

**Date Submitted: July 31, 2013**

**Author: David Shea on behalf of the Health Practice Council**



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AMERICAN ACADEMY *of* ACTUARIES

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July 31, 2013

American Academy of Actuaries  
Committee on Qualifications  
Attn: Sheila J. Kalkunte, Esq.  
1850 M Street, NW, Suite 300  
Washington, DC 20036

Re: Qualification Standards Request for Comments

Dear Ms. Kalkunte:

On behalf of the American Academy of Actuaries' Health Practice Council, I am submitting the following comments in response to the seven questions on the current qualification standards. These responses are solely intended to reflect the perspective of actuaries working in the health care practice area.

In addition to the seven specific questions posed, we did want to point out one technical issue that should be noted in any future revision of the qualification standards. In the current version of the qualification standards, Appendix I Section II outlines various opinions and communications that are or may contain statements of actuarial opinion. Lines 39-46 and 53-54 refer to Statements of Financial Accounting Standards (SFAS), which have been superseded by the Financial Accounting Standards Board's Accounting Standards Codification (ASC). As such, the current references are inaccurate and should be replaced by the appropriate ASC reference.

**Question 1: Are there portions of the QS that have prevented otherwise qualified actuaries from practicing in certain areas? If so, how can the QS be modified to allow these actuaries to practice in certain areas while maintaining proper qualification standards?**

At this time, we are not aware of any portions of the qualification standards that have prevented practice in certain areas. This is an issue that should be monitored, however, as emerging and non-traditional practice areas arise.

**Question 2: Are there existing, new, or emerging practice areas that require new specific qualification standards to ensure that actuaries practicing in those areas are qualified to do so? If so, what are these areas and what particular standards should be added to any contemplated specific qualifications?**

At this time, we do not see a need to expand specific qualification standards.

**Question 3: In the current QS, is it clear as to what qualifies as organized, other, professionalism and business activities? If not, what changes do you suggest that would clarify these categories of the QS?**

The current qualification standards clearly define what qualifies as the activities referenced above.

**Question 4: Should there be a yearly cap on professionalism CEs? Currently there is a minimum number of professionalism CEs but no maximum. If capped, what maximum amount do you recommend?**

If the concern is that an actuary may end up with primarily professionalism CE, either as a result of Academy volunteer-related activities or the availability of other activities providing professionalism CE, we would note that an actuary still has to stay current on relevant topics according to the Code of Professional Conduct. As such, a maximum annual cap on professionalism continuing education should not be necessary.

**Question 5: Currently, the QS only apply to actuaries issuing Statements of Actuarial Opinion in the United States, so actuaries providing Actuarial Services without a Statement of Actuarial Opinion are not required to comply with the QS. Should the QS be expanded to include all Actuarial Services as defined in the Code of Professional Conduct?**

The general qualification standard applies when an actuary issues a Statement of Actuarial Opinion. The qualification standards define an SAO as “an opinion expressed by an actuary in the course of performing Actuarial Services and intended by that actuary to be relied upon by the person or organization to which the opinion is addressed.” This refers back to the Code of Professional Conduct definition of “actuarial services.” In general, our interpretation is that the Code and the QS are consistent already and no further expansion is needed. However, more clarification or guidance may be helpful in terms of how the Committee on Qualifications might expand the QS. For example, one interpretation our council discussed was whether the intent might be to expand the QS to apply to a situation in which there are actuarial services with no intention of “reliance.” We feel that this instance would be too broad an expansion, but if there are other types of expansion being considered, we would need more information before making a specific recommendation.

**Question 6: Section 3.1.1 addresses additional basic and continuing education requirements for actuaries providing NAIC statements of actuarial opinion. Sections 3.1.1.1 (Life), 3.1.1.2 (Property Casualty) and 3.1.1.3 (Health) each list specific topics for actuaries who issue NAIC opinions... With regard to these specific qualification standards, should the topics be updated? If so, what topics do you recommend adding, deleting, or changing?**

<b>Life and A&amp;H</b>	<b>Property and Casualty</b>	<b>Health</b>
Policy forms and coverage	Policy forms and coverages, underwriting, and marketing	Principles of insurance and underwriting
Dividends and reinsurance	Principles of ratemaking	Principles of ratemaking

Investments and valuations of assets and the relationship between cash flows from assets and related liabilities	Statutory insurance accounting and expense analysis	Statutory insurance accounting and expense analysis
Statutory insurance accounting	Premium, loss, and expense reserves	Premium, loss, expense, and contingency reserves
Valuation of liabilities	Reinsurance	Social insurance
Valuation of nonforfeiture laws		

All of the items in the chart apply even post-health care reform. We would encourage the Committee on Qualifications to revisit some of the examples of opinions and work products that are listed in the Appendix, particularly in light of new filing requirements in the new health insurance exchanges.

**Question 7: Are the carryover provisions of the QS understandable or do they need to be clarified? If so, what is confusing to you and what suggestions do you have in clarifying the requirements? In addition, should the maximum carryover be reduced so that an actuary will always need to earn some CEs in a given calendar year? Currently, an actuary could carry over a full year's CE from the prior year resulting in no additional CEs for the current calendar year. For both of these questions, please address whether your comments apply to general carryover requirements or to specific, organized, professionalism or business requirements.**

As noted in a previous comment, the Code of Professional Conduct requires an actuary to remain current on relevant subject matter. Even though the qualification standards allow actuaries to carry over continuing education hours for one year, thereby potentially resulting in one calendar year with no additional earned CE, an actuary must remain current.

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If you have any questions or would like to discuss these comments further, please contact Heather Jerbi, the Academy's assistant director of public policy, at 202.785.7869 or [Jerbi@actuary.org](mailto:Jerbi@actuary.org).

Sincerely,

David A. Shea, Jr., MAAA, FSA  
Vice President  
American Academy of Actuaries