

Letter from the Editors

by Mary van der Heijde and Grady Catterall

The way to an actuary's heart is through a really nifty IBNR model. Well, perhaps that is a bit of an exaggeration (and reveals what nerds your trusty editors are as well), but after seeing a spirited discussion of new IBNR techniques break out after hours at the Spring Health meeting this year, it's clear that nothing can light up a room full of actuaries like debating the merits of a hybrid chain-ladder method versus a trusty basic developmental factor method. (Intrigued? Make sure to check out the fascinating new IBNR study summarized later in this issue.) Another interesting observation from this IBNR debate was that there were actuaries from multiple countries participating, each with different ideas. This reminds us not only that there are people all over the world who do what we do, but also that we have much more in common with our international counterparts than we might think at first.

As we're looking at coping with the notable changes likely to occur in the U.S. health care system, it's interesting to see how other countries with the same challenges have dealt with similar issues. For better or for worse, the U.S. health care system is unique among those used in the world's developed countries. However, we are faced with many of the same challenges as are our international counterparts, such as mitigating high medical cost trends, improving disease and utilization management, and increasing competitiveness within existing regulatory restrictions. Perhaps we could avoid reinventing the wheel by expanding our understanding of how these issues have been dealt with successfully (and unsuccessfully) in other countries. At a more specific level, we can directly learn from other countries in certain technical areas, such as Solvency II (risk-based solvency requirements in the European Union, which are the inspiration for similar requirements in other countries).

It's interesting to compare how the roles and responsibilities of a health insurance actuary differ by country. While the role of the actuary typically includes data analysis, benefit design, and premium rate setting, in many

areas the domain is less clearly defined. From talking with a colleague in Brazil, we've learned of a key issue that actuaries there have faced: The lack of clarity about their role has diminished their perceived value, so that the more strategic analyses have been done by economists, accountants, or statisticians instead of by actuaries. However, as you can read in this issue's "Navigating New Horizons" piece featuring Mexican actuary Eduardo Lara di Lauro, the role of the actuary in Mexico has become both well respected and wide reaching in terms of the scope of important business management decisions that actuaries are invited to address. A colleague working in the German health care market reports that the scope of tasks actuaries are expected to perform has increased notably, and that the actuarial "voice" has strengthened within their companies.

We've seen both increased diversity in the workplace and increased interaction with actuaries outside of the United States, particularly in the context of multinational firms. We encourage you to learn more about actuarial work done outside of the United States or Canada, and gain from and contribute to the expanding international actuarial community. A great resource is the SOA's International Section page (www.soa.org/international). We hope this issue helps share some new interesting perspective—and inspires you to keep your passport updated! ■



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