



SOCIETY OF ACTUARIES

Article from:

The Actuary Magazine

June/July 2013 – Volume 10, Issue 3

SOA RESEARCH— MAKING AN IMPACT

IF YOU PICKED UP A NEWSPAPER, surfed online news sites or turned on any number of radio or television broadcasts in late March and April, you may have heard about new health care-related research from the Society of Actuaries. This research addressed a major question raised by the U.S. Affordable Care Act, namely possible changes in underlying medical claim costs as markets and circumstances change under the new law. The study predicted that claim costs would increase in most states, with the amount of the increase varying widely among the states.

With ACA implementation set to take place in 2014, costs associated with health care are a hot topic. And the SOA research provided new insight that was of great interest and resulted in hundreds of news articles, and dozens of local and national broadcast stories. Among the media who covered the SOA research findings were *CNN*, *Fox*, *USA Today*, *Associated Press* and *National Public Radio*.

The research quickly caught the attention of policymakers and requests for more information came to the SOA from both the majority and minority staffs of the U.S. Senate. I was pleased to be part of the SOA team that discussed the research at two Senate staff briefings in late April.

We were told by the Senate staff members that a major reason our research received such attention was that it was from a truly non-partisan organization. Indeed, the SOA has no political interests and no “position” on any legislation; our interests lie in providing relevant, objective data and information to members, policymakers, regulators and the public on important societal issues. SOA members have told us that they want actuarial expertise to be considered on issues like health care reform, and we believe that providing non-partisan

research is one meaningful contribution the SOA can make in this arena. This is in keeping with the SOA’s mission and supports the SOA’s 2013-2016 strategic plan, which calls for the SOA’s activities to “inform public policy development and public understanding.” In fact, research that informs public policy issues is not new to the SOA. During the past few years, we have produced research on pension issues through our Rapid Retirement Research that has also been of interest to policymakers in Washington, D.C. We have a long history of providing mortality and experience data useful to state insurance regulators, information for the public on retirement risk, and relevant research in many other areas.

We’ve also released new research evaluating the impact of aging on health care costs, which has been of interest to policy staff on Capitol Hill and others. Another research study scheduled for release later this year will explore some elements of success for accountable care organizations, with particular attention on reducing costs, managing risk and related actuarial issues.

Developing a formal strategy to guide the SOA’s activities with respect to public policy-related topics is underway. While we think these activities are grounded in our research mission, we need to give additional consideration to how we can be most effective in carrying out this aspect of our work. Our recent experience shows that non-partisan contributions through the SOA’s research are already adding value to important public policy discussions.

Please look for more information from the SOA as we continue our consideration of this topic and of the ways we can be most effective in meeting this part of our mission. **A**

— SOA Executive Director Greg Heidrich

How Well Do You Know Who We Are?



ACTUARIAL HISTORY QUIZ ANSWERS

Did you read Larry Stern's editorial on page 8? He talks about a quiz that was distributed at an SOA Leadership Conference—a quiz designed to gauge how well attendees knew about the profession from a historical viewpoint. Take the quiz and see how well you do. Enjoy!

1. e. Ruskin
2. b. Hugh Baker
(1818—First Life Insurance Actuary)
3. e. Jacob Shoemaker
(1809 First Life Insurance Actuary)
4. d. 1949
5. c. 1866

Bonus: Who was the first female actuary?
(**Answer:** Lucy Jane Wright, Union Mutual Life in Boston appointed her as actuary. Unfortunately her duties only lasted seven months because she became ill with tuberculosis and died one year later.)

6. b. Toronto
7. a. Actuarial Society

8. d. Edmund M. McConney
9. c. 1960

Bonus: What year was the preferential ballot for president-elect introduced?
(**Answer:** 1963)

10. d. Barbara Lautzenheiser (1982-83)
11. a. 76

Extra credit answers:

1. True
2. True
3. False
4. True
5. False

THE ACTUARIAL PROFESSION IN THE NEWS

The SOA is focused on raising awareness of actuaries in the media. Recent efforts have been successful. Here are just a few examples:

Women Need To Plan For A Longer Post-Work Life Than Men



The Washington Post quotes retirement actuaries discussing issues affecting women in retirement. For the whole article, visit www.washingtonpost.com, search term Carla Fried, or use the QR code.

Industry News From RIAA



The Retirement Income Industry Association names Anna Rappaport the winner of its 2013 Practitioner Thought Leadership Award. To read the article, visit www.lifehealthpro.com, search term Anna Rappaport, click on "NerdWallet ..." article, or use the QR code.

Dust Off Your Math Skills: Actuary Is Best Job of 2013




Actuary ranked best job for 2013. To read the article, visit <http://blogs.wsj.com>, search term Actuary, click on "The Best And Worst Jobs" article, or use the QR code.

Pension Math Overwhelmed by Discount Rate



Longer life spans are putting some pressure on corporate defined benefit plans, but changes in the interest rates used to calculate liabilities are by far the biggest issue facing pensions, experts say. For the entire article, visit <http://blogs.wsj.com>, search term Pension Math, or use the QR code.

View all of these articles by going to www.soa.org/newsroom and clicking on the Profession In The News link. 

PROFESSIONAL DEVELOPMENT OPPORTUNITIES

INVESTMENT-BASED INSURANCE GUARANTEES CONFERENCE

July 8 – 9
Dublin

ENTERPRISE RISK MANAGEMENT TECHNIQUES AND PRACTICES

Aug. 5 – 7
Chicago

DYNAMIC HEDGING ESSENTIALS, MASTER CLASS AND WORKSHOP

Aug. 8 – 9
Chicago

CRITICAL ILLNESS INSURANCE FORUM

Sept. 16 – 18
Ft. Lauderdale

DI & LTC INSURERS' FORUM

Sept. 18 – 20
Ft. Lauderdale

VALUATION ACTUARY SYMPOSIUM

Sept. 23 – 24
Indianapolis

ALM TECHNIQUES AND PRACTICES

Oct. 14 – 16
London

ANNUAL MEETING & EXHIBIT

Oct. 20 – 23
San Diego

EQUITY-BASED INSURANCE GUARANTEES CONFERENCE

Nov. 18 – 19
Atlanta

View all Professional Development opportunities by visiting www.soa.org and clicking on Event Calendar.

Recommended Readings



The following is a list of recommended readings from the contributing editors that they feel will pique your interest and help keep you informed.

From Jay Jaffe

***Naked Statistics: Stripping the Dread from the Data* by Charles Wheelan**



The New York Times described *Naked Statistics* as “... a riff on basic statistics that is neither textbook nor essay but a happy amalgam of the two.” If you’re an actuary in need of a quick statistical refresher course or someone who would like to get a better feel for how to discuss statistical concepts with non-quantitative people, this is a good book for you. This read may also increase your understanding of how statistics are used (or misused) by others to make their points. Wheelan also offers that statistics can be applied to help find solutions for many societal problems and might inspire some actuaries to tackle one of these vexing matters. The book is not a hard read for actuaries (we shouldn’t be intimidated by the book’s contents) and my guess is that it will help many of us to find ways to improve our ability to communicate statistical and actuarial concepts and findings. To read more, visit <http://>

books.wwnorton.com/books/Naked-Statistics or use the QR code.

From Tim Paris

***Wait: The Art and Science of Delay* by Frank Partnoy**



The premise of Frank Partnoy’s latest book, *Wait: The Art and Science of Delay*, is that even as technology and the pace of daily life accelerate, many of the choices we make, in time frames ranging from split seconds to years, benefit significantly from delay. The author shares many practical and amusing examples. Actuaries, like fighter pilots and first dates, will likely appreciate the power of the OODA Loop (Observe-Orient-Decide-Act). And we can all use the recipe for the best temperature to eat crow. So don’t just do something, stand there. But if you’re already a procrastinator, you should still read this book ... someday. Read more at www.publicaffairsbooks.com search term Wait or use the QR code.

E-COURSES: GROWING YOUR KNOWLEDGE

THE SOA IS PROUD to offer 20 e-courses worth more than a combined 80.00 CPD. See our full listing at www.soa.org/ecourses.

Decision Making and Communication

Decision Making and Communication (DMAC) provides a foundation for making decisions related to complex business problems that require the involvement of many stakeholders and decision makers. DMAC presents a decision-making process that is specific enough to provide solid guidance when making decisions yet general enough to be applicable in a wide variety of situations.

Financial and Health Economics

This e-course is designed to provide you with an overview of the financial and health economics disciplines and their relevance to

the actuarial profession. Financial economics is the study of the production, distribution and consumption of goods and services. These disciplines underlie all financial and health services.

Fundamentals of Actuarial Practice (FAP)

This e-course is set in the context of the control cycle. It encompasses real-world applications and uses examples to demonstrate actuarial principles and practices. You will also have opportunities to apply these principles and techniques in traditional and nontraditional actuarial practice areas. With the fundamentals in your toolkit, you will be better prepared to apply your learning to new areas of practice that may emerge during the course of your actuarial career.



LEARN
INTERACT
GROW

30 March to 4 April 2014

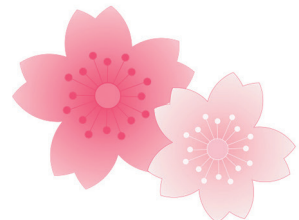
www.ICA2014.org

Join more than 2,000 actuaries from across the globe at the 30th International Congress of Actuaries!

- Earn up to 27 continuing education hours from sessions covering the latest global trends.
- Network with peers from around the world.
- Enjoy cultural and historical activities in and around Washington, D.C.

Register online today at www.ICA2014.org

Contact info@ica2014.org with any questions.



Good Research Reads



COMPLETED EXPERIENCE STUDIES

- 2008-09 Individual Life Experience Report
- 1990-2007 Individual Disability Experience Committee Report
- 2007-09 US Individual Life Persistency Update
- Preferred Structures Survey Report
- 2011 Credit Disability Experience Report and Tables
- Mortality Improvement Scale BB

To view a complete listing, visit www.soa.org/Research and click on Completed Experience Studies.

COMPLETED RESEARCH STUDIES

- Life Reinsurance Treaty Construction
- Comparative Failure Experience in the U.S. and Canadian Life Insurance and Banking Industries from 1980 to 2010
- When Black Swans Aren't: Holistically Training Management to Better Recognize, Assess, and Respond to Extreme Events
- Application of Actuarial Science to Systemic Risks
- How Fair Value Measurement Changes Risk Management Behavior in the Insurance Industry

- Living to 100: Insight on the Challenges and Opportunities of Longevity
- Cost of the Newly Insured Under the Affordable Care Act
- Validating the PRIDIT Method for Determining Hospital Quality with Outcomes Data
- Risks & Mitigation for Health Insurance Companies
- Policyholder Behavior in the Tail Risk Management Section Working Group UL with Secondary Guarantee 2012 Survey Results
- Application of Actuarial Science to Systemic Risk
- Value Investing and Enterprise Risk Management: Two Sides of the Same Coin
- Back Testing of Investment Performance by Asset Class
- Observations on Input and Output Smoothing: How do they affect the funding of defined benefit plans?
- Measures of Retirement Benefit Adequacy: Which, Why, for Whom, and How Much?

To view a complete listing, visit www.soa.org/Research and click on Completed Research Studies.

SOCIETY OF ACTUARIES DEVELOPS PARTNERSHIP WITH ROUTLEDGE, TAYLOR & FRANCIS GROUP



The Society of Actuaries is proud to announce it is partnering with Routledge, Taylor & Francis Group to publish the *North American Actuarial Journal*.

SOA members have free access to the *NAAJ* on Taylor & Francis' online platform at www.tandfonline.com/uaaj. Enhanced features include improved searching; fully hyperlinked text, articles and references; citation export; RSS feeds; back archives fully searchable and hyperlinked; ability to save favorite searches, issues and articles; and an optimized mobile layout. Instructions for accessing the journal's content on Taylor & Francis Online are available at www.soa.org/naaj. Click on the FAQs for detailed information. If you wish to continue receiving a print copy of the *NAAJ*, please log in to your SOA member profile and opt in.