2020 VIRTUAL ANNUAL MEETING & EXHIBIT

OCTOBER 26–29, 2020
Active participation in the Society of Actuaries is an important aspect of membership. While the positive contributions of professional societies and associations are well-recognized and encouraged, association activities are vulnerable to close antitrust scrutiny. By their very nature, associations bring together industry competitors and other market participants.

The United States antitrust laws aim to protect consumers by preserving the free economy and prohibiting anti-competitive business practices; they promote competition. There are both state and federal antitrust laws, although state antitrust laws closely follow federal law. The Sherman Act, is the primary U.S. antitrust law pertaining to association activities. The Sherman Act prohibits every contract, combination or conspiracy that places an unreasonable restraint on trade. There are, however, some activities that are illegal under all circumstances, such as price fixing, market allocation and collusive bidding.

There is no safe harbor under the antitrust law for professional association activities. Therefore, association meeting participants should refrain from discussing any activity that could potentially be construed as having an anti-competitive effect. Discussions relating to product or service pricing, market allocations, membership restrictions, product standardization or other conditions on trade could arguably be perceived as a restraint on trade and may expose the SOA and its members to antitrust enforcement procedures.

While participating in all SOA in person meetings, webinars, teleconferences or side discussions, you should avoid discussing competitively sensitive information with competitors and follow these guidelines:

- Do not discuss prices for services or products or anything else that might affect prices
- Do not discuss what you or other entities plan to do in a particular geographic or product markets or with particular customers.
- Do not speak on behalf of the SOA or any of its committees unless specifically authorized to do so.
- Do leave a meeting where any anticompetitive pricing or market allocation discussion occurs.
- Do alert SOA staff and/or legal counsel to any concerning discussions
- Do consult with legal counsel before raising any matter or making a statement that may involve competitively sensitive information.

Adherence to these guidelines involves not only avoidance of antitrust violations, but avoidance of behavior which might be so construed. These guidelines only provide an overview of prohibited activities. SOA legal counsel reviews meeting agenda and materials as deemed appropriate and any discussion that departs from the formal agenda should be scrutinized carefully. Antitrust compliance is everyone’s responsibility; however, please seek legal counsel if you have any questions or concerns.
Presentation Disclaimer

Presentations are intended for educational purposes only and do not replace independent professional judgment. Statements of fact and opinions expressed are those of the participants individually and, unless expressly stated to the contrary, are not the opinion or position of the Society of Actuaries, its cosponsors or its committees. The Society of Actuaries does not endorse or approve, and assumes no responsibility for, the content, accuracy or completeness of the information presented. Attendees should note that the sessions are audio-recorded and may be published in various media, including print, audio and video formats without further notice.
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<th>Time</th>
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<td>INTRODUCTION &amp; OBJECTIVES</td>
<td>12:30 – 12:35 PM</td>
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<td>PROFESSIONALISM RESOURCES AVAILABLE TO ACTUARIES</td>
<td>12:35 – 12:55 PM</td>
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<tr>
<td>EVOLVING ACTUARIAL WORLD</td>
<td>12:55 – 1:15 PM</td>
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<td>LOOKING AHEAD TO ACTUARIAL PROFESSIONALISM</td>
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<td>Q&amp;A</td>
<td>1:20 – 1:30 PM</td>
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INTRODUCTION & OBJECTIVES
Presenters

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Objectives

At the conclusion of this session, attendees will be able to:

1. Explain the major changes impacting actuaries
2. Understand how to maintain professionalism as the future of work unfolds
3. Understand the resources available to actuaries for maintaining professionalism
PROFESSIONALISM RESOURCES AVAILABLE TO ACTUARIES
Three Key Messages OR
“What I learned as an FAC facilitator”

• “Eat food, not too much, mostly plants”
• Begins with Ethics
• Profession provides many
• Solid Professionalism infrastructure
Professionalism Resources Available to Actuaries

“Ethically Speaking”, Linden Cole, FSA

What is Ethical Behavior?

• **Ethical high ground** – Top of hill: fresh air, pretty birds

• **Ethical swamp** – foggy air, murky water, lurking alligators!
Professionalism Resources Available to Actuaries

**Ethical Models**

- **Teleological – goal oriented**
  - Utilitarianism
  - What are the consequences?
  - The end justifies the means!
  - The greatest good for greatest number
  - Pragmatic

- **Deontological – Principles**
  - Duty, obligation,
  - Rules
  - Unyielding
  - George Washington
    - Cannot/will not tell a lie

Credit Charly Pazdor, FSA, FCIA
Professionalism Resources Available to Actuaries

Ethical Models

• Observations
  • Most people have some combination of Pragmatism and Principle
  • Key question: Where is the Line? The line that they won’t cross
Professionalism Resources Available to Actuaries

Ethical Principle ....

• The Golden Rule?
Professionalism Resources Available to Actuaries

Addressing Ethical Dilemma

• Personal ethical principles – foundational resource
• Law and regulations
Professionalism Resources Available to Actuaries

Keep in mind …

► “Ethically Speaking”
Linden Cole, FSA

► “Barely Legal Line”
Questions to keep in mind …

Who could be treated unfairly or harmed?

What resources are available?
Professionalism Resources Available to Actuaries

- Personal ethical principles
- Law and regulations
- What else?
  - Company Rules
  - Colleagues, Friends
Professionalism Resources Available to Actuaries

Code of Professional Conduct: Member, U.S.
The Precepts

• PRECEPT 1. An Actuary shall act honestly, with integrity and competence, and in a manner to fulfill the profession’s responsibility to the public and to uphold the reputation of the actuarial profession.
Professionalism Resources Available to Actuaries

- CAS, CIA, SOA Candidate Codes of Conduct
- CAS, CIA, SOA Candidate Professionalism Courses
- CIA and U.S. Professional Actuarial Organizations Codes, Rules of Conduct
- CIA, International and U.S. Standards of Practice
- Qualification Standards
- Continuing Education
- CIA Discipline Process and U.S. ABCD
Professionalism Resources Available to Actuaries

• What is the goal of professionalism and ethical conduct in the actuarial profession?

• How well do the current professionalism resources available to actuaries help achieve that goal?
My Thoughts

• Goal: U.S. Precept 1, C.I.A. Rule 1
  “...act honestly, with integrity and competence and in a manner to fulfill the profession’s responsibility to the public and to uphold the reputation of the actuarial profession.”
Professionalism Resources Available to Actuaries

My Thoughts

• Professionalism resources very helpful in meeting the goal

• Early and often remind candidates and members what professional conduct is

• Provide solid infrastructure of tools to understand and practice professional conduct, and eliminate unprofessional conduct
Poll Question 1

On a scale of 1 to 5, where 1 means that it is not an ethical problem today and 5 means that it is a major ethical problem today for the actuarial profession, how would you rate the following?

“Responding to pressure from principals and/or management to select inappropriate assumptions used in pricing or reserving”

Answer 1 1
Answer 2 2
Answer 3 3
Answer 4 4
Answer 5 5
Poll Question 2

On a scale of 1 to 5, where 1 means that it is not an ethical problem today and 5 means that it is a major ethical problem today for the actuarial profession, how would you rate the following?

“False or misleading representation of products or services in marketing, advertising, or sales efforts”

Answer 1 1
Answer 2 2
Answer 3 3
Answer 4 4
Answer 5 5
AAA Council on Professionalism, April 2015
“Key Ethical Concerns Facing the Actuarial Profession”

• In the 2012 survey, those two situations turned out to be the top two concerns. Results:
  • “Responding to pressure from principals and/or management to select inappropriate assumptions used in pricing or reserving,” Precept 1, 44% 4 or 5 ratings
  • “False or misleading representation of products or services in marketing, advertising, or sales efforts,” Precept 11, 31% 4 or 5

Complete report on the survey can be accessed at:
https://www.actuary.org/sites/default/files/files/Key_Ethical_Concerns_Facing_the_Actuarial_Profession.pdf

• Perception vs Reality: The ABCD 2019 Annual Report can be accessed at:

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What matters?

“Not everything that can be counted matters.”

“Not everything that matters can be counted.”
Professionalism Resources Available to Actuaries

“The Time is Always Right to Do What’s Right”
- Dr. Martin Luther King, Jr.
Professionalism Resources Available to Actuaries

Revisiting the key messages …
• Begins with Ethics
• Profession provides many
• Solid Professionalism infrastructure
Up Next?

Darryl and Amanda discussing: Professionalism in an Evolving World!
EVOLVING ACTUARIAL WORLD
Forces of Change

The environment in which actuaries work is changing dramatically.
When participating in an organization transformation, it is natural to measure returns at the company level. However, **transformations should also be personal**, so that benefits are realized at the individual level and each employee can find meaning in work and understand their career trajectory.

**Skills, Capabilities, and Learning Preferences**
- Get tactical around what skills and capabilities are needed to enable Superjob outcomes
- Understand changing learning preferences to enable greater upskilling or reskilling

**Creating an Irresistible Place to Work**
- Focus on the future of the actuarial profession
- Allow actuaries to focus on work that interests them and where their skills are most valuable
- Bring meaning back to work

**Superjobs**
- Personalize transformation at the individual level
- Redesign jobs with the future of work and employee well being front of mind
- Help each employee understand their current and future role in the organization, and how to get there

**Cross-functional by Nature**
- Help actuaries maximize potential by integrating them in cross-functional teams
- Break down traditional silos to change the way work is done and make teams more nimble and agile
Future of Work Dimensions

The disruptions to the actuarial profession can be categorized by work, workforce, and workplace.

Key:
- ▲ Current Work Options
- ▲ Future Work Options

Workforce
- Talent Category

Work
- Automation Level

Workplace
- Physical proximity
Maintaining Professionalism: A THOUGHT EXERCISE

Your team produces periodic actuarial memoranda for regulators, and it can be a painful, manual process. As your team considers adding new data sources and new types of analysis to the memos, which may take even more time to produce, you come up with an idea. Why not automate the end-to-end process to produce the memo? From gathering all data sources to writing the memo language. All with the click of a button. This has to be a great idea. Right?

Question: What are my professional responsibilities both before and after such an implementation?

Professionalism is PROACTIVE

Not REACTIVE
# Work Implications on Professionalism

The work performed by actuaries is changing, so professionalism should evolve accordingly.

## How is work changing?

<table>
<thead>
<tr>
<th>Work is augmented by artificial intelligence</th>
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<tr>
<td>The power of technology is increasing exponentially and can automate and augment actuarial work</td>
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<table>
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<tr>
<th>Work is pixelated and prioritized</th>
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<tbody>
<tr>
<td>Actuaries have the opportunity to take on more strategic roles as repetitive, lower value tasks are transferred to the machines or other business functions</td>
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<tr>
<th>Data, Data, and MORE Data!</th>
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<tr>
<td>90% of data available today was created in last two years¹</td>
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## How do actuaries maintain professionalism?

<table>
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<th>How to trust the machine?</th>
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<tr>
<td>Actuaries need to learn to trust the machine to do what it’s good at, but at the same time, not blindly trust the results</td>
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<tr>
<th>Consider impact to all stakeholders</th>
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<tr>
<td>As actuaries take on more impactful roles, professionalism scope increases to cover greater array of stakeholders</td>
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<tr>
<th>Control</th>
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<tr>
<td>How do I maintain appropriate control over large data sets?</td>
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Data, Data, and MORE Data!

How do I maintain appropriate control over large datasets?

**ASOP 23 (Data Quality):**

**Purpose**—The purpose of this ASOP is to give guidance to the actuary in the following:
1. selecting the data that underlie the actuarial work product;
2. relying on data supplied by others;
3. reviewing data;
4. using data; and
5. making appropriate disclosures with regard to data quality.

Whether the actuary prepared the data or received the data from others, the actuary should review the data for reasonableness and consistency. When determining the nature and extent of such a review, the actuary should consider the following:

- **Data Definitions** — The actuary should make a reasonable effort to determine the definition of each data element used in the analysis.
- **Identify Questionable Data Values** — The actuary should review the data used directly in the actuary’s analysis for the purpose of identifying data values that are materially questionable or relationships that are materially inconsistent.
- **Review of Prior Data** - If similar work has been previously performed for the same or recent periods, the actuary should consider reviewing the current data for consistency with the data used in the prior analysis.
## Workforce Implications on Professionalism

Who performs actuarial work is also changing, along with the skillsets needed to perform actuarial work.

### How is the workforce changing?

<table>
<thead>
<tr>
<th>Teaming with other professionals</th>
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<td>Actuaries find themselves working closely with data scientists, technology experts, and other business functions to accomplish actuarial outcomes</td>
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<tr>
<th>Operating under other staffing models</th>
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<td>Full-time, on-balance sheet actuaries may be paired with contractors, delivery center employees, and gig-economy workers as organizations consider the full spectrum of talent</td>
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<th>Exercising New Skills</th>
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<td>Actuaries need a diverse set of skills including technical, analytical, business/functional, and enduring human capabilities to meet the demands of evolving roles</td>
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### How do actuaries maintain professionalism?

<table>
<thead>
<tr>
<th>1</th>
<th>A shared responsibility</th>
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<tr>
<td>The actuarial profession demands adherence to strict codes of conduct, but what happens when working with other professionals who may not all be “sworn in” to the same set of standards?</td>
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<tr>
<th>2</th>
<th>Be an accountability champion</th>
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<td>If not every party shares the same set of stakeholders, actuaries should assume the role of accountability champion, and promote adherence to professionalism</td>
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<tr>
<th>3</th>
<th>Learning: life-long, targeted and deliberate</th>
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<tr>
<td>Continuous learning is critical for keeping actuaries qualified for new kinds of work</td>
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Collaborating with Data Scientists
What is my professional responsibility when I am using a model created by a data scientist?

**ASOP 56 (Modeling):**

**Purpose**—This standard applies to actuaries in any practice area when performing actuarial services with respect to designing, developing, selecting, modifying, or using all types of models. For example, an actuary using a model developed by others in which the actuary is responsible for the model output is subject to this standard.

The actuary should make a reasonable attempt to have a basic understanding of the model, including the following, as appropriate:

a. the designer’s or developer’s original intended purpose for the model;

b. the general operation of the model;

c. major sensitivities and dependencies within the model; and

d. key strengths and limitations of the model.
(Endless) Resources to Learn the Basics

Predictive Analytics Certificate Program

Welcome to SQL
# Workplace Implications on Professionalism

A workplace can be a physical building, but it’s also much more than that.

## How is the workplace changing?

<table>
<thead>
<tr>
<th>Meeting Needs of Evolving Stakeholders</th>
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<tr>
<td>New players are entering the insurance landscape. And how will actuaries’ roles adapt as the industries we serve adopt new business models and ecosystems?</td>
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<th>Connecting Virtually</th>
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<tr>
<td>COVID-19 forced many into a virtual work environment. However, even before the pandemic, new technologies were already enabling a virtual workforce</td>
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<tr>
<th>Working in Non-Traditional Fields</th>
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<tr>
<td>The field of actuarial work is becoming wider. While “traditional” actuarial work may have focused on insurance/retirement, actuarial work is expanding into other industries (e.g., technology, sports)</td>
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</table>

## How do actuaries maintain professionalism?

<table>
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<tr>
<th>The more things change…</th>
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<tr>
<td>Understanding and putting into action the non-negotiable principles of professionalism will be key as actuaries navigate a changing professional landscape.</td>
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<tr>
<th>Professionalism follows you home</th>
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<tr>
<td>No matter the form of communication or interaction, standards of professionalism written before MS Teams existed still apply</td>
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<th>“Flex” principles to new applications</th>
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<tr>
<td>Actuarial standards of professionalism are often focused on “traditional” applications. As the actuarial footprint expands, how can actuaries apply their principles into other industries in a relevant manner?</td>
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Workplace Implication #1: Connecting Virtually

How do I maintain team engagement in a virtual world? Below is a summary of a survey of 100 SOA L&D Members.

“The company uses MS Teams which is an excellent collaboration tool, and it includes audio, video, and instant messaging capabilities. It has made a BIG different during this time when almost everyone is working virtually.”

“And don’t forget to have fun! Once, I left my desk briefly while on a video call and left the camera on. My co-worker took a screenshot of my basement and set it as their virtual background. When I returned to the call, they were also in my basement! And the next team call we had, everyone was in my basement!”

How do you communicate ideas and technical details?

- Training
- Technology
- Screen Share/Virtual Meetings
- IM/Chat
- Email

How do you maintain communication with your coworkers?

- Yammer
- Conference calls
- Instant messaging program
- Regular online free-form meetings
- More emails
- Social media sites such as Facebook
- Other: please specify.
Workplace Implication #2: Non-traditional Fields

Do the actuarial standards apply to actuaries working in new or non-traditional fields?

**Code of Professional Conduct**

The Precepts of the Code identify the professional and ethical standards with which an Actuary must comply in order to fulfill the Actuary’s responsibility to the public and to the actuarial profession.

**Precept 2 (Qualification Standards):**

An Actuary shall perform Actuarial Services only when the Actuary is qualified to do so on the basis of basic and continuing education and experience, and only when the Actuary satisfies applicable qualification standards.
LOOKING AHEAD TO ACTUARIAL PROFESSIONALISM
Key Takeaways

How can actuaries maintain professionalism in the future of work?

The professionalism resources available to actuaries, and the principles underlying them, provide a North Star to actuaries who are dealing with a constantly changing environment.

Actuaries need to take a proactive approach to professionalism.

As actuaries enter new fields and adopt new ways of working, they must maintain their standards of professionalism by “flexing” the principles of professionalism to new applications.

While professional association leaders and standard setters have significant responsibility for our professionalism framework, the foundation of actuarial professionalism begins with individual actuaries who bring the principles of professionalism to life.
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