and all ASB-related information.

ABCDboard.org—The Actuarial Board for Counseling and Discipline (ABCD) site offers the portal for information on engaging in and understanding the complaint and RFG processes and all ABCD-related information.

Public Affairs and Media Outreach

Working with the news media is a vital component of the Academy's efforts to contribute to the development of sound public policy. While the Academy offers actuarial expertise on key public policy issues to lawmakers and regulators, news outlets carry the actuarial message to the broader public. What follows are just a few of the Academy's public affairs activities in 2017. It also provides a sample of some of the issues on which the profession's voice is being heard—whether in a TV news interview, through congressional testimony, or during a presentation at a meeting of the NAIC.

- Continuing coverage of the Health Practice Council letters to congressional leadership on a repeal-then-replace approach to the Affordable Care Act (ACA), along with an *Associated Press* fact-checking story in January on whether the ACA is in a death spiral, accounted for considerable media coverage of the Academy in early January.
- Members of the HPC made their annual visits to Capitol Hill Feb. 16–17, talking with federal lawmakers and agency officials about relevant public policy issues related to health care and the future of the ACA. Eighteen volunteers met with staff from more than 40 congressional offices and government agencies, discussing topics surrounding ongoing ACA repeal-and-replace proposals and highlighting the Individual and Small Group Markets Committee's three recent health care issue briefs on high-risk pools, association health plans, and selling insurance across state lines.

Top Media Mentions in 2017

The Academy is an oft-cited source of independent analysis in the national media. Here are some of the news stories and columns that had the widest reach.

Date	Headline	Source	Reach
March 1, 2017	Trump idea to expand health care competition faces hurdles	<i>The Washington Post</i>	43,227,545
April 27, 2017	How Likely Are You To Live Past 80?	<i>Forbes</i>	39,582,566
October 10, 2017	The Health 202: Trump has a backdoor way to lift Obamacare regulations	<i>The Washington Post</i>	39,041,601
July 10, 2017	The Health 202: Cruz picks government health care subsidies as lesser of two evils	<i>The Washington Post</i>	38,044,659
July 26, 2017	The Health 202: GOP's Obamacare rollback quest is about to get skinny	<i>The Washington Post</i>	38,044,659
June 26, 2017	The Finance 202: Democrats are more divided than ever over Wall Street regulations	<i>The Washington Post</i>	34,313,689
July 20, 2017	What's Ahead for Health Care Reform in 2018?	<i>WebMD</i>	29,628,469
November 14, 2017	Bob Woodward on Trump's presidency: 'This is a test' for the media	<i>USA Today</i>	27,256,221
January 10, 2017	Fact check: Obamacare is not in a death spiral	<i>CBS News</i>	27,164,760
June 28, 2017	GOP touts lower premiums, but other insurance costs to rise	<i>Yahoo! Finance</i>	19,143,267

- Academy Senior Health Fellow Cori Uccello and Karen Bender, chairperson of the Academy’s Individual and Small Group Markets Committee, submitted testimony on the effectiveness of the individual mandate under the ACA to a U.S. House Ways and Means Oversight Subcommittee hearing. The testimony gave an overview of the necessary conditions for a sustainable individual health insurance market, including a regulatory environment that is stable and facilitates fair competition, participation by health plans that is sufficient for market competition and consumer choice, and slowing spending growth and improving quality of care. It also looked at risk-pool experience under the ACA; options to achieve sufficient enrollment levels and a balanced risk profile; enrollment incentives and penalties for non-enrollment; and potential modification of insurance rules.
- Senior Pension Fellow Ted Goldman presented on “Longevity and Retirement Security” at the U.S. Chamber of Commerce’s “The Shifting Paradigm of Retirement” forum in Washington on Feb. 3. Goldman reviewed longevity risk trends and challenges, and showed how the Actuaries Longevity Illustrator—sponsored jointly by the Academy and the Society of Actuaries—is a useful tool for illustrating the risk for retirement planning purposes. His presentation also outlined longevity concerns for both employees and employers, and highlighted key issues surrounding defined benefit and defined contribution retirement plans.
- An *Associated Press* story in early March focused on selling health insurance across state lines cited the Academy’s research. Selling across state lines was a subject that President Trump mentioned in his Feb. 28 address to a joint session of Congress and which the Individual and Small Group Markets Committee analyzed in a new issue brief. Former OMB and CBO Director Peter Orszag also cited the analysis in a *Bloomberg View* op-ed on March 6.
- Academy Immediate Past President Tom Wildsmith appeared March 14 on C-SPAN’s *Washington Journal*, providing a nonpartisan actuarial perspective on health care reform proposals supporting the sale of insurance across state lines.
- Casualty Practice Council (CPC) Vice President Rade Musulin and Academy Senior Casualty Fellow Jim MacGinnitie visited Capitol Hill March 20–21, as Congress considered changes to the National Flood Insurance Program (NFIP). MacGinnitie and Musulin talked with majority and minority staff of the House Financial Services Committee, and met with Congressional Research Service and Government Accountability Office staff who follow this and other insurance issues.



Wildsmith on C-SPAN

The Casualty Practice Council presented a full-day program on predictive modeling at the NAIC's Insurance Summit on May 25.

- Academy Senior Health Fellow Cori Uccello hosted by the Alliance for Health Reform on the individual health insurance market. The forum, which aired live on C-SPAN, followed by one day the U.S. House of Representatives' passage of the American Health Care Act. Uccello, whose introductory remarks begin at the 30-minute mark of the C-SPAN broadcast,



Uccello at the May 5 forum

talked about the importance of a sustainable market and having enough enrollees to make a balanced risk pool, a stable regulatory environment that facilitates fair competition, having enough insurers participating to allow competition and consumer choice, and the ability to control health care spending and improve quality care.



- Representatives from the Casualty Practice Council (CPC), including Senior Casualty Fellow Jim MacGinnitie and Rade Musulin, vice president for casualty, met with U.S. Senate staff members May 10–11 on Capitol Hill. They discussed the CPC's flood insurance monograph and potential flood insurance legislation with staff of Subcommittee on Securities, Insurance, and Investment Chairman Dean Heller (R-Nev.), ranking minority member Mark Warner (D-Va.), and several other senators. The National Flood Insurance Program's (NFIP) legal authority was scheduled to expire Sept. 30, and Congress was considering reauthorizing the program—which was established in 1968—as it had in the past.
- In response to a request by state regulators and in an effort to share an actuarial perspective, the Casualty Practice Council presented a full-day program on predictive modeling at the NAIC's Insurance Summit on May 25 in Kansas City, Mo. The five presentations, coordinated by Roosevelt Mosley, chairperson of the Automobile Insurance Committee, covered seven basic questions: What is predictive modeling? Where does predictive modeling occur? Who does predictive modeling? Why is predictive modeling done? When does predictive modeling happen? How is predictive modeling done? How much predictive modeling is enough? They also covered the process of developing

predictive models, data sources, considerations for insurance companies in developing rate filings, and regulatory concerns about Big Data and predictive modeling. The program concluded with a public policy discussion led by Senior Casualty Fellow Jim MacGinnitie.

- More than 600 media outlets—including *Fox Business* and *The Washington Times*—published an *Associated Press* story in June that quoted Senior Health Fellow Cori Uccello on how uncertainty regarding the regulatory environment for 2018 is affecting premiums. Uccello also discussed this uncertainty with HealthDay in a story reprinted by UPI, Philly.com and other outlets. Uccello was quoted in an *AP* story about health care costs to consumers under a version of the Senate health care bill.
- As Congress considered legislation to revise and reauthorize the National Flood Insurance Program (NFIP), the Casualty Practice Council (CPC) presented a Capitol Hill briefing on flood insurance to congressional staff and others on June 26. Stu Mathewson and Nancy Watkins, members of the CPC's Flood Insurance Work Group, formed the panel, with Senior Casualty Fellow Jim MacGinnitie moderating. Reviewing the work group's flood insurance monograph released in April, the presenters underscored the Academy's support for expanding the role of private insurance coverage for flood. The briefing was well attended by more than 40 people, including congressional staff and representatives of the Government Accountability Office and Congressional Budget Office.
- The Pension Practice Council (PPC) hosted a June 27 Capitol Hill briefing on multiemployer issues that was attended by more than 80 people. The PPC released a multiemployer pension plans issue brief, which provides an objective overview of the fragile state and future security of the multiemployer pension system: Of the more than 10 million people who participate in multiemployer pension plans, about 1 million are in plans that are currently projected to be unable to pay the full benefits that have been promised. The speakers—Bill Hallmark, the Academy's vice president, pension; Josh Shapiro, chairperson of the Multiemployer Plans Subcommittee and nominee to be the next vice president, pension; Christian Benjaminson, a member of the Multiemployer Plans Subcommittee; and Ted Goldman, senior pension fellow—discussed ideas from the brief about how to address troubled multiemployer plans and strengthen the multiemployer pension system.

- *The New York Times* cited the Academy in several stories, including in a July story regarding an amendment proposed by Sen. Ted Cruz (R-Texas) to a version of the Senate health care bill. It quoted Uccello and the Academy's June 30 letter to Senate leadership. The letter also garnered coverage from the *Los Angeles Times*, *Boston Herald*, *Chicago Tribune*, *MSN*, and *Consumer Affairs*. *Bloomberg Radio* in New York City, Washington, D.C., and Salt Lake City reported on the letter's comments regarding proposed market stabilization funding. A Times opinion piece referenced the Health Practice Council's policy paper highlighting FAQs on risk-pooling. The HPC paper was also cited by PolitiFact, the Brookings Institution, and *The Denver Post*. Uccello was quoted in a *Times* article on the effectiveness of a proposed lockout period in a version of the Senate health care bill, as well.
- Senior Life Fellow Nancy Bennett and Tom Campbell, chairperson of the Life Valuation Committee's AG 43/C3 Phase II Work Group, presented to the Federal Reserve Board Insurance Industry Work Group on regulatory capital requirements for life insurers. They provided background information, including the history of risk-based capital (RBC) and the U.S. solvency framework, as well as the purpose of regulatory RBC, including risks covered by and formula basics of life RBC; discussed development of specific RBC factors; and looked at market risks, including RBC requirements for both fixed and variable annuities. They also covered market risk, components for life insurance and fixed annuities, cash flow testing and modeling assumptions, and observations on RBC including modernizing the U.S. solvency framework.
- Rade Musulin, the Academy's vice president, casualty, was quoted in a front-page *Wall Street Journal* story on the flooding aftermath of Hurricane Harvey, and talked about aspects of National Flood Insurance Program (NFIP), which was set to expire Sept. 30. Musulin noted that private insurers, which provide business-interruption coverage for other types of perils, use tools such as audits and data on local business conditions to better understand a firm's cash flow. He told the Journal that the NFIP's approach, by contrast, focuses more on understanding the physical characteristics of buildings and local flood conditions, and is less suited to measuring business losses. The story was reprinted by *MSN*, *MSN Money* (Canada), and *ProgramBusiness.com*. Musulin was also cited in a subscriber-only *Greenwire* story discussing the substantial amount of Texas home and business owners who will likely be without adequate insurance coverage following Hurricane Harvey.



Senior Life Fellow
Nancy Bennett

Engaging Through Social Media



Academy members who embrace social media have a choice of platforms through which to stay up to date with the constant flow of news and new work product from the Academy. The Academy uses these channels to promote the public policy and professionalism work of the Academy by announcing the release of Academy papers, reports, and comment letters; highlighting Academy testimony and briefings; reporting on Academy media coverage; and publicizing major Academy events.

Facebook in particular experienced an explosive leap in followers, growing from just over 8,500 followers to more than 14,500 during 2017. The Academy's Twitter feed (@Actuary_Dot_Org) stood at more than 9,500 followers near the close of calendar year 2017. The Academy is also active on LinkedIn.

A contributing factor to our successful growth on Facebook—and to keeping our followers engaged—was our expanded use of videos to help tell the Academy's story. We launched a series of animated videos that focused on practice areas, giving an overview of the profession and the Academy's role. These videos reached 128,810 unique users and generated 184,592 views. Other videos featured Academy volunteers. For the Healthcare Fly-In, the Academy produced short videos that interviewed volunteers about the impact actuaries could have on public policy. These videos were targeted exclusively at Academy followers and had a total of 8,960 views.

Expanding Our Video Library

The Academy in 2017 continued to build its library of videos on public policy and professionalism topics available to members and other interested parties on the Academy's YouTube channel.

All the Academy videos are available through the Academy's YouTube channel, as well as on the actuary.org website.



Section 6—

Events

Throughout the year, Academy volunteers present seminars and webinars for both actuaries and other interested parties. These events—covering a wide variety of topics on public policy, professionalism, qualifications, and standards—offer members convenient, interactive, cost-effective opportunities to expand their knowledge and sharpen their skills.



Steve Alpert receives the presidential gavel from outgoing Academy President Bob Beuerlein

Annual Meeting and Public Policy Forum

The Academy's very successful and much anticipated 2017 Annual Meeting and Public Policy Forum took place Nov. 14–15 in Washington, where Stephen Alpert became the Academy's 53rd president, succeeding Bob Beuerlein. The meeting and forum encompassed a day and a half of plenary and breakout sessions covering all aspects of actuarial practice. With more than 40 experts on hand, attendees earned CE credit in sessions on casualty, health, life, and pension issues, and heard from distinguished keynote and plenary speakers on public policy topics ranging from financial security to the Affordable Care Act.

Two-time Pulitzer Prize-winning reporter **Bob Woodward** delivered the keynote address, bringing his fact-based, tough-minded reporting perspective and extensive historical knowledge of the presidency to the key question of what the nontraditional Trump presidency may mean for the country.

PBS NewsHour political analyst **Mark Shields** and *ABC News* contributor and veteran Republican campaign consultant **Alex Castellanos** provided candid analysis of how the landscape in Washington has changed as a result of the 2016 election and what new dynamics are playing out on major issues like retirement, health care, public programs, and financial and insurance regulation.

S. Roy Woodall Jr., an independent member of the Financial Stability Oversight Council, discussed his role in the council and shared his perspectives on interactions with the insurance industry and insurance regulators.



Attendees greet Bob Woodward



Mora speaks during a plenary address

Alberto Mora, senior fellow at the Harvard Kennedy School of Government's Carr Center for Human Rights Policy and a recipient of the JFK Profiles in Courage Award spoke about his experiences and then participated in a plenary on "Professionalism Under Pressure" that included a discussion of how the Code of Professional Conduct governs, and how public interest considerations should inform, actuarial work—and how actuaries can maintain professionalism under pressure, serve the public, and articulate the actuarial perspective in public policy and societal issues where actuaries can make a difference.

Julie Rovner, chief Washington correspondent for *Kaiser Health News*, led a journalists' panel discussion on health policy as leading health journalists provided perspective on how health care policy is reported.

Enrolled Actuaries Meeting

The Academy jointly hosted the annual Enrolled Actuaries Meeting in Washington in April with the Conference of Consulting Actuaries. The meeting was attended by more than 700.



Beuerlein at the EA Meeting

Life & Health Qualifications Seminar and Exam

The Academy's always well-attended [Life and Health Qualifications Seminar](#) was held in November in Arlington, Va. The seminar and its interactive sessions are the most efficient way for actuaries to acquire basic education required or continuing education (CE) required to be qualified to sign statements of actuarial opinion (SAOs) for NAIC Life and Health annual statements and a popular way to earn CE credits under the U.S. Qualification Standards for those who already have the basic education needed to issue these SAOs.

Instructors included a host of Academy volunteers in the health and life practice areas, including LHQ Committee Chairperson D. Joeff Williams.

Casualty Loss Reserve Seminar (CLRS)

This annual seminar, held in September, helps attendees stay current with industry developments and learn from expert analysis of innovation in reserving. More than 500 people attended this seminar, which is co-hosted by the Academy and the Casualty Actuarial Society. A number of Academy volunteers were on the faculty for 2017's CLRS program, which took place in Philadelphia.

Kathy Odomirok, vice chairperson of the Committee on Property and Liability Financial Reporting (COPLFR), led a discussion of the Academy's P/C loss reserves practice note, and COPLFR gave a preview of a draft of a practice note, *Retained Risk for Non-Insurers: Accounting Treatments and Perspectives*. The COPLFR presentation was given by Chairperson Lisa Slotznick along with Patty Smolen, Tom Conway, and Mary Frances Miller, a past Academy president.

Seminar on Effective P/C Loss Reserve Opinions


About 80 members attended the 2017 Seminar on Effective P/C Loss Reserve Opinions, Dec. 7–8 in Chicago. The two-day seminar provided participants with information about the latest regulations and standards and included reviews of actuarial qualification standards and interactive case studies.

Presenters included Committee on Property and Liability Financial Reporting (COPLFR) Chairperson Kathy Odomirok; past Chairperson Lisa Slotznick; COPLFR members Dawn Fowle and John Gleba; Mary Frances Miller, a former Academy president and chairperson of the Opinion Seminar Subcommittee; and subcommittee members Chuck Emma and Hyeji Kang.



Section 7—

International



The American Academy of Actuaries is the national association in the United States setting conduct, qualification, and practice standards for actuaries who practice here. Our mission includes representing in the U.S. professional globally, as we serve as the unique voice of the U.S. actuarial profession in international forums.

We continued this important part of our mission in 2017 in several high-impact ways.

International Actuarial Association

The Academy continued to actively participate in the International Actuarial Association (IAA) as one of its largest members. It sent representatives to the IAA's meetings in Budapest in April and Chicago in October, to present the U.S. profession's perspective on a wide variety of topics in a consistent and relevant manner.

At the Chicago meeting, the Academy hosted a breakfast meeting for all representatives to IAA committees from each of the U.S.-based actuarial organizations to discuss issues of importance to U.S. actuaries, including education, Big Data, and changing international accounting and capital standards.

Education Syllabus Remained in the Spotlight

Working to share the Academy's independent and objective approach with actuarial associations around the world, Academy President Bob Beuerlein helped lead a roundtable discussion among IAA members interested in public policy. We also generated discussion among the IAA members' presidential leadership on how the IAA can better serve the needs of its full member associations. Representatives of the Academy made presentations to various IAA audiences about U.S. requirements on: how qualification to practice is specified through the U.S. Qualification Standards; the counseling and discipline process in the United States; and present continuing concerns about a proposal to revise the IAA Education Syllabus. While long designed to be flexible enough to accommodate the diversity of actuarial practice around the globe and not to interfere with IAA member organizations' inherent authority to set their educational requirements for themselves, the proposed IAA syllabus took a fundamentally different, and highly prescriptive, approach that could have significantly limited the ability of IAA member associations to tailor their educational systems to meet local needs, and fundamentally changed the relationship between the IAA and its member associations.

The Academy leadership sent a number of letters to the IAA leadership addressing the general role and scope of the IAA syllabus, and Academy delegates discussed concerns related to the syllabus at Council and in other forums. The Academy was instrumental in ensuring that the IAA Education Syllabus did not violate the principle of subsidiarity that underlies all the IAA undertakings.

Developing Policy Documents

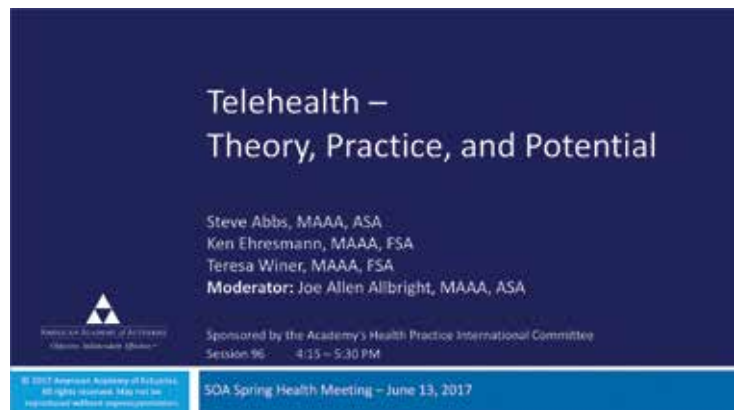
The IAA expressed a desire to develop a comprehensive and robust process to develop public policy documents. The Academy has strong and unique expertise in this area given its many decades of experience interacting with policymakers and other stakeholders on behalf of the U.S. actuarial profession. The Academy's past president, Bob Beuerlein, and its director of public policy, Craig Hanna, have begun work to support this emerging initiative at the IAA, which will require significant oversight and cannot undermine the positions of IAA member associations themselves in their own jurisdictions.

Other Topics of Discussion

The Academy contributes a significant amount of dues and resources to the IAA and Academy-sponsored representatives to IAA committees each year. Following the announcement that another major member of the IAA would no longer recognize its associates as "fully qualified actuaries" for the purpose of IAA dues payments, the IAA assembled a large task force to discuss these matters and attempt to create a more transparent system. Academy representatives to that group have been advocating for an objective and simple system that is fair and transparent and also ensures that the payment of IAA dues does not become a hardship for member associations in the developing world.

North American Actuarial Council

Nine actuarial organizations operating in the United States, Canada and Mexico meet together through the North American Actuarial Council (NAAC) to foster the exchange of information and collegiality among the Participating Organizations. In May 2017, members of NAAC held a meeting in colonial Williamsburg, Va.; another meeting scheduled for September in Mexico was canceled following an earthquake.



Telehealth from an International Perspective

Academy members Steve Abbs, Ken Ehresmann, and Teresa Winer gave a [presentation on telehealth from an international perspective](#) discussing its theory, practice, and potential, moderated by Joe Allen Albright at the SOA Health Meeting sponsored by the Academy's Health Practice International Committee. (June 13, 2017)

International Interest Articles in Actuarial Update and Contingencies

Actuarial Update featured a number of articles of international interest in 2017:

- March 2017: [“Health Webinar Looks at LTC in U.S., Germany”](#)
- April 2017: [“Representing the U.S. Professional Globally at IAA Meeting”](#)
- June 2017: [“Webinar Covers Issues Surrounding Global Pandemic Risk”](#)
- August 2017: [“Webinar Looks at Insurance Capital Standards”](#)
- October 2017: [“Academy Leaders Give Presentations at IAA Meeting”](#)
- October 2017: [“Webinar, Report Highlights Retirement Issues in the U.S., U.K., and Australia”](#)
- December 2017: [“Academy, Canadian Institute of Actuaries to Co-Sponsor Webinars Beginning in January”](#)

Contingencies also featured a series of insightful articles on international health systems in 2017 to assist the United States in finding cost-effective ways to deliver high-quality health care in an equitable and sustainable way.



The image displays two overlapping newspaper clippings. The top clipping is from **Academy NEWS**, dated December 2017, with the headline "Representing the U.S. Profession Globally". The article discusses the Academy's efforts to represent the U.S. actuarial profession globally, mentioning the IAA meeting in Budapest and the Academy's role in providing a global perspective. The bottom clipping is a newsletter from December 2017, titled "Academy, Canadian Institute of Actuaries to Co-Sponsor Webinars Beginning in Jan.". It announces a series of webinars between the Academy and the Canadian Institute of Actuaries (CIA) to provide an overview of each organization's role in their respective countries. The newsletter includes the CIA logo and mentions that the first webinar will be held on Jan. 17 at noon EST.

Academy NEWS
Representing the U.S. Profession Globally

Academy, Canadian Institute of Actuaries to Co-Sponsor Webinars Beginning in Jan.



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