

# The American Academy of Actuaries

*Current Issues and the Casualty Actuary*



AMERICAN ACADEMY *of* ACTUARIES

# Academy Mission & Vision Statements (2010)

- n The vision of the American Academy of Actuaries is that financial security systems in the United States be sound and sustainable, and that actuaries be recognized as preeminent experts in risk and financial security.*
- n The American Academy of Actuaries' mission is to serve the public and the United States actuarial profession.*



# Accomplishing the Academy Mission

- n Public Voice for U.S. Actuarial Profession
- n Professional Standards
- n Inform/Educate on Public Policy, Professionalism, Current & Emerging Practices
- n Address Public Interest Matters w/ Unique Actuarial Perspective & Understanding



## Accomplishing the Academy Mission (cont)

- n Public Understanding/Recognition of Value of Actuarial Profession
- n Professional Development Through Volunteerism & Service
- n Facilitates/Coordinates Responses to Issues of Mutual Interest to U.S.-Based Associations
- n Coordinates Representation of U.S. Actuarial Profession Globally



# How the Academy Saves Your Butt

- n Professional Resources
  - n Actuarial Standards of Practice
  - n Practice Notes
  - n Qualification Standards
  - n Property/Casualty Loss Reserve Manuals
  - n U.S. practice-specific seminars and webcasts



# How the Academy Saves Your Butt

## n Publications

### n *The Actuarial Update*

n Monthly newsletter on professionalism & public policy issues

### n *Contingencies*

n Semi-monthly magazine with views, opinions & coverage

n Aimed at a broader audience than the actuarial profession

### n Academy Alerts

n Legislative, regulatory and judicial developments



# How the Academy Saves Your Butt

- n Practice Notes
  - n P/C Loss Reserve Opinions
    - n Updated annually
  - n Risk Transfer Testing (2007)
  - n Model Audit Rule (2010)
    - n How to assist with internal controls attestation
- n P/C Law Manual
  - n Reserve law and regulation for every state



# How the Academy Saves Your Butt

## n Seminars

- n CLRS (do you know the Academy's role?)
- n Opinion writers' "boot camp"

## n Webinars

- n RBC: State and International Solvency
- n ASOP 36 Revisions





# How the Academy Saves Your Butt

- n Real-Time Representation and Advocacy for the U. S. Actuarial Profession
  - n Comments
    - n NCOIL Resolution for State-Federal System for Catastrophe Funding (May 2008)
    - n To Congress re continuation of National Flood Insurance Program (July 2011)



# How the Academy Saves Your Butt

- n Real-Time Representation and Advocacy for the U. S. Actuarial Profession
  - n Issue Briefs
    - n Medicare's Financial Condition: Beyond Actuarial Balance (November 2010)



# How the Academy Saves Your Butt

- n Real-Time Representation and Advocacy for the U. S. Actuarial Profession
  - n Monographs
    - n Where Do We Go Post-TRIA? by the Extreme Events Committee (May 2004)
    - n The National Flood Insurance Program: Past, Present . . . And Future? (July 2011)



# How the Academy Saves Your Butt

- n Real-Time Representation and Advocacy for the U. S. Actuarial Profession
  - n NAIC Reports
    - n Report to the NAIC in Response to Its Request for Assistance with the Solvency Modernization (SMI) Project on the NAIC's Risk-Based Capital Formula (January 2011)
    - n Proposed revisions to NAIC instructions for statements of actuarial opinion (March 2011)



# How the Academy Saves Your Butt

- n Real-Time Representation and Advocacy for the U. S. Actuarial Profession
  - n Testimony, briefings and presentations
    - n Testimony for a Hearing of the Senate Environment and Public Works Committee on proposed bill S. 3305, which would raise the limit of liability of some entities responsible for oil spills (June 2010)
    - n NCOIL: Actuarial implications of flood insurance mapping changes (March 2011)
    - n Capitol Hill Briefing: Weathering the Storm – Placing the NFIP on actuarial solid ground (July 2011)
    - n Senate testimony re NFIP (June 2011)



# How the Academy Saves Your Butt

- n Real-Time Representation and Advocacy for the U. S. Actuarial Profession
  - n Friend of the Court Briefs
    - n Willens vs. Northwestern Mutual Life Insurance company on Applicability and Promulgation of Actuarial Standards of Practice (March 2004)



# How the Academy Saves Your Butt

- n Real-Time Representation and Advocacy for the U. S. Actuarial Profession
  - n Discussion Papers
    - n Materiality (2006)
    - n The Roles of the Actuary in the Selection and Application of Actuarial Models (2006)



# What's Current at the Casualty Practice Council?

- n Qualification Standards – Impact of Changes in CAS Syllabus for 2011
  - n Support to the NAIC on what it means to be a qualified actuary
- n Risk-Based Capital
  - n RBC formula updates
  - n Missing risks
  - n Quantification of missing risks
- n Solvency Modernization Initiative
  - n Cooperation/coordination with NAIC, international efforts





# What's Current at the Casualty Practice Council?

- n Actuarial Soundness
  - n Cross-practice-area paper re: regulatory and legislative uses of “actuarial soundness”, recommendations with regard to such usage
- n National Flood Insurance Program
  - n Monograph on history & future of NFIP
  - n Commentary on congressional proposals as they are presented
  - n Feedback to the Institute of Actuaries of Australia
    - n What works and what doesn't



# What's Going on at the Academy?

## n Academy Governance Changes

### n Under Consideration: Board Size

n What's the purpose of the Board vs the Executive Committee?

n Can we be more strategic/nimble and still reflect everyone's viewpoint in our decision making?

### n Implemented: Election Procedures

n Elections for open Regular Director spots – openings by practice will vary from year to year to maintain balance



# What's Going on at the Academy?

## n Other Practice Council Highlights

### n Health:

- n All health reform, all the time
- n Number of HPC volunteers has doubled

### n Life:

- n Principle-based reserving
- n SMI/RBC issues

### n Pension:

- n Pension risk in retirement (whose is it, whose should it be?)
- n What to do (say?) about public pensions?



# What's Going on at the Academy?

## n Other Practice Council Highlights

### n Professionalism

- n Qualification Standards

- n Paper on Conflicts of Interest in Volunteer Work

### n Financial Reporting/Risk Management

- n IASB/FASB Insurance Contracts

- n Financial Stability Oversight Council



# What's Going on at the Academy?

## n Public Interest Committee

- n Already issued: Raise the Social Security Retirement Age (2008)
- n Under Development: Series of statement on the need to ensure retirement income security (protect against longevity risk)
  - n First statement is currently in exposure
    - Have you commented?
  - n How to gain traction?
  - n How to frame the message without looking like we're marketing a particular product?



# What's Going on at the Academy?

- n Academy Enterprise Risk Management
  - n Task Force formed early 2011
  - n What risks are faced by the entire profession, and what ones are Academy specific?
  - n Summer Summit July 2011
  - n Report to Board October 2011



# How to Keep up with the Academy?

## n Publications

- n *The Actuarial Update*: Monthly newsletter on professionalism & public policy issues
- n *Contingencies*: Semi-monthly magazine with views, opinions & coverage
  - n Aimed at a broader audience than the actuarial profession
- n Academy Alerts: Legislative, regulatory and judicial developments
- n This Week at the Academy: Email digest of Academy activities every Friday
  - n Yes, we borrowed it from the CAS
- n Social media: Follow us on Twitter @actuary\_dot\_org

