

CANDIDATE BIOGRAPHICAL FORM
BRIAN Z. BROWN

A.C.A.S. – May, 1985
F.C.A.S. – May, 1988

Education

B.S., Summa Cum Laude in Economics
Illinois State University – 1980

Current Employment

Principal and Consulting Actuary
Milliman, Inc.

CAS Activities and Publications

Activities:

- Joint Program Committee for Reinsurance Seminars, Member 2004 - Current
- C.A.S. Committee on Health and Managed Care Issues, 1998-2000
- C.A.S. Committee on the Ratemaking Seminar, 1998-2003
- C.A.S. Casualty Loss Reserve Seminar Committee, 1992-1996; Chairperson in 1996
- Subcommittee on Reserving of the 1997 Casualty Committee of the Actuarial Standards Board – Resulted in ASOP No. 36
- C.A.S. Examination Committee, 1989-1992
- Presenter at 15 CAS Meetings

Publications:

- Co-Author, "Workers' Compensation Managed Care Pricing Considerations", *Forum*, Winter 1999
- Co-Author, "Reserving for Loss Sensitive Premium Items", *Forum*, Fall 1999
- Co-Author, "Study Note Reading on Deductibles", CAS Study Note, 1998.
- Co-author, "Integration of Managed Care in Workers' Compensation", 1997 C.A.S. Discussion Paper Program
- Co-author, "Recent Trends in Workers' Compensation Coverage", C.A.S. Forum, Summer 1996
- Co-author, "Funding for Retained Workers' Compensation Exposures," 1996, *Proceedings of the C.A.S.*
- Co-author, "Pricing Employment Practices Liability Exposures", 1996 C.A.S. Discussion Paper Program
- Co-author, "Disclosure Requirements for Mass Torts", C.A.S. Forum, Summer 1996
- Co-Author, "Estimation of Liabilities Due to Inactive Hazardous Waste Sites", C.A.S. Forum, 1994
- Author, "Pricing for Credit Exposure," 1992, *Proceedings of the C.A.S.*
- Author, "Self-Insurer Solvency and Estimating the Collectibility of the Retrospective Premium Reserve," C.A.S. Discussion Paper Program, 1992

Other Actuarial Organizations

- President, Midwestern Actuarial Forum, 1999; Officer, 1996-1998

Other Professional Organizations

- Member, American Academy of Actuaries
- Member, Conference of Consulting Actuaries

ADDITIONAL BIOGRAPHICAL INFORMATION
BRIAN Z. BROWN

Employment History

- Consulting Actuary, Milliman, Inc. – 1990-Current
- Actuary, CNA Insurance Company – 1985-1990
- Assistant Actuary, Zurich Insurance Company – 1983-1985
- Actuarial Student, Allstate Insurance Company – 1981-1983

Membership and Activities in Other Organizations

- Member, AIDA Reinsurance & Insurance Arbitration Society
- Member, Professional Liability Underwriting Society

Civic Activities

- Treasurer, Brookfield Central High School Debate Team
- Volunteer, Big Brothers Program
- Volunteer, Sunday School and Other Church Activities

Other Publications

- Co-Author, “Reinsurance Collectibility Problems Continue”, *National Underwriter*, February 7, 2005
- Co-Author, “Reinsurance Carriers Expected to Play Smaller Role in Future Asbestos Losses”, *National Underwriter*, May 10, 2004
- Co-Author, “Rising Disputes May Affect Balance Sheets”, *National Underwriter*, July 7, 2003
- Author, “ Trouble Plagues WC Reinsurance Market”, *National Underwriter*, July 15, 2002
- Co-Author, “Reinsurers May be Spared Asbestos Claims”, *National Underwriter*, September 3, 2001
- “WC Reinsurers Fight To Regain Profits”, *National Underwriter*, July 16, 2001
- Author, “WC Reinsurers Hit by Poor Results”, *National Underwriter*, August 28, 2000
- Author, “Long-Tail Workers’ Comp Losses Hit Reinsurers”, *National Underwriter*, August 30, 1999
- Co-author, "EPL Claims Rising - Where's the Coverage", *Best's Review*, October, 1995

Award and Recognitions

Named outstanding undergraduate economic student of 1980 – Illinois State University

BRIAN Z. BROWN, F.C.A.S., M.A.A.A.

Question #1: Why do you want to serve on the CAS Board of Directors ?

I want to serve on the CAS Board of Directors because:

- 1) My past committee experience and background would help me serve the membership well;
- 2) I have a high energy level and many ideas regarding the actuarial profession and believe that my involvement can help to enhance the reputation of the actuarial profession; and
- 3) I would enjoy the experience of being a Board Member.

I have had leadership roles on CAS committees including service as Chairperson of the CLRS and President of the Midwestern Actuarial Forum. I also have served on many CAS committees (CLRS, Ratemaking, CARE, Exam) and have spoken at 15 CAS meetings. I was on the Standards Board Sub-Committee that drafted ASOP No. 36 (Loss Reserving Standard). I have enjoyed being a part of the CAS through its various committees, and I believe I have been able to contribute to the CAS membership and the profession through my participation. If elected to the Board, I look forward to being able to serve the membership at a continued high level.

In addition, I have also held a leadership role within my consulting firm and have worked at three different insurance companies. My varied professional experiences provide background to understand the needs of both consultants and actuaries at companies as well as actuaries employed in other environments.

If you enjoy what you are doing you tend to do a better job. I have thoroughly enjoyed being active in the CAS and would like to assume a broader role.

Question #2 raises vital issues that are important for the CAS to address. I believe I can help the CAS address these issues.

BRIAN Z. BROWN, F.C.A.S., M.A.A.A.

Question #2: Candidate Issue(s) Identification and Discussion

It is important for the CAS to address and continue to address the following issues:

First and foremost, the CAS needs to be viewed as the most important source for property/casualty actuarial education and research – this is a key part of our Centennial goal and we will need to work hard to achieve this. Also, I believe the CAS needs to continue to work collaboratively with other actuarial organizations and to continue to export our North American skills throughout the world.

Secondly, the CAS should continue its work in enhancing the credibility of the actuarial profession. Several different organizations have criticized actuaries and I believe the criticism is unfounded and due to the public's misunderstanding of the actuary's role. However, as an organization, we may also need to encourage better self-governance, particularly in working with others to clarify and enforce the standards of practice.

Third, the CAS should educate non-insurance organizations on the broad scope of actuarial skill sets and experience. While we are well known within the insurance industry, we are not well known outside the insurance industry. Actuarial skills can and should be applied in a number of non-insurance situations which require evaluating risks (e.g., enterprise risk management, estimating loan defaults for banks, etc.). We need to make others aware of the membership's skills so that actuaries will be employed in various roles.

Fourth, the CAS should stress the importance of communication skills. The concepts and methods we utilize in our work are oftentimes very complex. It is very important that the profession be able to clearly convey complex ideas to regulatory agencies, employers, clients, the public and others. The CAS may be able to better communicate items to the public and assist actuaries with communication skills.

Brian Z. Brown

Candidate Responses

1. “What is your position regarding the future of the Associate designation? If you favor a single class of membership, Fellow, what should happen to the current Associate population, in particular those deemed lifetime Associates? Should the designation be run off, should such individuals be grandfathered as Fellows?”

The question of eliminating the ACAS designation is a difficult one. However, I believe that on balance the arguments for eliminating the designation are stronger. The following lists some of the arguments for eliminating the ACAS designation:

- 1) The two designations are confusing to the public and I am not aware of any other (non-actuarial) professional society that has two designations.
- 2) Associates pay full dues and contribute significantly to committees, research, etc.
- 3) Associates are generally allowed by regulators to perform all services an FCAS would perform (e.g., signing Statement of Opinions). Additionally, very experienced Associates are performing the same services as experienced FCASs.
- 4) Associates are generally not qualified outside the U.S.
- 5) Currently only two more exams are required to obtain FCAS.

Regarding how to handle career Associates, I generally agree with the Task Force on Classes of Membership’s recommendations and the Board’s statements:

- 1) All candidates fall under the Code of Professional Conduct.
- 2) Associates continue to be Associates until they cease their CAS membership.
- 3) Existing Associates are awarded FCAS after completing exams.

Regarding who should make this decision, I believe the issue is of such importance that a membership vote should be required.

2. “What do you view as the CAS’ most effective next step in positioning actuaries for roles in some of the non-traditional arenas mentioned in the issues discussion (e.g., ERM, banking, etc)?”

As outlined in my issues statement in the “Meet the Candidates” section, I believe it is important for actuaries to be seen as more than just narrow service providers to insurance companies. Actuaries have a broad based skill set involving risk analysis and quantification. Therefore, I believe that actuaries can and should expand the type of work that they do.

The question highlights two areas; ERM and Banking. I would concur that these are two areas where some actuaries currently work but in general, actuaries are not as well known as they should be in these areas. I believe that the CAS can assist actuaries to play greater roles in these areas via:

- 1) Continuing Education - additional seminars or new sessions at existing seminars on these topics;
- 2) The CAS should study and provide guidance to members wanting to practice in these areas via, among other things, discussions with current CAS members in these areas.
- 3) Educating trade groups/professional societies of the skill set of actuaries (e.g., for banks).
- 4) Provide for prize/prizes for the best paper/papers by CAS members in non-traditional areas. This will educate other CAS members and provide more credibility for the CAS in these areas.

3. “I would like your opinion on Section 2.1 of the proposed AAA Standard on Qualifications.”

Briefly, Section 2.1 sets certain requirements that a full member of the IAA (International Actuarial Association) would have to meet to be considered qualified to sign prescribed Statements of Actuarial Opinion (SAO’s). This IAA lists fifty-five international actuarial organizations. In effect, if a full member worked “under the supervision” (a term that is not defined in the standard) of a “qualified actuary” (a term that is not defined in the standard) for three years, they would have met the AAA requirements to sign prescribed SAO’s for U.S.-based insurance entities. Please note that an FSA (Fellow Society of Actuaries) or a member of ASPPA could meet those requirements.”

1) In what ways do you see Section 2.1 as being advantageous to the CAS ?

I am assuming the question references how Section 2.1 impacts the CAS membership. I believe the CAS is the leading non-life actuarial educational body worldwide.

In many cases, a non-CAS member may be in a position to sign a SAO. However, he/she would be restricted due to current policy. Some examples might include very talented and experienced actuaries who

- a) make job changes and move to the U.S., or
- b) are actuaries outside the U.S. for a company that owns U.S. subsidiaries.

In these cases, it would seem punitive and unnecessary for a very experienced actuary to be required to pass the CAS exams. Therefore, some type of special program appears logical.

I believe Section 2.1 may be helpful to CAS members as

- IAA organizations outside the U.S. may adopt similar policies for CAS members to become qualified in other countries.
- It potentially increases the talent pool in the U.S. and enhances the reputation of actuaries.

2) In what way do you see Section 2.1 as being disadvantageous to the CAS?

The harm would be if:

- Unqualified actuaries are allowed to sign a SAO; or
- Some younger actuaries choose to be accredited by some other IAA organization and then meet the qualifications to sign a SAO via Section 2.1 (thereby purposely avoiding the CAS exams).

I believe that the first concern can be addressed by doing the best job possible to make sure the actuaries are qualified. This may require documenting the type of supervision given and the work done by the actuary in training. I believe it would also be reasonable to require some type of examination; a single exam that covers general reserving concepts, statutory accounting, etc. This would guarantee a certain level of competence.

Regarding the second concern of U.S. actuaries trying to avoid the CAS exams, I believe there needs to be some type of well-worded exclusions of this practice.

3) *Please note that Section 2.1 does not require any exams. Would you prefer to have the actuary take certain CAS exams? If yes, which exams?*

I believe a different exam would be appropriate as mentioned above. The exam would take information from current exams and include some new material. I would envision the exam as having less theory and more practice. For example, it might not involve questions on every detail of an actuarial method but might ask the candidate to discuss how he/she would reflect changes in case reserve adequacy in their work.

4) *If elected, what action might you take in regard to Section 2.1?*

Encourage the American Academy of Actuaries to require in addition to Section 2.1:

- a) more definition of what is required of the actuary in training, for example, with regard to documentation that certain training has occurred. Also, have the CAS/AAA develop a required training list. This potentially could include the actuary in training providing some type of work product to the CAS/AAA to display quality of work.
- b) require successful completion of an exam before being allowed to sign SAO.