

Biographical Information for

Alfred O. Weller

A.C.A.S. - May 1976

F.C.A.S. - November 1981

Education

- 1967 - University of Munich, Munich, German - extra undergraduate year
- 1969 - Swarthmore College, Swarthmore, Pa - BA Mathematics
- 1971 - Indiana University, Bloomington, In - MA Mathematical Statistics

Current Employment

Senior Consultant, Watson Wyatt Insurance and Financial Services, Inc.

CAS Activities

- ASTIN Organizing Committee – 1988 - 1989
- Casualty Actuaries of Greater New York (CAGNY) - Officer 1981-1986, President and founder of Special Risk Study Group
- Committee on Health & Managed Care - 1994-1996
- Committee on Professionalism - 1991-1992
- Committee on Reserves – 1995 - 1998
- Committee on Review of Papers - 1982-1984
- Enterprise Risk Management for the CAS – 2005-Present
- Examination Committee - 1981-1982
- IAA Response Coordination Committee – 2004–Present
- Joint CAS/CCA Task Force on Services to Small Consulting Firms 2003–2004
- Joint Program Committee for the Loss Reserve Seminar – 1983-1984
- Long Range Planning Committee – 2003 - Present
- Membership Advisory Panel Committee - 2002-2005
- Membership Advisory Panel - 2005-Present
- Membership Survey Task Force – 1986 – 1987
- Membership Survey Task Force – 1997 – 2000 Chair
- Program Planning Committee - 1983-1986

CAS Publications

- Discussion of "The 1979 NCCI Remarriage Table" by Philip E. Heckman, Proceedings of the Casualty Actuarial Society, LXIX, 1982, pp.110-113
- "Focused Marketing for Large Accounts" in 1982 Discussion Paper Program, Casualty Actuarial Society, 1982, pp. 470-499
- Simon Effects and Special Risks in Panel Session 2B - Special Risk Considerations, 1982 Casualty Loss Reserve Seminar Transcript, American Academy of Actuaries and Casualty Actuarial Society, 1983
- Review of "Evaluation of the Financial Condition of Insurance Companies - A Theoretical Approach" in 1984 Discussion Paper Program, Casualty Actuarial Society, 1984, pp. 160-167
- "Analysis of Surety Reserves" The Actuarial Forum, Fall 1989
- "An Algebraic Reserving Method for Paid Loss Data" in The Actuarial Forum, Fall 1995, pp.255-280 and in ARCH, vol.1995.2 pp.369-376

Other Actuarial Organizations

- Member - American Academy of Actuaries (MAAA - 1979)
- Fellow - Conference of Consulting Actuaries (FCA - 1986)

Other Professional Designations

- ARIAS-US Certified Reinsurance Arbitrator (2004)

Additional Biographical Information for

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Employment History {Year, Organization, Last Title}

1971-1977 - National Council on Compensation Insurance (NCCI) - Research Actuary (Executive Staff)
1977-1981 - Continental Insurance Companies - Director of Actuarial Services
1982-1983 - Frank B. Hall & Company, Inc. - Vice President - Actuarial Consulting
1983-1985 - BRI Coverage Corporation - Vice President & Chief Actuary
1985-1987 - Fred. S. James & Co. Inc. - Vice President & Chief Actuary
1987-1995 - Ernst & Young LLP - Senior Consulting Actuary
1995-1996 - Workers Compensation Reinsurance Bureau (WCRB) - President
1996 - 1997 - Independent Consulting Actuary
1997-1999 - Insurance Services Office - Principal - Risk Management
2000-2005 - MBA Actuaries, Inc. - Consulting Actuary
2005-Present - Watson Wyatt Insurance and Financial Services, Inc. - Senior Consultant

Membership and Activities in Other Organizations

Actuarial Standards Board

Casualty Operating Committee - 1989-1992, 2002-2006

American Academy of Actuaries

Committee on Property / Casualty Issues - 1982-1985

Joint Program Committee for the Loss Reserve Seminar – 1983-1984

Casualty Practice Council - 1991

Council on Professionalism - 1992-1994

Property and All Other Lines Subcommittee of the Casualty Practice Council - 2004-Present

Workers Compensation Subcommittee of the Casualty Practice Council - 2005-Present

ARIAS-US

Mediation Committee - 2005-Present

Conference of Consulting Actuaries

Board of Directors – Member 1988-1995, 2004-2006; Vice President 1989-1990; Secretary 1992-1993

Annual Meeting Committee – 1987, 1988, 1991 and 2004

CAPPSULES Committee – Chair 1991

Casualty Issues Committee – Chair 1989 through 1993

Casualty Practice Area Representative – 2005 and 2006

Disciplinary Committee - 1995-1996

Joint CAS/CCA Task Force on Services to Small Consulting Firms 2003–2004

Liaison – CAS Committee on Reserves – 1996 through 1998

Liaison – Casualty Operations Committee of the ASB – 1999 through 2004

Liaison – CAS Committee on Health & Managed Care – 1999 through 2002

Liaison – ERM Profession-wide Initiative - 2006

Membership Committee – 1988

Planning Committee – 1990 and 1993

Strategic Planning Committee – 2004 and 2006

Task Force on Foundations of Membership – Chair 1990 and 1991

International Actuarial Association – AFIR

International Actuarial Association – ASTIN

Civic Activities

1996-Present - Member Democratic County Committee, Essex County, New Jersey

Other Publications

- "Aggregates and Averages" a presentation on the relation of individual company results to industry averages in 1985 Proceedings of the Conference of Actuaries, pp.582-597
- "Generalized Bondy Development" in Papers for the XXI ASTIN Colloquium available from the Casualty Actuarial Society and in the Spring 1989 edition of ARCH
- "Introducing the Force of Development" in The Actuarial Digest, Fall 1990
- "Bornhuetter-Ferguson Reserve Estimates" in The Actuarial Digest, Oct-Nov 1991
- "Generalized Bondy Development" in Panel Sessions 2G & 7G; Models of Claim Development Patterns, 1991, Casualty Loss Reserve Seminar Transcript, American Academy of Actuaries and Casualty Actuarial Society, 1991
- "The Death Spiral of Workers' Compensation" in Insurance Executive Report, Fall/Winter, 1991
- "Facing the Crisis" in Best's Review: Property/Casualty Insurance, vol 93 no 7 (November 1992)
- "Workers' Compensation: The Battle for Survival" in Insurance Executive Report Spring/Summer 1993
- "Steering Clear of Disaster" in Insurance Executive Report Winter 1994/95
- "Value Public Entity Benchmarks" co-authored with Lisa Sayegh, Public Risk, June 1998
- "Workers' Compensation and the Terrorist Risk Insurance Act of 2002" IAIABC Journal (Fall 2003)
- "A New Millennium" in "Where We've Been and Where We're Going – Opinions on the Status of Workers' Compensation at the 90th Anniversary of the IAIABC" IAIABC Journal (Fall 2004) pp.67-71

Awards and Recognitions

- 1975-76 - Recognition Award from the Central New Jersey Lung Association for assistance in its carboxyhemoglobin study
- 1989 - Actuarial Practitioners Award from the Actuarial Education and Research Fund (AERF) for work on generalized Bondy development.

Other Information

- 2001-2006 - Instructor for the CRM (Certified Risk Manager) program "Financing of Risk" sponsored by The National Alliance for Insurance Education & Research
- Presentations at actuarial meetings including ASTIN, Conference of Consulting Actuaries, Casualty Loss Reserve Seminar, CAS Ratemaking Seminar, Casualty Actuaries in Reinsurance (CARE), Casualty Actuaries of Greater New York, and the Casualty Actuarial Society, and non-actuarial meetings such as the Public Risk Management Association (PRIMA), the Association of Government Risk Pools (AGRIP), the International Association of Industrial Accident Boards and Commissions (IAIABC), the National Council of Self-Insurers (NCSI), and the Risk and Insurance Management Society (RIMS).

Response to Question 1 by

Alfred O. Weller

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

Response:

The Casualty Actuarial Society is important and serving would be an honor. The CAS has a proud history, a strong present, and a promising future both with respect to our professional lives and with respect to helping government and economic entities manage risk. By serving I hope to help make it even better.

My qualifications include broad experience, receptivity to the opinions of others, and insight and interest in expanding the contributions of our profession. I look forward to discussing the sundry issues confronting the CAS with members and integrating the diversity of opinions into sound decisions.

In regard to particular issues, I would like to see the CAS issue two statements of principles that could serve as reference materials for people in various professions. One would address “Actuarial Soundness of Risk-Bearing Entities” and the other would address “Actuarial Considerations in Enterprise Risk Management”. Such information would be useful in a variety of contexts and would enable other professions to develop professional guidelines and standards in light of CAS principles.

It would be a privilege to serve as a Director of the Casualty Actuarial Society.

Alfred O. Weller

Question #2: 2006 Candidate Issues –Identification and Discussion

Response:

Central among the Board's duties is managing the affairs of the Casualty Actuarial Society (CAS). The many talented volunteers active in the CAS and the excellent CAS staff make it possible for Board management to emphasize (i) policy determination, and (ii) delegation. Key policy issues for the next three years are likely to include:

1. Growing Pains: The CAS is 4,000 members and growing. We are no longer a small professional society in which everyone knows everyone. We need to find new ways to efficiently serve our members and maintain our professional vitality as we continue to grow. Two recent examples are the creation of the Membership Advisory Panel as conceived by Roger Schultz to provide rapid feedback on members' opinions, and the movement toward more systematic strategic planning by the Long Range Planning Committee. Vigilance in identifying and exploiting opportunities to better support our professional activities will continue to be a priority.

2. Globalization: Globalization represents both competitive pressure and opportunity. The North American actuarial societies recently transformed the Working Agreement from a turf-defining document to a charter for teamwork in promoting actuarial science. The same philosophy should apply to CAS international activity. CAS hosting of the 37th ASTIN Colloquium (50th anniversary meeting) in 2007 is an excellent current example.

As the world economy becomes more tightly integrated, interaction among actuarial societies in various countries demands more CAS attention. For example, we are contemplating a change to a single level of membership at the same time that the International Actuarial Association is promulgating minimum education requirements for being an actuary. Further discussion of whether Associate or Fellow is the more appropriate credential to compare to the international criteria will facilitate our making a prudent decision.

3. Enterprise Risk Management (ERM): Enterprise Risk Management is here to stay and will continue to grow despite the fact that definitions of "enterprise", "risk", and "management" (let alone the definition of "enterprise risk management") vary greatly from engagement to engagement. Casualty actuarial science has long emphasized the sound management of risk-bearing entities. As ERM expands, it will generate new issues for the CAS. Our general goal should be to encourage our members' activities in this important area.

4. Other: In addressing other issues, our greatest asset is our members with their diverse talents and their strong commitments to the profession. Drawing on our mutual strengths, we can ensure a bright future.

Alfred O. Weller

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 key consideration for me is what membership structure contributes most to our vitality as a professional society and best facilitates professional accomplishment and recognition for all CAS members. Much background is provided by the reports of the Task Force on the ACAS Vote and the Task Force on Classes of Membership. But, there are two related questions beyond the scope of these reports that bear on deciding the future of the Associate designation.

First, the CAS needs to be sure that all its members continue to be recognized as meeting high standards within the global actuarial profession. Comparison of possible CAS membership structures to IAA minimum guidelines for actuarial education is an important consideration in deciding this issue. Further research into the relationship between IAA education criteria and CAS membership criteria is needed to help us make an appropriate decision.

Second, sometimes perception can be enhanced by reversing figure and ground. Making Fellowship the figure and Associateship the ground poses the question of “Why don’t more members pursue Fellowship?” Clearly our members are able to provide economic value to their employers and clients without Fellowship. In deciding the Associateship issue, we also need to look at how to add value to the Fellowship designation.

Whether a single class of membership for the CAS is the best course is also not yet clear because of the steps needed for change. This summer’s election on Associate voting rights and ability to hold office could go either way. Without a change in voting rights, the Associateship issue will take longer to resolve.

To sum, decisions on the future of the Associate designation will be best made after this summer’s election and in light of additional information. My position is to use the election results as a key indicator of membership changes that contribute to CAS professional vitality and facilitates members’ professional accomplishment. In regard to runoff, no CAS member is expendable and any change in membership structure should continue to encourage the active participation of current “lifetime Associates” in the CAS.

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 CAS is fortunate to have enough talented volunteers so that it can take several important next steps in several directions at the same time. Here are four:

1. Creating References for Key Issues – In describing my motivation for becoming a Board candidate, I advocated CAS issuance of two statements of principles that could serve as reference materials for people in various professions. One would address “Actuarial Soundness of Risk-Bearing Entities” and the other would address “Actuarial Considerations in Enterprise Risk Management”. Such information would be useful in a variety of contexts and would enable other professions to develop professional guidelines and standards in light of CAS principles. In this way, other professions would be able to reference CAS source material in contrast to the CAS serving primarily as a commentator on statements issued by other societies.

2. Supporting Research on Key Issues – For example, the CAS should considering awarding a cash prize for this best paper on the relationship between capital structure and enterprise risk management presented at next year’s Enterprise Risk Management Symposium.

3. Documenting Success – From the creation of new rating systems for a new line of business to no fault issues of the 1970’s to today’s issues on capital, risk, and enterprise risk management, the Casualty Actuarial Society has a record of successful and valuable contributions to a panoply of social issues. By recording the CAS history, the work of the CAS Centennial History Committee will also strengthen our knowledge of what casualty actuaries and the CAS have accomplished.

4. Cooperation – Important issues are seldom entirely within the domain of a single profession. For casualty actuaries to be effective, it will be increasingly important to work with others. For example, the CAS is a sponsoring organization for the Joint Section on Enterprise Risk Management and also a sponsor of the ERM Institute International, Ltd (ERM-II).

In addition, under John Kollar’s leadership as Vice President - Risk Integration the CAS has accomplished a great deal in the past year. The CAS now has substantial connections to other organizations active in enterprise risk management and is adapting principles of enterprise risk management to its own governance. The above next steps will build on solid momentum.

In closing two further comments apply.

First, the use of ERM examples is for ease of presentation and does not mean that issues such as solvency regulation (in particular European solvency models), new actuarial tools such as predictive modeling, emerging areas of practice such as financial analysis and stock

performance, and the many other evolving issues are not opportunities for casualty actuaries.

Second, in many ways attacking non-traditional problems is the traditional CAS role. Investigating new frameworks for analysis of risk bearing is part and parcel of being a casualty actuary.

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

2.1 Basic Education and Experience Requirement

To satisfy the General Qualification Standard, before issuing a Statement of Actuarial Opinion, an actuary must meet the following criteria:

- *Be eligible to be a member of the American Academy of Actuaries or be a fully qualified member of another IAA-member organization.*
- *Have three years of responsible actuarial experience, which is defined as work that requires knowledge and skill in solving actuarial problems; and*
- *Be knowledgeable, through examination or documented professional development, of the U.S. laws and regulations that are applicable to the statement of actuarial opinion.*

In addition, in order to sign statements of actuarial opinion in an area covered by a specialization track offered by the Society of Actuaries, the Casualty Actuarial Society, the Casualty Actuarial Society, or the American Society of Pension Professionals and Actuaries, one of the following must be met:

- *Attain the highest possible designation in an IAA-member organization and 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.*

Enrolled Actuaries are deemed to meet the basic education and experience requirement of the General Qualification Standard in the pension practice area.

For specific guidance on new or changed areas of actuarial practice or changes in the application of actuarial science see Section 4.

Notwithstanding the above, actuaries are reminded of the obligation under Precept 2 of the Code of Professional Conduct not to perform work unless qualified to do so.

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 associations.

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 disadvantageous 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?"

1. CAS Advantages ; 2. CAS Disadvantages – There are two main areas in which advantages or disadvantages might arise.

a. Qualifying to Sign SAO's: In order to have special advantages or disadvantages to the CAS, the Academy Qualification Standards would need to supersede the NAIC Annual Statement Instructions in determining who is qualified to prepare SAOs. Insofar as NAIC instructions continue to be more stringent (e.g., prior approval by Casualty Practice Council for non-CAS actuaries) and therefore more binding, I do not see the draft Qualification Standards as having particular advantages or disadvantages for the CAS and CAS members with respect to qualifications for signing SAOs.

b. Continuing Education: The Qualification Standard will continue to be key guidance for maintaining records of continuing education. Recordkeeping in accordance with the draft standard continues to strike me as unnecessarily cumbersome. I would like to see the NAAC (North American Actuarial Council, formerly the Council of Presidents) sponsor investigation of more uniform, better supported recordkeeping across the various actuarial societies.

3. CAS Exams - The potential variety and scope of actuarial opinions is enormous. My preference is for the examinations to be a key determiner of CAS membership, and for CAS membership to imply that individual actuaries performing services have done appropriate research to offer professionally competent statements of actuarial opinion. I do not favor creating examinations for each of the myriad of possible professional services performed by casualty actuaries.

4. CAS Action - The CAS Board does not have direct authority with respect to Academy Qualification Standards but can and should exert influence. A two stage approach is appropriate.

First, the CAS should encourage the Actuarial Standards Board needs to create a standard on “Professional Reliance”. The standard would address which indicia an actuary needs to evaluate before relying on work by another professional, and what communication an actuary needs to provide so that another professional can perform a similar evaluation of his or her work. Once an actuarial standard of practice on “Professional Reliance” is in place, the CAS should encourage review of the Academy Qualifications Standards in light of the Professional Reliance standard.

Overall Opinion: My opinion is that we will see a second exposure draft if only because of “wordsmithing” changes. Unless NAIC annual statement instructions change dramatically, I do not anticipate the new Qualifications Standards becoming binding guidance for casualty actuarial opinions on statutory financial reporting. Casualty actuaries need to be mindful of the continuing importance of this standard for maintaining records of continuing education.