

Back to School With the ‘Magic School Bus’

THESE TWO HAPPY STUDENTS are back to school after a great summer and a wonderful gift from their grandfather, Jerry Brown, past president of the Society of Actuaries, of our Magic School Bus book about an actuary in action. We want to recognize those who have gifted the book to students, as the Academy did with all students in Grades 3–5 in the DC Public Schools, and thank you for planting the seeds for future generations of actuaries. We also want you to know the Academy will not continue actively promoting the availability of our sponsored book, *The Magic School Bus Takes a Risk: A Book about Probability*, as we have now filled more than 2,000 orders from individuals and organizations since its release in June. Our stocks are low, but we hope some corporate sponsors may pick up where we have left off and see what all of you who have ordered the book see. Amelia and Owen (pictured), have clearly been inspired—on his first day of school in late August, Owen told his third-grade teacher that he wants to be an actuary when he grows up, and he told her what they do!

To keep the interest alive of those you’ve shared the book with, [we’d love to have a picture](#) of the youngsters



in action with the book. We’ll post a photo album on the [Magic School Bus page](#) on the Academy website (along with as much, or as little, information about your young reader as you’re comfortable with) to show the impact of this book and how it is inspiring interest in our profession. The Academy thanks our members for supporting our efforts at promoting interest in the importance of being an actuary in school-age children. ▲

Know the Facts

Transparency and Public Participation Remain Core Values—and Policies—of the Academy

TRANSPARENCY OF OUR processes and public participation in the development of actuarial standards lie at the heart of the Academy’s mission. So when a petition campaign mischaracterizes a revision to the Academy’s policies governing guest attendance at certain meetings, it’s important to set the record straight.

While only a small fraction of Academy members have signed the petition, we believe the values at stake are so important that we want to address them thoroughly and prominently.

Most fundamentally, it is important for Academy members to know that since the policy revision **guests have continued to observe at both Actuarial Standards Board (ASB) and ASB pension committee meetings** and will undoubtedly continue to do so. The Academy’s commitment to transparency remains unchanged.

Nevertheless, we understand that some have signed the petition favoring a bylaw change for the best of motivations: they share the Academy’s values of disclosure, participation, and accountability.

What we hope they, and others, will come to understand is that the Academy’s current policy was developed solely to further those values by carefully balancing the need for public participation with the need for expertise, disinterestedness, and candor. We refer to that balance as “orderly transparency.”

Nothing is more important to our profession or the Academy than the public’s confidence in the robustness of the professionalism of actuaries who work in all fields of practice, including pension systems

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Pension ASOPs Draw Wide Response



Academy NEWS Briefs

SEPTEMBER

5-7 [Casualty Loss Reserve Seminar \(CLRS\) & Workshops](#)—Anaheim, Calif.

25 Webinar: [P/C Public Policy Update](#)—Fall 2018

28 Webinar: [Practical Considerations in Completing and Using Form F Efficiently and Effectively](#)

OCTOBER

17 Professionalism Webinar: [The Anatomy of the ASOPs](#)

NOVEMBER

1-2 [Annual Meeting and Public Policy Forum](#), Washington, D.C.

4-8 [Life and Health Qualifications Seminar](#), Arlington, Va.

DECEMBER

6-7 [Seminar on Effective P/C Loss Reserve Opinions](#), Chicago

Volunteer Survey Draws Large Response

MORE THAN 600 MEMBERS participated in the Academy's annual volunteer survey this month, which members use to indicate their interest in volunteering for an Academy committee, including the Actuarial Standards Board and the Actuarial Board for Counseling and Discipline. During the next few months, volunteer leadership and staff will contact survey participants whose skills and interests meet a committee's needs about joining a committee. Volunteers are essential to the Academy's work—many thanks to all who completed the survey. ▲



STOCK / CREATIVE-TOUCH

Recently Released

THE AUGUST [HealthCheck](#) covers the Health Practice Council's presentations at the NAIC Summer 2018 National Meeting in Boston, including a report by the Joint P&C/Health Bond Factors Analysis Work Group, and updates by the Individual and Small Group Markets Committee and the Long-Term Care Valuation Work Group. Also included are legislative and regulatory updates, including actions by the Centers for Medicare & Medicaid Services.



[The Retirement Report](#) summer issue covers the Academy's lifetime income retirement forum, held in Washington, D.C., in late July. Also covered are the Academy's testimony before the Department of Labor's ERISA Advisory Council in mid-August, and state and federal legislative and regulatory activity. ▲

Public Employment Opportunity

THE SOCIAL SECURITY Administration is seeking to fill a position in its Office of the Chief Actuary. The deputy chief actuary for short-range actuarial estimates is responsible for planning, directing, and coordinating the development of the short-range cost estimates for all Social Security programs both under current provisions and proposed changes in law or regulations. The closing date is Sept. 4. For more information or to apply for this position, [click here](#).

The Academy has long supported government employers that are seeking to hire qualified actuaries. See our [Public Employment Opportunity Posting Policy](#) for more information. ▲

For a list of all previous and upcoming Academy events, please visit the Academy's online [Events Calendar](#).

To continue receiving the *Update* and other Academy publications on time, make sure the Academy has your correct contact information. Academy members can update their member profile at the [member login](#) page on the Academy [website](#).

Academy NEWS

IFRS 17 Seminar Covers Long-Duration Contracts

THE ACADEMY'S RISK MANAGEMENT AND FINANCIAL Reporting Council (RMFRC) sponsored a 2-day Seminar on Implementing International Financial Reporting Standard 17 (IFRS 17) for Long-Duration Contracts, which drew an engaged audience to Washington, D.C., Aug. 29–30.

The groundbreaking seminar on IFRS 17—designed for financial reporting actuaries who will be working on implementing the new standard for long duration insurance contracts—included presentations and an interactive workshop.

William Hines, a RMFRC member and an observer to the International Accounting Standards Board's (IASB) IFRS 17 Insurance Contracts Transition Resource Group, was a speaker, giving an update on emerging developments on the IASB's IFRS 17 Transition Resource Group.

"The new accounting requirement under IFRS is highly principles-based, which is going to require the exercise of a lot of judgment by both accountants and actuaries," Hines said prior to his presentation. The seminar was designed "to highlight where actuaries are going to need to be applying judgment, and some of the basic considerations as Academy members work to implement



this new accounting standard."

Other speakers covered topics including general measurement models vs. variable fee approaches, risk adjustment, other comprehensive income (OCI), contract service margins (CSM), reinsurance, transition issues, and cash flows and contract boundaries. ▲

Early Registration Deadline Is Days Away for Annual Meeting and Public Policy Forum

THE FINAL OPPORTUNITY FOR discounted registration rates is available through Sept. 7 for the Academy's 2018 [Annual Meeting and Public Policy Forum](#), to be held Nov. 1–2 in Washington, D.C.

Breakout sessions will cover the latest in top public policy and professionalism news, including a look at government-backed P/C insurance programs, the experiences regulatory and life insurer perspectives on 2017 principle-based reserving actuarial reports for 2017, multi-employer pension reform, and the Center for Consumer Information & Insurance Oversight (CCIIO).

Other agenda highlights include a professionalism plenary with an interactive game show, what promises to be a breaking new analysis in a keynote address by political analyst Charlie Cook of the *Cook Political Report*, and a murder-mystery dinner entertainment to test your deduction skills. The Annual Meeting and Public



Policy Forum is also an excellent way to get continuing education (CE) and network with your colleagues.

[Register today](#) and save.

Practice-Area Breakout Sessions

The following breakout sessions will be offered at the Annual Meeting and Public Policy Forum. Please visit the [breakout session](#) page for more information.

Casualty

- ▲ Government-backed P/C insurance programs
- ▲ Climate risk and insurance
- ▲ New economy and insurance

Health

- ▲ Dialogue with the CCIIO
- ▲ Long-term care insurance
- ▲ Health care reference pricing

Life

- ▲ Actuarial perspectives on 2018 PBR actuarial reports
- ▲ The Impact of the 2017 Tax Cuts and Jobs Act on life insurers
- ▲ Pension-risk transfers

Pension

- ▲ Strengthening our retirement system
- ▲ The other side of the coin—how employers view the retirement programs they sponsor
- ▲ Tasked with saving a system in crisis—the Joint Select Committee on Solvency of Multiemployer Plans. ▲

Academy Officer Candidates Announced; Board Election Concluding

THE ACADEMY'S NOMINATING Committee reported on the slate of four individuals nominated for officer positions on the Board of Directors, also with terms beginning in November. In addition to D. Joeff Williams, [nominated in April](#) to serve as the Academy's next president-elect, the nominees are:

- ▲ **TOM CAMPBELL**, to serve a third year as the Academy's secretary-treasurer, a position that is elected annually by the Board for up to three consecutive terms. Campbell is also a member of the Committee on Qualifications and a former vice president, life;
- ▲ **AUDREY HALVORSON**, former Board member and vice chairperson of the Health Practice Council, to serve as vice president, health;
- ▲ **ART PANIGHETTI**, to serve as vice president, professionalism. Panighetti is a former Academy treasurer and a former vice president, life; and
- ▲ **LISA SLOTZNICK**, to serve as vice president, casualty. Slotznick, vice chairperson of the Casualty Practice Council (CPC), is in her second year of a three-year term as a regular director.

Vice presidents serve two-year terms. The nominating process is designed to ensure that all candidates bring deep expertise, experience, and balance to the Board, and also significant knowledge of the Academy's history, mission, and priorities.

Per the Academy's bylaws, this officer slate will be voted on by the Board at its annual meeting in October. Terms for all new board members will begin



Nov. 1 at the completion of the Academy's annual meeting.

Regular Director Candidates

The Academy membership's opportunity to vote for four candidates for open regular director positions on the Academy Board of Directors ends at 11:59 p.m. EDT on Friday, Aug. 31.

The new regular directors on the ballot, who would take their place on the Board at the conclusion of the Academy's annual meeting on Nov. 1, are:

- ▲ **LAUREN CAVANAUGH**, a member of the CPC and chairperson of the

Property and Casualty Risk-Based Capital Committee;

- ▲ **ANDY FERRIS**, a member of the Life Practice Council chairperson of the Contingent Annuity Work Group;
- ▲ **TIM GEDDES**, a Board member (2017–18), a member of the Pension Practice Council, and chairperson of the Pension Accounting Resource Group; and
- ▲ **KENNETH KASNER**, chairperson of the Actuarial Standards Board's Casualty Committee.

Visit the Academy [Board Election Center](#) for more information. ▲

Pension ASOPs Exposure Draws Wide Response

JULY 31 WAS THE DEADLINE for comments on exposure drafts of proposed revisions of three pension actuarial standards of practice (ASOPs)—No. 4, *Measuring Pension Obligations and Determining Pension Plan Costs or Contributions*; No. 27, *Selection of Economic Assumptions for Measuring Pension Obligations*; and No. 35, *Selection of Demographic and Other Noneconomic Assumptions for Measuring Pension Obligations*.

The response to these exposure drafts was particularly robust; the Actuarial Standards Board (ASB) received about

100 comments in total for the three exposures.

The ASB has always welcomed and relied upon comments received as a part of its rigorous standards-setting process when revising, approving, and adopting ASOPs. As always, comments have been posted on the [ASB website](#) to encourage transparency for all stakeholders. ▲



Academy Presents at NAIC Summer Meeting

ACADEMY VOLUNTEERS AND representatives gave multiple presentations at the NAIC Summer 2018 National Meeting in Boston in early August. The Academy released a [post-NAIC alert](#) highlighting our activity at the meeting. Life practice issues raised at the meeting were discussed in an [Aug. 24 webinar](#) attended by about 250 people, and the Sept. 25 “[P/C Public Policy Update—Fall 2018](#)” webinar will recap property/casualty issues from the meeting as well as presentations on other current public policy topics of interest.

A highlight of the Academy’s activity was the regulator-only professionalism breakfast and discussion forum on Aug. 4, which featured presentations by Past President Mary D. Miller, Actuarial Standards Board (ASB) Chairperson Beth Fitzgerald, and Actuarial Board for Counseling and Discipline (ABCD) member Godfrey Perrott, as well as Tom Campbell, a member of the Academy’s Committee on Qualifica-

tions. The Academy also presented on professionalism issues to NAIC’s Life Actuarial Task Force (LATF), Health Actuarial Task Force, and Casualty Actuarial and Statistical Task Force (CASTF).

Senior Casualty Fellow Kevin Ryan gave CASTF an overview of the Academy’s Casualty Practice Council and Committee on Property and Liability Financial Reporting activities. Chris Trost, chairperson of the C-2 Work Group, gave an update on the group’s projects to the NAIC Life Risk-Based Capital (E) Working Group. Presentations were given by Joint P&C/Health Bond Factors Analysis Work Group chairpersons Lauren Cavanaugh and Tim Deno on a recently submitted report before the NAIC’s Investment Risk-Based Capital (IRBC), Health RBC (HRBC), and Property and Casualty RBC (PCRBC) working groups. The report focuses on indicated bond risk factors for the Property/Casualty RBC Formula and the Health RBC Formulas.

Academy presentations to LATF included:

- ▲ Mary Bahna-Nolan, chairperson of the Life Experience Committee, [discussed](#) a recent the Delphi Study by the Society of Actuaries on accelerated underwriting, and VM-51 data elements.
- ▲ Laura Hanson, chairperson of the Life and Health Valuation Law Manual Task Force, gave an [update](#) on the plans to develop an improved and modernized valuation law manual, to be released this winter.
- ▲ Donna Claire, chairperson of the Principle-Based Reserve (PBR) Governance Work Group, provided an [update](#) on PBR adoption, noting the resources created by Life Practice Council, and plans to develop new resources, including the possibility of future workshops for regulators or others.
- ▲ Chris Conrad, vice chairperson of the Standard Valuation Law Interest Rate Modernization Work Group, presented an [update](#) on potentially modernizing the process of setting valuation interest rates for all non-variable annuities. .
- ▲ John Miller and Matt Coleman, co-chairpersons of the Annuity Reserves Work Group, presented an [update](#) on a possible exclusion test for non-variable annuities under a PBR approach.
- ▲ Paul Navratil, chairperson of the Longevity Risk Task Force, presented an [update](#) on the task force’s original field study to test the impact of longevity stresses on actual blocks of business.
- ▲ Members of the Life Reinsurance Work Group gave an [update](#) on the allocation of reinsurance reserve credits to the modeled reserve.



(L-R) Fitzgerald, Perrott, and Miller



Deno (left) and Cavanaugh

Academy Raises Concerns With NAIC Experience Period Proposal

Past President Mary D. Miller submitted the Academy’s [comment letter](#) to NAIC Aug. 10 regarding the Casualty Actuarial and Statistical Task Force’s exposure draft related to the three-year experience requirement to be qualified to sign statutory statements. In those comments Miller shared the Academy’s view that the exposure draft describes an approach that will neither clarify nor improve the current requirement. ▲

of all kinds. Maintaining that confidence requires a process that provides multiple opportunities for input and participation. At the same time, confidence in the quality and the objectivity of actuarial standards—the output of that process—depends on the ability of the committee members to deliberate with candor, without disruption, and free of actual, perceived, or potential conflicts of interest.

Balancing these needs—always with the ultimate goal of public confidence—is what drove the adoption of our current meetings policy, a balance that the petition currently circulating would upend. Experience has demonstrated that knowledgeable guests contribute greatly to the development of actuarial standards. But it has also demonstrated that disruptions and conflicts of interest can interfere with that process.

We welcome guests at our meetings, in some cases as observers and in others as participants. To protect the essential ability to have confidential and candid deliberations, chairpersons have reason-

Most fundamentally, it is important for Academy members to know that since the policy revision *guests have continued to observe at both ASB and ASB pension committee meetings and will undoubtedly continue to do so.* The Academy's commitment to transparency remains unchanged.

able discretion in their consideration of potential guests. For example, they may consider whether the guest has a conflict of interest or may be seeking inside information, whether the guest has a prior history of disruption or other misconduct (such as publishing notes from the meeting online), or, in what we expect will be rare cases, are suing or have threatened to sue the Academy.

But those situations are likely to be the exception, not the rule. Our goal is inclusion, not exclusion, as continued guest attendance demonstrates. It is also important to remember that the exposure process allows many more opportunities for public participation beyond attendance at meetings.

So we urge you not to support either the petition or the bylaw amendment it advocates. Our meetings policy, together with the robust and longstanding standards-setting process that includes meaningful disclosure and public participation, provides the orderly transparency essential to achieving our most important mission: public confidence in our profession, and in the professionalism of actuaries who work in the pension and insurance systems that depend on us.

If you signed the petition because you mistakenly believed that attendance at ASB meetings was totally forbidden or wish to withdraw your signature for any other reason, you may email us at knowthefacts@actuary.org. ▲

P/C VP Musulin Offers Professionalism, Public Policy Outreach

VICE PRESIDENT OF CASUALTY Rade Musulin presented an Academy public policy and professionalism overview and update to approximately 90 actuaries and actuarial students attending the Farm Bureau Actuarial Conference in New Orleans on Aug. 6. Musulin provided an overview of the Academy and its professionalism and public policy work. ▲

Academy Facilitates Multidisciplinary Dialogue on Big Data

DOROTHY ANDREWS, vice chairperson of the Academy's Big Data Task Force, moderated a distinguished panel of subject matter experts on Big Data Aug. 2 at the Joint Statistical Meetings (JSM) in Vancouver, British Columbia, on "[Big Data: Ethical and Professional Challenges from the Perspective of Actuaries, Data Scientists and Statisticians](#)." The panel, organized by the Academy, highlighted the task force's June monograph, *Big Data and the Role of the Actuary*. The JSM—a joint international conference of 10 statistical associations—had more than 6,500 participants this year. ▲

Early registration ends on September 7.

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2018 AMERICAN ACADEMY of ACTUARIES
ANNUAL MEETING
AND PUBLIC POLICY FORUM

NOVEMBER 1–2, 2018

WASHINGTON MARRIOTT GEORGETOWN
WASHINGTON, D.C.

Lori Lucas, moderator at the Pension Practice Council's (PPC) July 27 [Modernizing the U.S. Retirement System Forum](#), discussed the key takeaways from the event in [The Weekly Pulse](#) podcast (11:30 mark). Lucas also discussed the importance of the forum in an [Employee Benefit Research Institute](#) blog post. The blog post was reprinted by [Advisor Magazine](#). An [Employee Benefit News](#) article on the forum cited comments from Academy Pension Vice President Josh Shapiro and Senior Pension Fellow Ted Goldman. In an interview with the [Retirement Income Journal](#), Goldman discussed aspects of ideas presented at the forum, specifically multiple employer retirement plans.

The [Washington Examiner](#) cited Academy Senior Health Fellow Cori Uccello's comments on the implications of expanding short-term, limited-duration health insurance. [AIS Health](#) cited comments from Uccello on

new Center for Consumer Information and Insurance Oversight guidance aimed at preventing the practice of silver-loading premiums from increasing costs for non-subsidized enrollees. [Delta County Independent](#) (Colo.) cited comments from Uccello on association health plans (AHPs).

In a [joint letter](#) to congressional conferees to the *Agriculture and Nutrition Act* (H.R. 2 and S. 3042), by 19 interested party organizations requesting they reject including in that conference agreement an Agricultural AHP provision, cited the Individual and Small Group Markets Committee's [issue brief](#) on AHPs. A column published in the [Glenwood Springs Post Independent](#) (Colo.) noted the Academy's analysis on AHPs.

A [Health Affairs](#) blog post cited the Individual and Small Group Markets Committee's April [comment letter](#) to the U.S. Department of Health and

Human Services that highlighted the potential implications of expanding short-term, limited-duration health insurance.

A story published by [Actuaries Digital](#) cited the Big Data Task Force's [monograph](#), *Big Data and the Role of the Actuary*.

An [Illinois News Network](#) story noted the PPC's [analysis](#) that pension plans should have the objective of accumulating assets equal to 100 percent of a relevant pension obligation. The article was reprinted by the [Northwest Herald](#) (Ill.).

A [Think Advisor](#) story noted the Academy's involvement in updating the NAIC Life Insurance Buyer's Guide, which aims to help consumers understand how life insurance works.

An [Insurancenewsnet.com](#) article cited the Life Illustrations Work Group's [comment letter](#) to the NAIC's Life Insurance Illustration Issues Working Group on draft

changes to Model #582.

In a report on the NAIC Summer 2018 Annual Meeting, [JD Supra](#) cited the C1 Work Group's [comment letter](#) on alternative C1 bond factors for different levels of statutory reserve offset.

A [Hudson Valley 360](#) (N.Y.) advice column cited the [Actuaries Longevity Illustrator](#), developed jointly by the Academy and the Society of Actuaries.

[Inman News](#) and [Water Canada](#) reported on the Academy's jointly sponsored [Actuaries Climate Index](#), which provides a quarterly gauge of changes in extreme weather events and sea levels.

An opinion piece in the [Voice of San Diego](#) noted the Actuarial Standards Board's [proposed revision](#) of Actuarial Standard of Practice No. 4, *Measuring Pension Obligations and Determining Pension Plan Costs of Contributions*. ▲

Register Now

NOVEMBER
Life and Health
Qualifications Seminar

NOV. 4–8, 2018 | ARLINGTON, VA.
 Acquire the necessary qualifications to sign statements of actuarial opinion for NAIC life and health annual statements.

ACADEMY
 SEMINARS

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NEW Academy Members

IN THE FIRST HALF OF 2018, the Academy welcomed 687 new members, compared with 443 for the same period the previous year. The new members' average age is just over 30, and about 35 percent are women.

The majority of the new members, 431 (about 63 percent), are employed by an insurance organization or organizations serving the insurance industry, down from 70 percent a year earlier. There are 236 (about a third) working as consulting actuaries, up from 28 percent. The remaining 20 members identified as miscellaneous, government service, or other, including five who listed no category.

Health was the most popular area of practice (336), followed by life (130), property/casualty (100), pension (63), and risk management (15). Thirty-six listed other, and seven gave no category.

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|-------------------------|------------------------|-----------------------|----------------------|-------------------------|
| Matthew P. Aaronson | Menachem Blum | Karen M. Casatelli | Kevin J. Daugherty | Benjamin L. Fitzpatrick |
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October Professionalism Webinar to Look at ASOPs

THE ACADEMY WILL HOST A PROFESSIONALISM webinar in October that will examine and dissect the actuarial standards of practice promulgated by the Actuarial Standards Board to explain the key concepts that

keep actuarial practice healthy, appropriate, and compliant with the Code of Professional Conduct. “The Anatomy of the ASOPs” will be held on Oct. 17, from noon to 1:30 p.m. EDT. Registration will open soon. ▲

PUBLIC DISCIPLINE NOTICE

The following was posted to the Academy’s [Public Discipline page](#) on Aug. 20, 2018.

Notice of Public Discipline

The American Academy of Actuaries, acting in accordance with the Academy’s Bylaws, and after consideration by a Disciplinary Committee and an Appeal Panel, has reviewed the findings and a recommendation from the Actuarial Board of Counseling and Discipline (ABCD) regarding Timothy W. Sharpe. Based on the decision of the Disciplinary Committee, which the Appeal Panel affirmed, the Academy suspends Mr. Sharpe from membership for a period of two years for materially failing to comply with Precepts 1, 3, 4, 10, and 14 of the *Code of Professional Conduct* in connection with valuations he performed for several municipal police and fire pension plans in Illinois.

Precept 1 requires that an actuary “act honestly, with integrity and competence, and in a manner to fulfill the profession’s responsibility to the public and to uphold the reputation of the actuarial profession.” Annotation 1-1 amplifies that duty by requiring an “Actuary to perform Actuarial Services with skill and care.” The Disciplinary Committee and Appeal Panel concluded that Mr. Sharpe materially violated Precept 1 on these valuations in the following respects:

- Making inappropriate adjustments to published mortality tables for these valuations in violation of ASOP No. 35;
- Failing to disclose adequately in

his valuation reports the mortality tables used and the modifications to them in violation of ASOP No. 41.

Precept 3 requires an actuary to “ensure that Actuarial Services performed . . . satisfy applicable standards of practice.” The Disciplinary Committee and Appeal Panel concluded that Mr. Sharpe materially violated Precept 3 by failing to satisfy ASOP No. 35 and ASOP No. 41 on his valuations for several municipal pension funds, as noted above.

Precept 4 provides that an actuary issuing “an Actuarial Communication shall take appropriate steps to ensure that the Actuarial Communication is clear and appropriate to the circumstances and its intended audience, and satisfies applicable standards of practice.” The Disciplinary Committee and Appeal Panel concluded that Mr. Sharpe materially violated Precept 4 by issuing valuation reports for several municipal pension funds that do not comply with ASOP No. 41, as noted above.

Precept 10 provides that an actuary “shall perform Actuarial Services with courtesy and professional respect and shall cooperate with others in the Principal’s interest.” Annotation 10-5 amplifies that obligation by noting in pertinent part that “[w]hen a Principal has given consent for a new or additional actuary to consult with

an Actuary with respect to a matter for which the Actuary is providing or has provided Actuarial Services, the Actuary shall cooperate in furnishing relevant information” to the new or additional actuary. The Disciplinary Committee and Appeal Panel concluded that Mr. Sharpe materially violated Precept 10 by failing to furnish relevant information to a successor actuary on a valuation for the Village of Oak Brook, Illinois Firefighters Pension Fund.

Precept 14 requires subject actuaries to respond promptly, truthfully, and fully to communications from the ABCD and its counsel. The Disciplinary Committee and Appeal Panel concluded that Mr. Sharpe materially violated Precept 14 by failing to cooperate in scheduling an interview with the ABCD investigator and by failing to respond to alternative dates and locations that the ABCD proposed for his hearing.

Based upon the foregoing, Mr. Sharpe’s membership in the Academy is suspended for two years. At the conclusion of the two-year period, if Mr. Sharpe wishes to resume his Academy membership, he must undergo professionalism counseling from the ABCD resulting in a recommendation from the ABCD for reinstatement.

Applicability Guidelines: Which ASOPs Apply?

THE ACTUARIAL STANDARDS BOARD (ASB) promulgates new actuarial standards of practice (ASOPs), but also reviews and revises existing ASOPs. This is perhaps why, in addition to the actuary's professional responsibility to observe applicable ASOPs laid out in Precept 3 of the Code of Professional Conduct, Annotation 3-1 also requires actuaries "to keep current regarding changes in the standards."

The Academy's Council on Professionalism has developed an online tool that is not a substitute for the ASOPs but can help practicing actuaries stay abreast of the ASOPs and meet these obligations: The [Applicability Guidelines](#) can help an actuary to initiate an analysis of which ASOPs are applicable to particular assignments and to keep current with new and revised ASOPs so that you can focus your attention.

The Applicability Guidelines do not provide guidance, as ASOPs do. The guidelines come in the form of a downloadable Excel spreadsheet, with a separate tab that covers each practice area. Each tab lists common assignments in that practice area and the ASOPs that usually apply to each assignment. At the top of each tab, the guidelines remind actuaries that ASOPs Nos. 1 (*Introductory ASOP*), 23 (*Data Quality*), and 41 (*Actuarial Communications*) apply to every assignment—a clue that every actuary should know these cross-practice ASOPs very well. For ease of access, the guidelines include a link to each ASOP listed. Recent exposure drafts are included on the last tab to give actuaries an idea of what the ASB may be considering for a particular ASOP.

The Applicability Guidelines are updated whenever the ASB adopts a new or revised ASOP. In the past year, for example, the ASB has not only revised two ASOPs—No. 17 (*Expert Testimony by Actuaries*) and No. 42 (*Health and Disability Actuarial Assets and Liabilities Other Than Liabilities for Incurred Claims*)—but also released four brand-new ASOPs:

- ▲ No. 51, *Assessment and Disclosure of Risk Associated with Measuring Pension Obligations and Determining Pension*

Plan Contributions;

- ▲ No. 52, *Principle-Based Reserves for Life Products under the NAIC Valuation Manual;*
- ▲ No. 53, *Estimating Future Costs for Prospective Property/Casualty Risk Transfer and Risk Retention;* and
- ▲ No. 54, *Pricing of Life Insurance and Annuity Products.*

After the release of each new or revised ASOP, the relevant Academy practice council updates the Applicability Guidelines to show to which tasks the new or revised standard of practice likely applies. For example, the Health Practice Council updated the guidelines this past June for ASOP No. 42. Of the new ASOPs, Nos. 51, 52, and 53 have already been incorporated into the guidelines, and the Life Practice Council is working on an update to reflect ASOP No. 54. That update should be released this fall.

For assignments that touch upon more than one practice area, an actuary might wish to review the tabs for all relevant practice areas. For example, for work related to long-term care that involves life and health

aspects, an actuary may want to review both the life and health tabs of the guidelines.

Do you have to use the Applicability Guidelines? The answer is a firm "no." While the Applicability Guidelines are regarded as useful, they are not binding on any actuary. The guidelines are not published by the ASB, and therefore are not authoritative and do not constitute binding guidance. The ultimate responsibility under Precept 3 of the Code for identifying which standards apply to an assignment belongs—as it should—to you, the individual actuary.

As part of its mission to serve the public and the U.S. actuarial profession, the Academy provides the most recent Applicability Guidelines, updated by members of the Academy practice councils on the [Academy website](#) free of charge to everyone, not just Academy members. Use of the Applicability Guidelines might not be mandatory, but why not try to see whether it helps you comply with Precept 3 of the Code? We hope that you find the Applicability Guidelines helpful and that you will spread the word among your colleagues. ▲

After the release of each new or revised ASOP, the relevant Academy practice council updates the Applicability Guidelines to show to which tasks the new or revised standard of practice likely applies.



Actuaries Climate Index Fall 2017 Data Released

THE FIVE-YEAR MOVING AVERAGE of the [Actuaries Climate Index](#) (ACI)—co-sponsored by the Academy, the Canadian Institute of Actuaries, the Casualty Actuarial Society, and the Society of Actuaries—reached 1.19 in fall 2017, a new record, according to [data released Aug. 1](#). The seasonal ACI value increased to 2.00 from the previous level of 1.59, and the five-year moving average from the previous record of 1.14.

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



ACTUARIES CLIMATE INDEX
INDICE ACTUARIEL CLIMATIQUE

CLRS to Be Held in Early September in Southern California

THIS YEAR'S [Casualty Loss Reserve Seminar and Workshops](#) (CLRS), sponsored jointly by the Academy and the Casualty Actuarial Society (CAS), will be held Sept. 5–7 at Anaheim Marriott Hotel in Anaheim, Calif. Visit the [event website](#) for the program guide, lodging details, and more. Pre-registration is now closed—please register with the CAS staff in Anaheim, or call 703-276-3100 with questions. ▲

Committee Comments on Calif. Workers' Comp Rules



THE COMMITTEE ON PROPERTY AND LIABILITY FINANCIAL REPORTING sent a [comment letter](#) to the California Department of Insurance on proposed changes to reporting requirements for large deductibles workers' compensation plans. The letter made comment and recommendations on proposed regulation relating to the impact on annual statement schedules, implementation impact, and credit risk. ▲

ISTOCK / ANDREA_HILL

Sept. 25 Fall P/C Policy Webinar to Recap NAIC Meeting Issues

THE ACADEMY WILL HOST A webinar, [P/C Public Policy Update—Fall 2018](#), on Tuesday, Sept. 25, from noon to 1 p.m. EDT. Included will be P/C issues covered by the Academy at the NAIC Summer 2018 National Meeting in Boston in early August. ▲

CASUALTY BRIEFS

- ➔ **Kevin Conlee, Charles Marshall, Michael Bayard Smith, and Jeri Xu** have joined the P/C Extreme Events and Property Lines Committee.
- ➔ **Brandon Gilbert** has joined the Practice Note Subcommittee of COPLFR.

Earn Valuable CE at Seminar on Effective P/C Loss Reserve Opinions

THE ACADEMY WILL HOST ITS ANNUAL [Seminar on Effective P/C Loss Reserve Opinions](#), Dec. 6–7, in Chicago. The two-day seminar will provide participants who prepare—or assist in preparing—annual statements of actuarial opinion on P/C loss reserves with information about the latest regulations and standards and includes reviews of actuarial qualification standards and interactive case studies. In addition, the seminar will offer attendees the opportunity to:

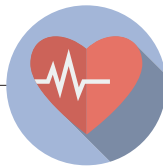
- ▲ Gain an understanding of regulatory perspectives and expectations;
- ▲ Keep up to date on the latest regulations and standards; and
- ▲ Network with your peers.

An agenda at a glance, available online, provides an overview of what topics will be covered during the seminar. Attendees will have the opportunity to earn up to 13.8 hours of continuing education credit.

[Register today.](#) ▲



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Academy Comments on Final Short-Term, Limited-Duration Insurance Rule

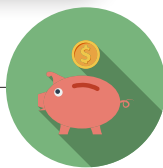
ACADEMY SENIOR HEALTH FELLOW CORI UCCELLO made [public comment](#) on the final rule released Aug. 1 by the Trump administration on short-term, limited-duration (STLD) insurance, noting that higher Affordable Care Act (ACA) premiums will likely result if younger and healthier individuals move away from and opt for ACA-compliant coverage. Read the [Academy alert](#).

“Lengthening the maximum allowable duration of STLD insurance, especially in conjunction with the elimination of the individual mandate penalty, will likely lead to some younger and healthier individuals moving away from ACA-compliant coverage and opting for short-term coverage,” [Uccello said](#). “Higher ACA premiums will result.” ▲

HEALTH BRIEFS

- ➔ **Colleen O’Malley Driscoll** is chairperson of the new Mental Health Parity Work Group, and the following actuaries are members of the work group: **Alec Breckenridge, Joe Korabik, Donna Novak, Rebecca Owen, and Adam Reese**.
- ➔ **Gabriela Dieguez, Kate Foucault, Robert Garbus, John Schubert, and Josh Sober** have joined the Medicare Subcommittee.
- ➔ **Shiwen Jiang** has joined the Joint P&C/Health Bond Factors Analysis Work Group.

PENSION NEWS



Academy Testifies Before ERISA Advisory Council

THE ACADEMY TESTIFIED Aug. 15 before the U.S. Department of Labor’s (DOL) Advisory Council on Employee Welfare and Pension Benefits (the ERISA Advisory Council, or EAC) on “Lifetime Income Solutions as a Qualified Default Investment Alternative (QDIA)—Focus on Decumulation and Rollovers.” Senior Pension Fellow Ted Goldman presented to the council and, accompanied by Tonya Manning, co-chairperson of the Academy’s Lifetime Income Risk Joint Task Force, then

responded to questions. The [written testimony](#) and [presentation](#) are posted on the Academy’s website.

EAC Chair Cynthia Levering, an active Academy volunteer, is a member of the Academy’s Lifetime Income Risk Joint Task Force and the Retirement System Assessment and Policy Committee.

The testimony highlighted the Academy’s lifetime income [position statement](#), provided insights about Qualifying Longevity Annuity Contracts (QLACs), and described an Open Retiree Multiple

Employer Plan (MEP) concept. In addition, attention was brought to the full body of [issue briefs and related deliverables](#) developed by the LITF, the [Actuaries Longevity Illustrator](#), and the Academy’s online [lifetime income quiz](#). ▲

Treasury, Labor, and PBGC Meeting Notes Released

THE MULTIEMPLOYER Plans Committee released [notes](#) from its February meeting with officials of the Departments of Treasury and Labor departments and the Pension Benefit Guaranty Corporation to discuss applications by multiemployer pension plans in critical and declining status to suspend benefits or partition liabilities. This meeting supplemented the first meeting between these parties on this topic, which was held in 2017.



(L-R) Goldman, Levering, and Manning at the EAC



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Task Force Comments to NAIC on Life and Health Valuation Law Manual

THE ACADEMY'S LIFE AND HEALTH VALUATION LAW MANUAL

Task Force submitted a [comment letter](#) to the NAIC Life Actuarial (A) Task Force as a follow-on from its presentation at the NAIC Summer Meeting in Boston outlining recommended changes to the 2019 *Life and Health Valuation Law Manual*. ▲



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LIFE BRIEFS

- ➔ **Paul Navratil** has joined the Life Practice Council and the C2 Work Group.
- ➔ **Chris Trost** has joined the Longevity Risk Task Force.
- ➔ **Nadeem Chowdhury** has joined the Annuity Reserves Work Group.
- ➔ **Chuck Ritzke** has joined the PBA Projections Practice Note Work Group.

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