

APPENDIX 3

PROCEDURES FOR THE ADOPTION OF QUALIFICATION STANDARDS BY THE AMERICAN ACADEMY OF ACTUARIES

The following procedures have been adopted by the American Academy of Actuaries for the adoption of Qualification Standards.

I. Development

The Committee on Qualifications may develop a proposed qualification standard whenever, in the committee's judgment, development and adoption of the proposed standard would further the goals and interests of the Academy. Proposed changes or new qualification standards must be approved by at least a majority vote of a quorum of the Committee on Qualifications, and must be accompanied by a written report from counsel advising the Board of Directors (Board) of the draft's compliance with applicable law and addressing any other relevant legal issues.

II. Approval to Expose

The proposed standard is presented to the Board with a request that the Board approve its exposure. The Board may:

- a. Approve the committee draft for exposure with or without modification;
- b. Return the draft with directions for additional work by the Committee on Qualifications; or
- c. Terminate work on the proposed standard.

A majority vote of the Board is required to expose a draft, return the draft to the Committee, or terminate work. Where compelling circumstances require immediate exposure of a proposed standard, the Executive Committee may act to authorize exposure.

III. Format

The exposure draft of the proposed standard will contain the following information:

- a. Title page;
- b. Date of Board approval for exposure;
- c. Status and history of the draft to date;
- d. Text of proposed standard;
- e. Other supporting material, if any;
- f. If the exposure draft is not unanimously supported by the Committee on Qualifications, an appropriate disclosure of minority views, if requested by the members of the minority;
- g. Address to which comments should be submitted;
- h. Deadline for submitting comments; and

- i. Names of Committee on Qualifications members (without organizational affiliations).

The Committee on Qualifications may, at its discretion, expose alternative wording for comment (i.e., two or more versions of certain sections of the exposure draft) in order to solicit the views of the membership.

IV. Comment Deadline

The deadline for comments is normally 60 days after the expected distribution date, but that time period may be extended or reduced by the Executive Committee or Board. A minimum comment period of 30 days is required.

V. Non-Members

The Committee on Qualifications may compile a list of persons and organizations outside the Academy to whom the exposure draft should be circulated. Copies of the exposure draft will be made available to any other party upon request.

VI. Processing

A file of all comments is maintained in the Academy office, and comments are distributed to the Committee on Qualifications by staff. Committee members must ensure that comments sent directly to them are forwarded to the Academy office to be processed as described above. Only written comments will be processed.

VII. Communication with Commentators

Each individual submitting comments normally will receive an acknowledgment of receipt from the Academy office. Further communication with commentators is optional at the discretion of the Committee on Qualifications.

VIII. Status Reports

Status reports on the deliberations of the Committee on Qualifications during the exposure period are optional at the discretion of the Committee on Qualifications and mandatory at the request of the Academy President. Status reports will be conveyed to the entire membership, preferably through the *Actuarial Update*. Such reports will be general in nature and will not create the misleading impression that the Committee on Qualifications has adopted a final position on the proposed standard before fully considering all comments received.

IX. Committee Deliberations

The Committee on Qualifications will give due and impartial consideration to all comments received.

X. Public Hearings

- a. Public hearings are not generally required, but may be convened at the discretion of the Committee on Qualifications or by request of the Academy President. Factors to be considered in deciding whether a public hearing should be held include:
 1. The complexity of the exposure draft;
 2. The professional significance of the exposure draft; and
 3. Any other relevant considerations.
- b. Expenses directly related to the hearing will be borne by the Academy, including the cost of a hearing room, tape-recording and transcription services, audio-visual equipment, and production of printed materials. However, those attending and participating in the hearing will do so at their own expense.
- c. Notice of the public hearing will be given to the recipients of the exposure draft through the *Actuarial Update* or otherwise at least 30 days prior to the hearing. Notice of the hearing may also be provided in an appropriate fashion through other media that are believed to reach those persons who might reasonably be expected to have an interest in the exposure draft. Such notice will include a clear description of the scope and purpose of the exposure draft, and will set forth the date, time, and location of the public hearing and the manner in which interested persons should advise the Committee on Qualifications of their desire to speak at the hearing.
- d. The hearing is open to all interested parties, including press. Seating may be limited, and will be available on a first-come, first-served basis.
- e. *Eligible Speakers*
 1. Interested individuals who wish to speak at the public hearing will so advise the Committee on Qualifications in the manner announced in the hearing notice. Speakers who have not provided such prior notice will be heard only after all scheduled speakers and only if time permits.
 2. The moderator may establish time limits for all speakers. Time will be made available to non-members as well as members for formal presentations, and for questions and comments if time permits.
 3. A list of speakers and a brief agenda will be compiled and made available at the hearing.

XI. Second Exposure Draft

In some instances, significant changes to an exposure draft may be required as a result of comments received through the exposure process. In that event, at the discretion of the Committee on Qualifications, a second exposure draft may be circulated for comment or a second public hearing may be conducted.

XII. Final Approval

A two-thirds majority vote of a quorum of the Committee on Qualifications is required to present a final standard to the Board for its approval. The Board may approve the standard for promulgation with or without modification, return the standard with directions for additional work by the Committee, or terminate work on the standard. A two-thirds majority vote of the Board is required for approval of a standard. A majority vote of the Board is required to return the standard to the Committee or terminate work on the standard.

XIII. Promulgation

- a. Academy staff will produce and distribute the final standard to the membership and other recipients in the next regular monthly Academy mailing following Board approval, unless a special mailing is approved by the Academy President.
- b. *Format*
The final standard will contain the following information:
 1. Title page;
 2. Effective date;
 3. Text of final standard;
 4. Status and history of the standard;
 5. An analysis of major comments received, and the extent to which comments were incorporated in the final standard. Such analysis should preserve the confidentiality of each commentator's submission;
 6. Other supporting material, if any;
 7. If the standard is not unanimously supported by the Committee on Qualifications, an appropriate disclosure of minority views, if requested by the members of the minority; and
 8. Names of Committee on Qualifications members (without organizational affiliations).

XIV. Documentation

- a. All written comments, tapes, transcripts, and other relevant materials connected with the development of a standard will be available for inspection in the Academy office during normal business hours for one year following the later of either the effective date of adoption or the date of the last action taken by the Committee on Qualifications or the Board on the proposed standard.

- b. Copies of the above materials will be distributed to the Committee on Qualifications and other Academy officials (for example, the President and other officers) without charge. Members and other individuals may obtain these materials upon request for a fee at least equal to the cost of reproduction.

XV. Interim Standards

These procedures do not apply when the Academy's Board of Directors by a two-thirds majority vote finds that, because of compelling circumstances, good cause exists for a qualification standard to be adopted immediately without implementation of the exposure draft procedures set forth herein. In that event, the Board may adopt a qualification standard on an interim basis. Such an interim qualification standard will be circulated to the membership in the form of an exposure draft as soon as practical, but in any event by no later than 60 days after the effective date of the interim qualification standard. After completion of the exposure process, the new qualification standard will be substituted by the Board for the interim qualification standard.