



SOCIETY OF ACTUARIES

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# SOA AT WORK

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# UNDERSTANDING IS KEY TO FOSTERING GOOD RELATIONSHIPS

BY GREG HEIDRICH

Supporting the growth and development of the actuarial profession around the world is a core part of the work of the Society of Actuaries (SOA). Partnering with other actuarial organizations—whether in North America or around the globe—to foster and support the profession is key to our mission.

To better understand the actuarial organizations with which we work in a complex and challenging environment, the SOA Board launched a relationships task force in early 2014. The purpose of the task force is to identify, plan and facilitate ways to build our relationships with other actuarial organizations. SOA leadership and the task force felt that an important way to build relationships was to go back to the basics of communication—talk, listen and exchange information.

We hope that through dialogue with the leadership of these groups, we can build a better understanding of their organizations' strategic directions and goals. As part of this, it is important to examine the varying status and depth of our interorganizational relationships, the changing roles of these organizations, and how our relationships are affected by internal and external factors and actions.

Since the beginning of this project earlier this year, the SOA Board has met with

the leadership of the Canadian Institute of Actuaries (CIA) and the Institute and Faculty of Actuaries (IFoA) and will continue to meet with others in 2015. These discussions take the form of extended open dialogue and exchange of ideas between leaders of these organizations and our Board. Basically, we want to better understand our fellow actuarial organizations' perspectives and identify the most effective ways we can work together. This can range from projects such as expanding joint research, developing new ways to expand opportunities for the profession, exploring joint continuing professional development offerings, benchmarking our respective education systems, and more.

Relationship-building is best done through direct conversation and exploration of issues. Discussions provide insights that aren't available through reading reports or press releases or listening to speeches (as important as those can be). Good working relationships are built through conversation, empathy and understanding of each other's purpose and intent. These structured discussions are intended to provide opportunities for the relationships between the SOA and other actuarial organizations to grow and prosper. From these conversations we hope to identify specific plans and steps we can take to develop our work together.



Several outcomes of the project are already visible. Our Board members and leadership (including those who may serve in our most senior leadership roles in the future) are developing a deeper and more nuanced understanding of how these other organizations see their own challenges and those facing the profession. Dialogue between meetings is increasing. As a direct result of these conversations, we have important bilateral projects under discussion and consideration. We've received (and accepted with pleasure) a return invitation from the IFoA for SOA leaders to visit their council for similar conversation. In short, we see this effort as providing valuable returns—building relationship capital, if you will—with promise for more in the future.

In their speeches at the SOA's Annual Meeting in October, outgoing President Mark Freedman and incoming President

Errol Cramer spoke of the importance of relationships and collaboration within the profession. Errol and Mark both pointed out that the way in which the SOA approaches these issues is important, given that our members comprise approximately 40 percent of the world's actuaries. Annual meeting keynote speaker, former Secretary of State Madeleine Albright, provided a compelling case for the significance of global events to people in every profession and the importance of building global relationships. Our work on the relationships project is an important manifestation of the

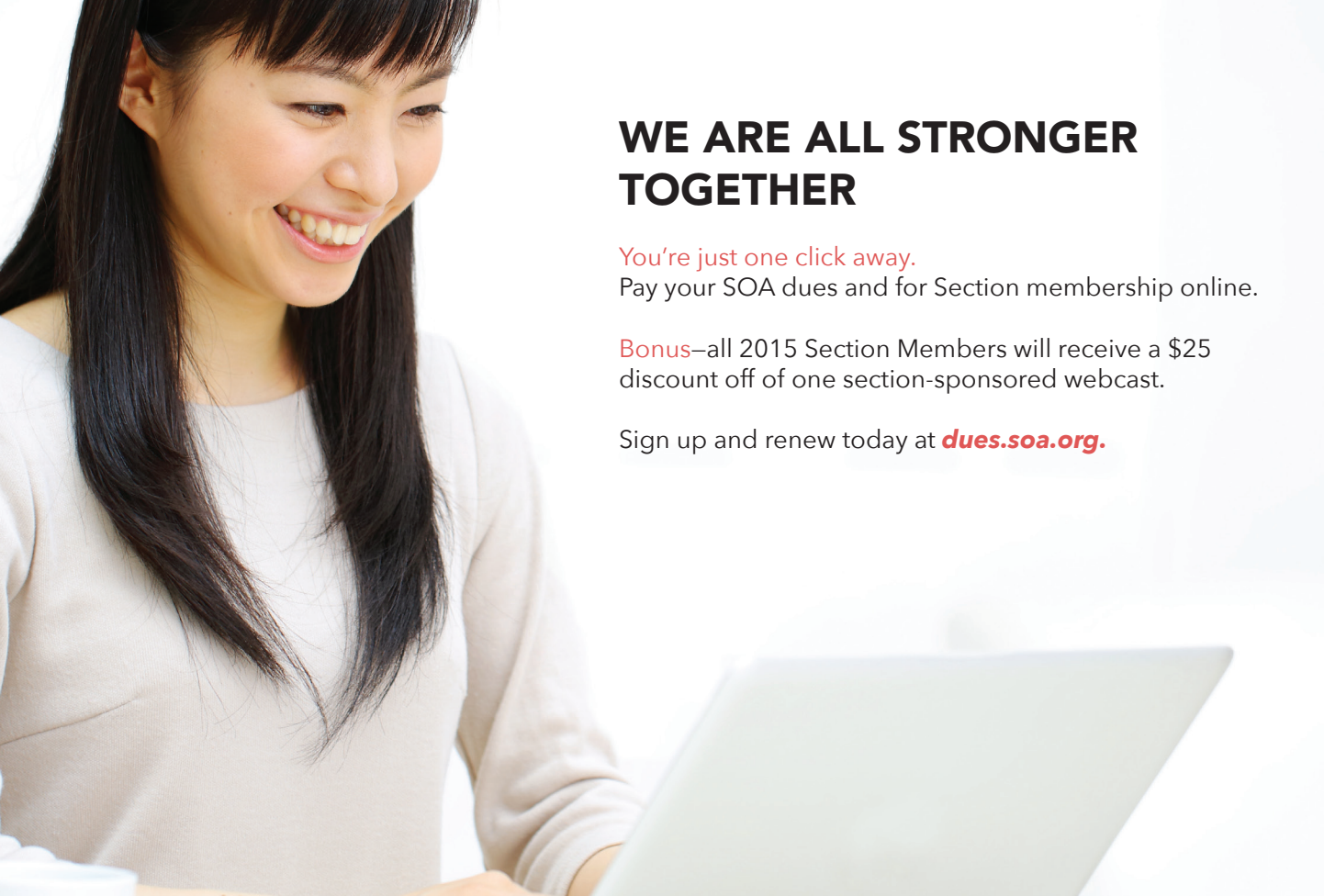
work we are doing to meet the challenges identified by these leaders and fulfill the expectations of our many stakeholders.

As the world becomes more challenging and as new opportunities arise for actuaries, we need to find ways to build the relationships needed to address these issues. Our plan is to continue to invite the leadership of different actuarial organizations to talk with our Board about their strategies and about how our organizations can work together for our respective members, candidates, the

profession and the public. We will accept any and all invitations from others to engage similarly in conversations with them. Establishing relationships and strengthening these ties will foster an atmosphere that is conducive to growth, camaraderie and partnership not only for the SOA and our members, but for the global profession as a whole. **A**

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**Greg Heidrich** is executive director of the Society of Actuaries. He can be reached at [gheidrich@soa.org](mailto:gheidrich@soa.org).



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# THE EVOLUTION OF OUR RESEARCH

BY R. DALE HALL

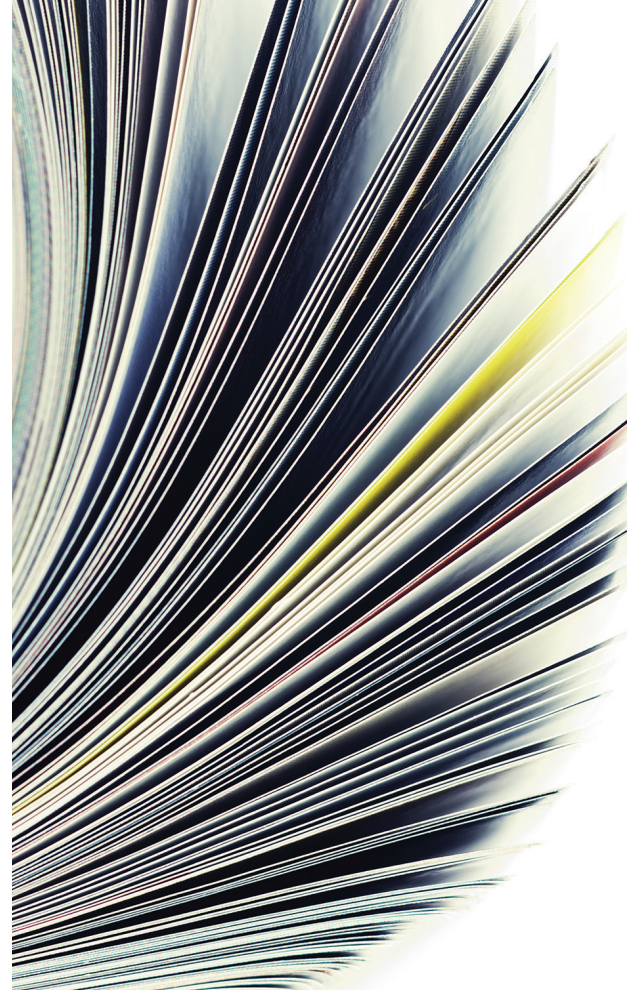
As we conclude the year and prepare for 2015, let's take a moment to review 2014 and look at the agenda for next year. The past 12 months have been quite busy in developing and completing a new evolution of how our organization identifies and creates new research to benefit both the actuarial profession and the public. I am proud to see the ongoing efforts from Society of Actuaries (SOA) volunteers and staff in creating necessary research to help advance our profession.

Earlier this year, the SOA-commissioned Blue Ribbon Panel on Public Pension Funding helped foster a dialogue about pension plans with the public, regulators and policymakers. We saw important development of experience studies on life, health and retirement topics, including the release of an updated private plan mortality tables and mortality improvement model. Our U.S. retirement research focused on the effects of provisions from the Moving Ahead for Progress in the 21st Century Act (MAP-21) and the Highway and Transportation Funding Act of 2014 (HATFA-14). The creation of the SOA Regulatory Research Advisory Council also set a new precedent for how we plan for future research and how this information can be provided to regulators to inform them of major issues and challenges.

We have also identified new approaches to how we publish research. For example, we hosted a call for papers to gather the latest insights on predictive modeling and had a quick turnaround to publish the collection of papers. We have incorporated this lean, time-sensitive approach as one way to evolve how we identify, complete and disseminate research for our members. We have also added several new capabilities and data resources to support research projects. We have partnered with the Canadian Institute of Actuaries to pursue Canadian pension research, engaging a Canadian actuary to help conduct this vital work.

On the health front, we added a new staff health research actuary to help develop and manage health research projects for our members and the public. We secured an agreement with the Kansas Insurance Department for access to their health care cost data. This health project will help develop research analysis on the evolution of U.S. health care under the Affordable Care Act, and it also sets the stage for future research projects with other states on health care data.

Looking ahead we will continue to explore new ways to mine for research, and there are certainly recent data developments that will help with health and pension analyses.



While this past year has been a time of new research work, the coming year will certainly keep a strong momentum. Stay tuned for more research updates with experience studies, original research reports and much more. **A**

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**R. Dale Hall, FSA, CERA, MAAA**, is managing director of Research at the Society of Actuaries. He can be reached at [dhall@soa.org](mailto:dhall@soa.org).

analyst

specialist

manager

consultant

director

strategist

leader

executive

## Already an FSA? CERA with Four Exam Hours More

On July 1, 2013, changes to the Society of Actuaries' fellowship exam structure will allow current Fellows of the Society of Actuaries (FSAs) to obtain the Chartered Enterprise Risk Analyst® (CERA) credential with just four additional exam hours.

As the most comprehensive and rigorous risk management credential available, the CERA offers an enhanced enterprise-risk-based curriculum that better prepares professionals with the in-depth knowledge and expertise they need to play more strategic roles across more industries—including risk managers, chief risk officers and CFOs.

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# PARTNERSHIPS FOR CANDIDATES

BY XIAOYAN ANDERSON



The Society of Actuaries (SOA) Candidate Connect program continues its mission to attract and retain the brightest minds in the actuarial profession. The SOA hosts Candidate Connect events, conducts social media outreach (including Facebook—[www.facebook.com/SOACandidateCommunity](http://www.facebook.com/SOACandidateCommunity)), launched a new e-newsletter and maintains strategic partnerships with other actuarial student organizations. Through all of these efforts, SOA Candidate Connect has been able to reach, inform and engage a broad spectrum of students and candidates planning to make the actuarial profession part of their future.

The SOA organizes and sometimes hosts Candidate Connect events, inviting local actuarial clubs and organizations to

participate in the events to help local candidates connect with the actuarial communities in their area. These connections are great opportunities to network, exchange information, and can potentially lead to internships and employment opportunities. The SOA worked with the Actuaries Club of Philadelphia, the Actuaries' Club of Hartford & Springfield and the Chicago Actuarial Association in 2013 and 2014 to host three Candidate Connect events.

“The cooperation between the SOA and the local actuarial clubs works very well and has many advantages for all involved. I would like to see more cooperation opportunities like the Candidate Connect event in Hartford,” said Lawrence Slone, 2013-14 president of the Actuaries' Club

of Hartford & Springfield. “The SOA would be better served by having the local clubs reach their members with greater industry news and events, while the local clubs would be better served by being able to provide national speakers and content to their members,” said Slone.

The SOA also participates in events hosted by actuarial clubs to reach out to local candidates. In September, SOA Candidate Connect had a booth at the 2014 Actuarial Society of Greater New York (ASNY) Career Fair, which had 750 actuarial candidates in attendance. The SOA staff and volunteers were on hand to help address questions about the exams, the SOA and the profession.

At the beginning of October, the SOA, for the first time, partnered with the Gamma Iota Sigma (GIS) international risk management, insurance and actuarial science collegiate fraternity to be a gold sponsor at the GIS 43rd Annual International Conference. The GIS event in Dallas, Texas, attracted over 500 student representatives from colleges and universities throughout North America.

As part of an ongoing partnership with the Actuarial Students National Association (ASNA) in Canada, the SOA will be a diamond sponsor at the 2015 Annual ASNA Convention under the title “Insuring the Future,” that will take place

in Montreal in January. "The SOA has been an avid supporter of student initiatives. During the planning of the ASNA 2014 Convention, the SOA played a pivotal role in designing and hosting ASNA's actuarial case competition by providing intellectual and financial support to the organization," said Monojit Samanta, 2014 ASNA Convention co-chair. "This year, the SOA upgraded its relationship by becoming a diamond sponsor and is actively helping ASNA expand its operations. Through its various efforts, the SOA has proved to be a resourceful partner to candidate

communities and continues to build on its relationship with them," Samanta added.

The SOA's presence at these physical events wouldn't be possible without the volunteer SOA members who are on-site to provide local and personalized insights relevant to the candidates. The ultimate goal of the SOA Candidate Connect events is to help candidates gain insight into the actuarial profession; help them build their professional network by connecting them with other candidates, SOA leaders, practicing actuaries and potential

employers; and prepare candidates to become the best actuaries they can be. Consider volunteering for a local event to help spread the word about the SOA and its efforts with helping candidates enter the profession. For more information about candidate activities, visit [SOA.org](http://SOA.org). **A**

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**Xiaoyan Anderson** is the candidate relations specialist for the Society of Actuaries. She can be reached at [xanderson@soa.org](mailto:xanderson@soa.org).



# Knowledge On The Go

Insightful podcasts are now available to listen to **anywhere!**

The Society of Actuaries is offering topical podcasts for those interested in insight and perspectives from **fellow members**. The podcasts are **free** to download and can be listened to from your computer or any portable audio device. Check back often as new podcasts are released.

[SOA.org/podcast](http://SOA.org/podcast)



## E-COURSES: GROWING YOUR KNOWLEDGE

**THE SOA IS PROUD** to offer 20 e-courses worth more than a combined 80.00 continuing professional development (CPD) credits. E-course topics range from professionalism and communication to social insurance and enterprise risk management, and can be completed in as little as two hours. Whether you're changing fields, in need of some refreshers or looking to improve your communication skills, get the knowledge you desire by registering for an e-course today. See our full listing at [www.soa.org/ecourses](http://www.soa.org/ecourses).

### FINANCIAL MODELING

The Financial Modeling e-course seeks to expand the knowledge first learned in the MFE course in both theoretical and practical aspects.

### 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.

### HEALTH FOUNDATIONS

The Health Foundations e-course discusses the health care system at a micro level. It begins with an exploration of health care terminology and coding. The module moves on to discuss sources of data with regard to medical treatments and claims experience. The next step is to learn about the administrative systems that bring the data sources together. The module ends with examples illustrating how these elements combine to help provide solutions to actuarial problems.

### INTEGRATED DECISION-MAKING PROCESS (IDMP)

The Integrated Decision-Making Process (IDMP) provides a foundation for making decisions related to complex business problems that require the involvement of many stakeholders and decision makers. IDMP 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.



### PRICING, RESERVING AND FORECASTING

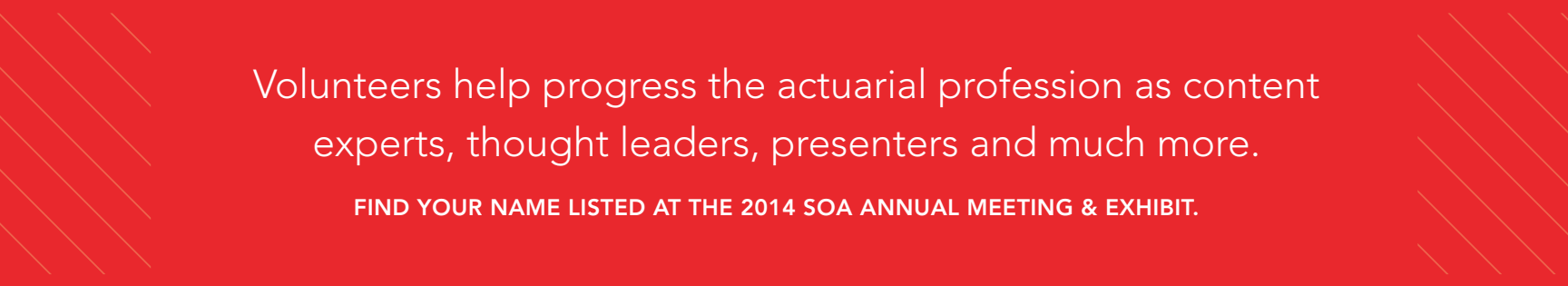
This e-course is designed to build upon the information presented in the Design and Pricing (DP) and Company Sponsor Perspective (CSP) examination syllabi and the Health Foundations module in the Group and Health FSA Track. Basic concepts that were presented in the exams will be integrated and expanded upon in this e-course. You will learn practical techniques involved in managing the financial control cycle of a health care company—from trend determination to pricing and reserving to analysis of historical results to forecasting future experience.

### STRAIGHT TALK: EFFECTIVELY COMMUNICATING WITH A NON-TECHNICAL AUDIENCE

In today's business environment, professionals of all disciplines are turning to actuaries to clarify risk-related issues. You can no longer assume your role as an actuary is to only crunch numbers. The reasoning behind actuarial calculations and the business decisions resulting from actuarial analysis are valuable to today's organizations. This e-course will provide you with tips, guidelines and activities designed to help you communicate effectively with professionals across all disciplines. It also provides video examples demonstrating effective communication. This course will focus primarily on oral communication although many of the concepts can be applied to written communications as well. **A**



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**THANK YOU**



Volunteers help progress the actuarial profession as content experts, thought leaders, presenters and much more.

FIND YOUR NAME LISTED AT THE 2014 SOA ANNUAL MEETING & EXHIBIT.

TOGETHER **WE** PROGRESS

## GOOD RESEARCH READS



### COMPLETED EXPERIENCE STUDIES

#### INDIVIDUAL ANNUITY STUDY

The Individual Annuity Experience Committee has completed an experience study of individual payout annuities, covering calendar years 2005 through 2008. The study includes immediate annuities, annuitizations and life settlement options. The overall by amount A/E ratios, based on the Annuity 2000 Basic Table, for all data combined were 0.895 for males and 0.932 for females. These compare to values of 0.929 for males and 0.977 for females in the 2000-04 report and imply yearly 0.8 percent mortality improvement for males and 1.1 percent for females over the 4.5 years between the two studies.

To view a complete listing, visit [SOA.org/Research](http://SOA.org/Research) and click on Completed Experience Studies.

### COMPLETED RESEARCH STUDIES

#### UNDERSTANDING THE CHANGING MIDDLE MARKET FOR LIFE INSURANCE IN CHINA

A new report examining the Chinese middle market for life insurance has been released. Supported by the Marketing and Distribution Section and the International Section, plus the Research Expanding Boundaries Pool, this research provides insight into the financial situations and needs for life insurance among middle market families. A Chinese translation of this report is also available.

#### COMMUNICATING THE FINANCIAL HEALTH OF PUBLIC PENSION PLANS

The focus of this report is to address the need for a concise but comprehensive and detailed report summarizing the financial health and prospects of state and municipal

plans. The overall objective is to provide information to assess potential changes to the structure of these plans. Sandy Mackenzie, the author of the report, has also created prototype reports on two example state pension systems.

### SUSTAINED LOW INTEREST RATE ENVIRONMENT: CAN IT CONTINUE? WHY IT MATTERS

Authored by Max Rudolph, this report describes the impact on insurers and products when interest rates remain low for an extended period of time. It also describes strategies for addressing such scenarios and aims to help readers make conscious decisions based on an entity's risk profile, culture and appetite for risk.

### STRETCHING THE CORRIDOR: THE EFFECTS OF EXTENDED RATE STABILIZATION ON DEFINED-BENEFIT PLAN FUNDING REQUIREMENTS

A new report by the SOA's data-driven in-house research team examines the effects of extending interest rate stabilization provisions used in the determination of funding requirements for U.S. private sector single-employer, defined-benefit plans. When established in 2012, the stabilization provisions were expected to temporarily liberalize funding requirements by modifying the interest rates used to calculate plan liabilities. The Highway and Transportation Funding Act of 2014 (HATFA-14), signed into law on Aug. 8, extended the period of expected liberalization and increased the degree of flexibility that sponsors have. The report

goes on to demonstrate the implications of further extensions, including a fundamental shift in how plan funding is targeted.

### 2014 LIVING TO 100 MONOGRAPH NOW ON SOA WEBSITE


If you were not able to attend January's Living to 100 Symposium, the papers presented are now available in the 2014 Living to 100 Symposium online monograph. The topics covered include marriage and mortality, longevity drivers, behavior and causes of death, mortality trends and

projection methodologies, and implications for aging populations.

### REGULATORY RISK AND NORTH AMERICAN INSURANCE ORGANIZATIONS REPORT RELEASED

This report contains a comprehensive look at regulatory risk and is based on a compilation of interviews with regulators and industry leaders, discussions with industry government relations personnel, and personal experience of the authors —Tom Herget and Dave Sandberg. The report identifies regulatory structures and

influences in North America; provides examples that illustrate regulatory risk; and suggests mitigation ideas for both insurers and their regulators.

To view a complete listing, visit [SOA.org/Research](http://SOA.org/Research) and click on Completed Research Studies. 



## CPD ATTESTATION IS A SNAP

Category	Percentage
1	25%
2	65%
3	80%
4	100%

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# PROFESSIONAL DEVELOPMENT: Your Opportunity to Grow

When is the last time you attended a meeting or seminar, or tuned into a webcast? As an SOA member, there are a number of events you can attend, in person or from your computer. Here are just a few of the upcoming meetings and webcasts coming your way that can help you:

- Stay up to date with current trends in your area of practice,
- Continue to make meaningful contributions to your company, your team and the profession, and
- Develop or fine tune new knowledge and skill areas.

## MEETINGS AND SEMINARS

### REFOCUS CONFERENCE

March 1–4

Las Vegas

Identify sources of growth for yourself and your company, covering topics like growth through international expansion, mergers and acquisitions, and growth through innovation. Former Governor of Florida, Jeb Bush, will deliver a keynote address.

### 2015 INVESTMENT SYMPOSIUM

March 26–27

Philadelphia

Save the date for these important events. More information will be available soon at [SOA.org/calendar](http://SOA.org/calendar).

## READY TO REGISTER?

Visit [SOA.org/calendar](http://SOA.org/calendar) for the full complement of meetings, seminars, virtual sessions, webcasts and more. We look forward to hearing from you!

## WEBCASTS

### THE ACTUARY'S ROLE IN FINANCE

#### TRANSFORMATION WEBCAST

Dec. 15

Learn about the actuary's role in these large projects, the data and technology issues at their core and the part model governance plays in a successful outcome.

## PODCASTS

### DR. MARK MCCLELLAN—NOTED AUTHORITY ON HEALTH CARE—SHARES HIS VIEWS ON ACOs

Listen in to this two-part podcast and get Dr. Mark McClellan's perspective on the changes in health care delivery and how they affect quality and affordability. He also shares his insights about the transformative role of Accountable Care Organization (ACO)s and how they are helping to reshape the financial aspects and delivery of health care. This podcast is a follow-up to Dr. McClellan's keynote address at the SOA Health Meeting in June 2014.