

Joanne S. Spalla

A.C.A.S. – May 1983

F.C.A.S. - November 1985

Education

B. S., Magna Cum Laude, Bucknell University (Education and mathematics)

Current Employment

Converium Reinsurance (North America)
Senior Vice President & Corporate Actuary

CAS Activities and Publications

Activities:

- Executive Council, Vice President Marketing & Communications, 2003 – present
- Publications Implementation Task Force, Chairperson, 2005 - present
- Publications Marketing Task Force, Chairperson, 2006 - present
- Publications Management Board, Ex-Officio, 2005 - present
- CAS Sponsorship & Exhibit Task Force, Member, 2004
- ICA 2006 Scientific Organizing Committee, Member, 2005 - 2006
- University Liaisons, Member, 1999 - present
- Membership Survey Task Force, Chairperson, 2003 - 2004
- Committee on General Business Skills Education, Member 2001 - 2003
- Assistant Secretary, Board of Directors, 2000 - 2003
- Task Force on General Business Skills Training, Member, 2000 - 2001
- Committee on Reserves, Member, 1995 - 1999

Publications

- “Using Claim Department Work Measurement Systems to Determine Claim Adjustment Expense Reserves,” *Proceedings of the CAS*, 2001.
- “Canadian Reserve Certification: Current Requirements and Practices, CAS Discussion Paper Program, 1991.

Other Professional Designations

Member, American Academy of Actuaries, 1983
Fellow, Canadian Institute of Actuaries, 1989

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Additional Biographical Information

Employment History (complete, abridged or recapped)

July 1980 - November 2002 Hartford Financial Services Group
Latest Position: Vice President and Actuary

During my 22 years at the Hartford, I held a variety of positions in pricing, reserving, planning and claims in Corporate and Specialty Lines.

November 2002 – present Converium Reinsurance (North America)
Senior Vice President & Corporate Actuary

Other Relevant Information

Casualty Loss Reserve Seminar: Moderator & Panelist, 1989-2000

Instructor: Part 7 Seminars in San Francisco and at University of Hartford - 1987-1992

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Question #1: Why do you want to serve on the CAS Board of Directors?

Response:

I was honored to be nominated to run for election to the CAS Board of Directors. I have enjoyed the privilege of serving on the CAS Executive Council for the past three years and as serving as the Assistant Secretary to the Board from 2000-2003. These experiences have given me broad exposure to all facets of the CAS and the opportunities and challenges our organization is facing.

The success of the CAS is fueled by its members high level of participation--one in three members currently volunteer their time to support the profession. We are also fortunate to have a strong partnership between the members, our elected leaders and CAS Staff. I am impressed that the Board has been proactive in increasing the transparency of its governance and recommending that we adopt the latest best practices in governance.

I am proud to be a part of the CAS. I find the time that I spend on CAS activities is immensely rewarding, and I want to continue my involvement in the leadership of the CAS. As a member of the Executive Council, I have enjoyed my role in executing the policy set by the Board. In running for a seat on the Board, I want to continue to serve the members of our society by helping to shape the future direction of the CAS.

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Question #2: 2005 Candidate Issue(s) Identification and Discussion:

Response:

The CAS is a strong and vibrant organization, and our members enjoy a robust employment market. Unfortunately, we cannot afford to take our strong position for granted. To continue to flourish, we must make sure that actuaries remain relevant and respected. Our credibility as a profession and as individuals must remain impeccable. I see the following as important issues facing the CAS:

- **FCAS Education:** Our rigorous exam process is the first step in establishing our credibility. While we must maintain our strong qualification standards, we have to make sure that the process does not discourage fully qualified candidates from completing the exams. Over the past several years, the CAS has taken many steps to improve the exam process. This year, the Board has begun to examine the learning objectives a candidate must master to attain Fellowship in the CAS. Once the Board concludes its study, it will be important to share their recommendations with the membership, solicit feedback and incorporate this input. Once learning objectives have been finalized, we must determine the best way to deliver this education and validate that candidates have met the objectives. Implementation of any changes must be executed in a way that does not cause disruption to the candidates taking exams. In addition, I believe there are significant opportunities to improve the quality of our study materials and validation process.
- **Actuarial Credibility:** Adherence to high professional standards is key to maintaining the credibility of our profession. We must continue the work of the Task Force on Actuarial Credibility and the Critical Review of the U. S. Actuarial Profession (CRUSAP) and seriously consider implementing their recommendations.
- **Relevance:** Rigorous education and high professional standards alone will not guarantee that our profession will continue to flourish in an ever-changing world. We must make sure that we remain relevant to the publics we serve. We must embrace new area of expertise, such as Enterprise Risk Management and Generalized Linear Modeling, where actuaries can make a contribution.
- **Continuing Education:** The definition of Basic Education learning objectives, increased continuing education requirements and emerging areas of actuarial expertise will have significant implications for continuing education. The CAS must make sure that our continuing education offerings and delivery methods are enhanced to meet these upcoming demands.

As a candidate for the Board of Directors, I look forward to the opportunity to represent our members in helping our Society meet these challenges.

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Candidate Responses

1. "What is your position regarding the future of the Associate designation? If you favor a single class of membership, Fellow, what should happen to the current Associate population, in particular those deemed lifetime Associates? Should the designation be run off, should such individuals be grandfathered as Fellows?"

The future of the Associate designation is an important issue that impacts a large number of our members. Decisions about the future of the designation cannot be taken lightly. As a member of the CAS Executive Council, I have studied the Task Force reports and have listened to the Board's deliberations on this issue.

The CAS has had the two classes of membership since its inception in 1914. When the original CAS Constitution and Bylaws were created, the distinction between Associates and Fellows was based on their positions in their corporate organizations, with Fellows being in charge of actuarial and statistical departments and Associates being the workers in those departments that demonstrated a desire to study actuarial science. In 1915, the CAS established education requirements for Fellows and Associates. Over the years, the distinction between Fellows and Associates has ranged from as many as four to as few as two exams. The current two exam distinction is relatively small. Fellows and Associates currently enjoy the same practice rights in the U. S. The distinction between Fellows and Associates often creates confusion among our publics and few other international organizations maintain such a distinction. If we were to start with a blank sheet of paper and create our actuarial society today, I doubt we would recommend having these two classes of membership.

For these reasons, I am in favor of moving toward a single class of membership.

However, the decision about how to move to a single class of membership is more difficult and complicated. I am not in favor of depriving current members of any practice rights that they currently possess. At the same time, I do not think it is fair to the current Fellows to automatically grant Associates the same status that the Fellows have earned. For that reason, I am in favor of the so-called runoff approach in which the CAS would no longer offer the Associate designation after some point in the future. After that point, members who have already earned the Associate credential would still maintain their designation, but the CAS would admit no new Associates. The date must be selected far enough in the future to allow sufficient time for the students that are currently in the exam process to prepare.

I believe that the Board should seek input from a broad spectrum of our membership before finalizing its recommendations. Ultimately, I believe that a decision regarding the future of the Associate designation should be put to a vote of the full CAS membership.

2. "What do you view as the CAS' most effective next step in positioning actuaries for roles in some of the non-traditional arenas mentioned in the issues discussion (e.g., ERM, banking, etc.)?"

The best way to position actuaries for roles in non-traditional arenas, such as ERM, is to demonstrate that actuaries are already successfully making significant contributions to these areas. Although we may not have used the term ERM, our traditional ratemaking and reserving functions involve measuring hazard risk. Many CAS members already deal with the management of risk portfolios through their work in catastrophe risk, reinsurance and capital management. We need to more broadly portray our actuarial skill sets as risk management functions and demonstrate to the financial community how actuaries are uniquely qualified to lead ERM in both insurance and non-insurance organizations. To be successful in these areas, it will not be sufficient to merely demonstrate the technical skills; a successful leader must also demonstrate that they possess the interpersonal skills to work as members of a cross-functional team.

As an educational body, the CAS should provide its members with research and continuing education to further their knowledge of these topics. We should partner with other organizations to advance these objectives where it makes sense to do so. The Joint Risk Management Section and our co-sponsorship of the successful ERM Symposium are examples of effective partnerships that the CAS has recently undertaken.

Finally, we must publicize the work of actuaries that are already practicing in these areas and the unique qualifications that actuaries possess to contribute in these arenas. As Vice President of Marketing and Communications, I worked with the CAS VP of Risk Integration to develop a comprehensive communication plan for increasing the awareness and visibility of ERM. I am gratified that CAS membership in the Joint Risk Management section has grown from 70 to 500 in the past year as a result of these communication efforts.

If we demonstrate that actuaries have been successful in playing a key role in these emerging areas, the public will increasingly look to actuaries to perform this role in the future.

3. “I would like your opinion on Section 2.1 of the proposed AAA Standard on Qualifications.

Briefly, section 2.1 sets certain requirements that a full member of the IAA (International Actuarial Association) would have to meet to be considered qualified to sign prescribed Statements of Actuarial opinion (SAO's). The IAA lists fifty-five international actuarial organizations.

In effect, if a full member worked "under the supervision" (a term that is not defined in the standard) of a "qualified actuary" (a term that is not defined in the standard) for three years, they would have met the AAA requirements to sign prescribed SAO's for US-based insurance entities. Please note that an FSA (Fellow Society of Actuaries) or a member of ASPPA could meet those requirements.

I urge you to carefully read Section 2.1 and then discuss:

- 1. in what ways do you see Section 2.1 as being advantageous to the CAS?**
- 2. in what ways do you see Section 2.1 as being dis-advantageous to the CAS?**
- 3. Please note that Section 2.1 does not require any exams. Would you prefer to see the actuary take certain CAS exams? If yes, which exams?**
- 4. If elected, what actions might you take in regard to Section 2.1?‘‘**

The proposed AAA Standard on Qualifications expands the scope of Qualification Standards from its current focus on statutory work to all statements of actuarial opinion. Section 2 of the proposed Qualification Standard describes the General Qualification Standard, with Section 2.1 describing the Basic Education and Experience requirements. The section lists three necessary criteria that an actuary must meet to satisfy the General Qualification Standard. In addition, it lists additional requirements that an actuary would have to satisfy in order to sign statements of actuarial opinion in an area covered by a specialization track.

To respond to this question, one cannot consider section 2.1 in isolation. Section 3 discusses the Specific Qualification Standards, which would apply to the NAIC P&C Statement of Actuarial Opinion. The Specific Qualification Standards impose more detailed requirements. Finally, the Qualification Standard makes it clear that that under the Code of Professional Conduct, actuaries must not perform work unless qualified to do so.

In the example posed in this question, an FSA or member of ASPPA could meet the first two of the Basic Educations requirements. However, they would have to also satisfy the additional requirement of being “knowledgeable, through examination or documented professional development, of the U. S. laws and regulations that are applicable to the statement of actuarial opinion.” Furthermore, in order to sign a statement of actuarial opinion covered by a specialization track, such as the CAS, they must either complete a specialty track in the area of actuarial practice relevant to the subject of the SAO or have a minimum of one year’s experience in the area of actuarial practice relevant to the subject of the SAO under the supervision of a qualified actuary; or have a minimum of three years’ experience relevant to the subject of the SAO under the supervision of a qualified actuary. If the FSA or ASPPA member wanted to sign the NAIC P&C Statement of Actuarial Opinion, they

would also have to meet the Specific Qualification Standard, which imposes additional requirements including the successful completion of the CAS or alternative basic education, as well as experience requirements. I do not have a personal preference as to whether the candidate meets the qualification requirements through examinations or alternative education.

I believe that this qualification standard benefits the actuarial profession in general and the CAS in particular in so far as it expands the scope of the current qualifications standards and provides more guidance in how an actuary can determine if he or she is qualified to sign statements of actuarial opinion in the U. S. When both the general and specific qualifications in the entire Standard are taken into consideration, I do not believe that the proposed Standard is disadvantageous to the CAS.

In the U.S., it is the role of the Board of Directors of the American Academy to approve Standards of Practice. If I were elected, my role as a member of the CAS Board of Directors would be to ensure that the CAS was adequately represented on the Committee on Qualifications. As a CAS Board member, I would also make sure that the CAS provides feedback on the Qualifications Standards throughout the drafting and exposure period. For example, we should point out that the phrases “under the supervision” and “qualified actuary” may be defined better in the Standard. Finally, once the Standards were approved by the AAA Board, I would also make sure that the standards are communicated to CAS members.