



**SOCIETY OF
ACTUARIES**

Article from

Small Talk

July 2019

Issue 51

Letter From the Editor

By Jonathan Pollio

First, I have some exciting news to share. With this issue, *Small Talk* is launching a digital edition. Digitization means more than having an electronic version of the newsletter; it means making it interactive. Each article will have its own webpage with active links to content and will be voice enabled so our audience can listen to an article rather than reading it. Further, readers will be able to shape each page to fit their viewing device. These are just a few of the features our members will enjoy, and more will roll out over time.

One of my frustrations as a small company actuary is expecting to be the expert on a variety of topics to which I have only mild exposure. In this issue of *Small Talk*, we present several articles that will give you a start on some of those products and issues you have to deal with but where you may not be an expert.

The first article, by Michael Frank, gives readers insight into health insurance issues. When I was first introduced to stop loss, one of my biggest surprises was how a medical procedure performed in New York could have such a different cost compared with the same procedure in Georgia. I attributed it to cost of living until I saw that the same procedure in Texas also had a much different cost. Texas and Georgia have very similar costs of living, while New York's is much higher. The other surprise to me was how a network could affect pricing so significantly. Michael Frank's story on fraud explains some of those differences. The article is also relevant to people in group health insurance as well as major medical insurance. You will surely gain insight into some of the impacts of fraud in health care.

In the second article, Ben Keslowitz writes about all the ways reinsurance can help a company prosper. Many years ago, I saw a start-up company with really strong marketing departments struggling financially due to growing too fast. The surplus strain was one item hurting the company. Reinsurance is a potential solution to this issue. In another situation, my company wanted to buy a company but did not have the necessary capital. Once again, reinsurance was a good solution. Ben explains why.

To cap off this issue, I am pleased to introduce a new recurring column: SmallCo Resource Corner. Here *Small Talk* features resources that small company actuaries can use for assistance. It



is amazing to me how many resources the Society of Actuaries (SOA) has that I never knew about. It is also amazing how many other resources are available elsewhere to help us. For this inaugural article, Michael Watanabe has written about one of his favorites, the *Life & Health Valuation Law Manual* from the American Academy of Actuaries. I have also found the valuation manual useful in my role as an actuary. How often is state 1 different from state 2 in its reserving requirements? If you have other resources that you use all the time, please write an article on it and submit it to *Small Talk*. There are probably others who need the help.

I welcome other ideas for articles and if you do not think something you wanted was written about, call me. I am always eager to take ideas from our readers. Even better, write an article about it. ■



Jonathan Pollio, FSA, MAAA, is senior vice president and chief actuary at Amalgamated Life Insurance Company. He can be reached at jpollio@amalgamatedlife.com.