



Article from

The Modeling Platform

December 2016

Issue 106

Letter from the Editor

By Phil Schechter

We are up to our fourth newsletter and find our attention fairly evenly split between model governance, model efficiency and the nuts and bolts of the actual models.

Trevor Howes, in his final note as council chair, discusses modeling and professionalism, comparing the emerging standards in the United States and Canada.

Michele Bourdeau lays out a structural framework for model risk management, starting from the beginning (what is a model and how is it used?) through three lines of defense within an insurance organization.

Mary Pat Campbell gives an overview of the sessions sponsored by our section at the 2016 Life & Annuity Symposium. These sessions dealt with model governance, model risk management and model efficiency—a topic that merited two sessions.

Model efficiency continues to occupy our thoughts, as Bob Crompton suggests a practical method to implementing a cluster model approach independent of modeling platform.

Linda Chow, Jillian McCoy and Kevin Kang are contributing a serialized article on long-term care; the first installment appears in this issue. As an editor, I am pleased to have articles pledged in advance, and, as a section member, I appreciate the deep dive into this topic.

I penned an article on some of the basics of asset modeling—even if you never need to open up that side of the model, a good understanding of both sides of the balance sheet can help make sense of an integrated asset-liability management model.

And my co-editor, Tim Cardinal, takes a cold, hard look at the VM-20 scenarios and their impact on reserve requirements.

With the new council comes some reorganization of the roles; Tim, who was instrumental in getting this newsletter off the ground, is leaving the masthead, to be replaced by Mary Pat Campbell, who has already been deeply involved as an author and an editor.

We look to continue expanding our list of authors—a reminder that if you've worked on something full-time for a few months, you most probably have some insights that would help others. I encourage you to share. ■



Phil Schechter, FSA, MAAA, is a vice president at Global Atlantic Financial Group. He can be reached at phillip.schechter@gafg.com.