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Content Manager

Michael L. Kaster
Newsletter Editor
Life Solutions Group of Willis Re Inc.
New York, N.Y.
Phone: 212.915.8332
mike.kaster@willis.com

SOA Staff

Jacque Kirkwood, Staff Editor
jkirkwood@soa.org
Meg Weber, Staff Partner
mweber@soa.org
Jill Leprich, Section Specialist
jleprich@soa.org
Julissa Sweeney, Graphic Designer
jsweeney@soa.org

From the Editor

There Is a Lot Going on for Small Company Actuaries

By Michael L. Kaster

Michael L. Kaster, FSA, MAAA, is senior vice president of the Life Solutions Group of Willis Re Inc., located in New York, N.Y. He can be reached at mike.kaster@willis.com.

Can you believe the year that has just finished? By the time you are reading this article, it will be the year 2012, and 2011 will be in our rearview mirror. So much has happened in the past 12 months, and so many things are impacting the working lives of small company actuaries. As I am writing this article, interest rates are remaining at historic lows. Have the last few months seen an improvement here? No way for me to know as I am writing this, but I will tell you that whatever has happened, I suspect there are still many challenges we all face.

Within this edition of *smalltalk* there are several articles that we hope you will find of assistance to you in your daily work. Small company actuaries do not have the luxury of excess time (well, really, does anyone?). But within this edition, you will find several gems that we hope you find useful.

- Need some thoughts on “Complying with the Actuarial Opinion and Memorandum” in today’s low interest rate environment? Well, three section council members continue their discussion on this topic. This is very thought-provoking.

- Do you find yourself struggling with ways to manage your actuarial models and systems? Trevor Howes has authored “Managing Model Risk” for this edition.
- There are several articles from our outgoing chairperson and incoming chairperson sharing their perspectives on what is going on with the section and small company actuaries. Look for Sharon Giffen’s and Jerry Enoch’s articles in the coming pages.
- Several months ago, there was a webcast on Managing Actuarial Functions sponsored by the Smaller Insurance Company Section. Erik Gravelle, a section council member, has done a very nice job of summarizing that webcast. I think you will find his summary very useful.
- The 2008 SOA Expense Study has been completed, and Steve Siegel of the SOA staff has summarized that study for our benefit.
- Mortality estimation is always a challenge, especially with limited resources. Jim Palmier, M.D.

and Brian Lanzrath of ExamOne offer up one company's approach to measuring alternative drivers to mortality.

- Finally, Norm Hill continues his ongoing updates and perspectives from recent NAIC meetings, as well as an update on PBR.

One initiative of the Smaller Insurance Company Section Council for 2012 will be accomplished through the efforts of the Low Interest Rate Environment Subcommittee. Recently they wanted to share with you some resources that you may find of benefit. Their suggestions for some useful sources include the following:

- The FRED2 database of the St. Louis Federal Reserve has historical interest rate history and economic data for many decades. The site is <http://research.stlouisfed.org/fred2/> where one selects "Interest Rates" and "Treasury Constant Maturity" or many other choices.
- The Federal Reserve recent interest rates are published daily and weekly in the H15 statistical report at <http://www.federalreserve.gov/econresdata/releases/statisticsdata.htm> where one selects H15, weekly or daily, under Interest Rates.

- Many current economic statistics are at the WSJ Market Data Center, which is partly free for the public. Go to <http://online.wsj.com/mdc/public/page/marketsdata.html> for more information.
- Another related source of economic news is www.marketwatch.com with news articles and podcasts available.
- Many similar news articles or economic statistics are available from *Bloomberg News* at www.bloomberg.com where one can select Markets, Government Bonds to see current Treasury yields. Podcasts are available at Bloomberg that educate one about economic issues each day.
- The NAIC has information about the Life Actuarial Task Force. Visit http://www.naic.org/committees_a_latf.htm. Information about RBC requirements is at http://www.naic.org/committees_e_capad_lrbc.htm.
- The American Academy of Actuaries has NAIC life reports at <http://www.actuary.org/naic/life/>.
- The current Moody's Corporate Bond rate is found at http://www.naic.org/research_moody.htm. One can also Google the words "MOODCAVG" and Bloomberg for the latest daily value and history graphs. ●

NOVEMBER 1:

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