



**SOCIETY OF
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2016 SOA Annual Meeting & Exhibit Summary

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I have often looked at an actuarial convention as a way to catch up on what's new with old friends and new topics. It is also a way for me to get an idea where the profession is headed. There are times when I encounter surprises, but what is life without surprises? Sometimes, I get confidence knowing I understand topics better than I thought I did. If there is a subject that is discussed that interests you, please use all the resources available to find out more. My goal is just to give a general view for you to look (or not to look) at things in depth later.

PRESIDENT'S ADDRESS

Our new president, Jerry Brown, FSA, MAAA, gave us an address as to where he would like to see the profession go. He mentioned five different topics that he would like to focus on as president.

1. **Maintaining credibility.** Rigor as well as accuracy. Who is not for this?
2. **International recognition.** We need to work with our international colleagues. I like this one because they have a lot of knowledge to share with us.
3. **Broadening our work.** We are seeking ways to expand into predictive analytics.
4. **Other organized activities.** Promote better relationships domestically and more outreach to the general community.
5. **Diversity.** Having a diverse group should only strengthen us as a profession. The different perspectives can only make us stronger and more insightful. As an aside, it is amazing how much more diverse the annual meeting is than many years ago when I started.

(For more information about the president's address, please go to <http://theactuarymagazine.org/the-year-ahead/> or <https://www.youtube.com/watch?v=TEohx1seRLQ&feature=youtu.be>.)

As a final thought, I talked with Jerry later in the meeting. He lives right near me, so if he wants to talk about anything he is



welcome to come over and share a drink. My belief is he will add a lot to the profession and I wish him the best. Hopefully, he will talk with many of you about your thoughts.

MEALS

Meals are always a favorite part of any meeting. This gives me a chance to eat, which I enjoy, telling war stories and hearing speeches. The company at these meals is incredible. One speech was from Sal Khan, founder of the Khan Academy, a nonprofit that brings free world-class education to the internet. (I had never heard of Khan Academy before this speech.) It is too bad my children are too old to use this. Maybe lunch would not have been their best subject if it had existed or if I was more alert.

Journalist Nick Bilton gave a speech on driverless cars and other technological achievements. It is fascinating how a driverless car could change casualty, individual accident insurance (accidental death and dismemberment (ADD) included) and potentially life and health insurance. The cars would talk to each other and make fewer accidents. It would also make my commute a whole lot easier.

STAT UPDATES

Every year, I enjoy the stat updates. Donna Claire, FSA, CERA, MAAA, and Tom Campbell, FSA, CERA, MAAA, always do a great job on this. Obviously, principle-based reserving (PBR) was talked about. For those who have not followed PBR, please get to work. It is starting very soon. Fortunately, many of us are exempt ... for now. Also discussed was the change in credit for reinsurance. This has needed to be clarified for a long time. I am pleased they are working on this. Also discussed was that a new table for simplified issue is coming. A former company of mine did this type of insurance, and it is tiresome to explain (every year) to an auditor why 2001 CSO is not accurate for this business. Let's also not forget the tax problems without a table. A new table would be great and would help to even the playing

field. They also discussed principle-based approach (PBA) for variable annuities (VAs) and non-variable annuities. We then went into a discussion of risk-based capital (RBC) (potentially 20 categories for National Association of Insurance Commissioners (NAIC) bonds). I wonder how 20 NAIC bond categories will affect A.M. Best ratings? They discussed streamlined procedures, Own Risk and Solvency Assessment (ORSA) and many places to get information about these topics. Every year, this session makes me feel both very behind and not as behind as I thought. We should all thank Donna and Tom for doing a great job on this every year.

GAAP UPDATES

As someone who does U.S. GAAP statements, this session gave me many things I need to research. First of all, there is a rumored change coming to the section formerly called FAS60. If you write term, individual health or par whole life (using this section) then this is important. They are thinking of going to a more FAS97 (experience-adjusted) way of doing these products. It would be a major change to all of us on reporting for these products. Fortunately, they are talking 2022 or later (much later if you assume the PBR timetable). This change is still worth putting on your radar. They also had a piece about short-duration contracts and how those might be changing. This would affect credit insurance, stop loss and group insurance. This change appears to be more disclosure and is definitely relevant. More research is needed on both of these topics by me.

OTHER SESSIONS

As always, there are sessions that give me some interesting insights into things I have not thought about. There was an international session that talked about how the various international rules are changing. The United States is not joining in, and that will affect us internationally. I went to another session

that was dealing with how our mortality may not be improving. It dealt with the increase in obesity and Type 2 diabetes. It also talked about how we are doing less exercise and the increase in infectious diseases. I went to an innovative product session that would have been great if I ever had that many resources. There were numerous Affordable Care Act (ACA) sessions that were all interesting, but in light of recent events may not be that relevant. In the original draft of this article, ACA was its own section. Only the lessons learned may be relevant, so ACA was put in this “other” section. There is a “wait-and-see” attitude for me on ACA, much like the GAAP sessions. The difference is we have some idea where U.S. GAAP is going. Your guess is as good as mine on ACA.

OTHER THINGS

Finally, conventions provide opportunities to catch up with old friends and meet “friends” I have not made yet. The solutions discovered from between session conversations are always helpful. Last year those conversations made all the difference in my life and career. This year they were not as groundbreaking but they were very helpful. I want to thank the people who always help me so much. Some of you may help and not even realize it. I hope to give back one-tenth of what I get from the other people at the annual meeting. That would be a large contribution and one I could be proud of. It is easy to forget what a great profession we are. We are full of intelligent and ethical people. Keep up the good work! ■



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