

Letter From the Editors

By Mary Pat Campbell and Jennifer Wang

Hello, once again, from your friendly *Modeling Platform* editors. If you are reading this in paper form, I highly recommend you check out the digital version of this newsletter through the Modeling Section's webpage at www.soa.org/sections/modeling/modeling-newsletter/.

Don't forget we also keep a spreadsheet on the section landing page that provides a list of all the articles we've published in *The Modeling Platform*, along with descriptions and categorizations of them. The new digital format will be easier to read and to share compared with our prior method of simply posting a downloadable file containing the entire newsletter issue.

Let us and the Society of Actuaries (SOA) know what you think about the new format. What works for you? What doesn't? Are there features you would like to see? If you are receiving the newsletter on paper through the mail, is that your preferred format?

We've got a variety of pieces in this issue. The following list is more thematic than chronological. (In our digital world, one may be looking more for thematic unity than consecutive pieces with page numbers.)

In this issue:

- Please welcome the Assumption Development and Governance Subgroup, which has recently entered under the auspices of the Modeling Section. Timothy Paris, a member of this subgroup, introduces them. As editors, we're looking for more material from them in coming years.
- In addition, Timothy writes about the "Super Models," in which he gets into the philosophical distinction between models and assumptions. Since creating the Modeling Section, many of us have been looking at providing a definition that fits with our work, but we often find there are multiple levels of structure and choice. Timothy uses super models as a framework to approach the modeling task.
- Two sets of authors look at centralizing the modeling function in insurance companies:



- In "Journey to Centralizing Modeling Function," Daphne Kwan has a Q&A with Cheryl Poulin, head of the Modeling Center of Excellence from Prudential Financial, and Angela Huang, head of actuarial services of New York Life. They explore how these two insurers journeyed into centralizing their actuarial modeling, giving a practical perspective for others considering the same process.
- In "Centralizing Model Development: Is it Worth it?," authors Dean Kerr, Josh Chee and Jay Boychuk explore advantages and disadvantages to centralizing actuarial model development within an organization.
- In Modeler Q&A, Ben Neef talks with Lei Rao-Knight of Prudential Financial, looking at a modeler's perspective at an insurer. We're always looking for more Modeler Q&As (with the questions given, or your own). Let's share our knowledge and our struggles!
- In "GAAP Accounting for Long-Duration Contracts: Ramification for the Modeling Actuary," authors Dave Czernicki, Jean-Philippe Larochelle, Ryan Laine and Sean Abate look at how the recently released U.S. Generally Accepted Accounting Principles (GAAP) targeted improvements for long-duration contracts will affect the models and work cycle, as well as operational load, on modeling actuaries.
- Trevor Howes looks at the practical problem of these kinds of changes and a potential solution in "Modeling

in the Cloud.” With more analyses being required in not only the U.S. GAAP changes, but also IFRS 17,¹ being able to fulfill requirements becomes more of a challenge.

- Last, but not least, Jennifer Wang compiles the first of two parts (second to come in the fall) of 2018 SOA Sessions related to modeling. Don’t forget how much recorded material you have access to as an SOA member and a Modeling Section member (including free access to our older webcasts). It’s a great way to get continuing education credits without having to leave the office ... or pay for it!

We’re looking for our fall issue submissions now. Have any reactions to our articles? Have something you’d like to share about your challenges as a modeler? Please contact your friendly editors. ■



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ENDNOTE

- 1 International Accounting Standards Board. 2017. International Financial Reporting Standard (IFRS) 17: Insurance Contracts. <https://www.ifrs.org/issued-standards/list-of-standards/ifrs-17-insurance-contracts/>.

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