

Workshops

Sunday, April 23, 2006

WORKSHOP 1

Applying a Principles-Based Approach to Valuation Requirements: Lessons Learned From C-3 Phase II Implementation

Don't miss this opportunity to get the big picture behind principles-based reserves/capital as well as hear knowledgeable panelists discuss lessons learned from implementation of the 2005 new requirements for the C-3 component of RBC for variable annuities (known as C-3 Phase II in the U.S.). The principles-based approach has become a hot topic in the insurance industry, but visionaries have seen this as the actuarial Holy Grail for many years. Based on a company's own experience, diversification and strategies, coupled with transparency to facilitate review, the principles-based approach will lead to more appropriate reserves and capital. Regulators are concerned about the actuary's willingness and ability to complete this task in a consistent fashion for all companies. Outside peer review has taken on new meaning and may well become a required aspect of financial statement preparation.

Workshop Faculty:

Jim Lamson, Actuarial Resources Corporation

Kerry Krantz

Larry Gorski, Claire Thinking Inc.

Donna Claire, Claire Thinking Inc.

Craig Morrow, Hartford Life

Allan Brender, Officer of the Superintendent
of Financial Institutions Canada

Geoff, Hancock, Mercer Oliver Wyman

Michael DuBois, Massachusetts Mutual
Life Insurance Co.

Mike Sparrow, Nationwide Financial

8-9:30 a.m. **Registration & Continental Breakfast**

9:30-11 a.m. **Intro To Principles-Based Requirements**

Jump right in and take part in this interesting session as the presenters explore stochastic analysis drivers for a variety of life, annuity and health product lines. Recently there has been a lot of momentum away from rules-based and toward principles-based reserve and RBC requirements. Principles-based requirements result in capital standards and reserves determined using the actuary's own expectation of future experience, the company's diversification of risks, risk mitigation efforts and actual assets held.

11-11:30 a.m. **Networking & Refreshment Break**

11:30 a.m.-1 p.m. **Modeling Issues**

Be sure to participate in this session as expert practitioners discuss how stochastic models are built. Stochastic modeling of insurance blocks of business requires strong equity scenarios and interest-rate scenarios, along with dynamic behavioral assumptions and non-level mortality and morbidity. Experts will cover these topics as well as how to set assumptions and determine appropriate margins.

1-2 p.m. **Luncheon**

**Co-sponsored by American Academy of
Actuaries and the Society of Actuaries
Financial Reporting Section**



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2-3:30 p.m. **Adding Value Through Principles-Based Approaches**

Do you know how to utilize these methods? If not, be a part of this session as experienced presenters describe how a company can leverage these models between pricing and valuation to improve a company's strategic planning.

3:30-4 p.m. **Networking & Refreshment Break**

4-5:30 p.m. **Implementation Results and Issues From C-3 Phase II**

2005 was the first year insurers were required to calculate required capital for variable annuity blocks using C-3 Phase II techniques. Take this opportunity to educate yourself as experienced practitioners discuss what they learned and additional techniques that can be employed as actuaries move forward with this process. Experts will cover how to use CTE measures and the standard scenario. Regulators will also share some initial results from the 2005 NAIC filings of C-3 Phase II results.

6-8 p.m. **Reception & Exhibits**