



AMERICAN ACADEMY *of* ACTUARIES

October 7, 2002

Hillevi Mannonen
Chairperson
Social Security Committee
International Actuarial Association
360 Albert
Ottawa, Ontario
CANADA

Dear Ms. Mannonen:

The American Academy of Actuaries¹ Workers' Compensation Subcommittee (Subcommittee) reviewed the International Actuarial Association's (IAA) October 2, 2002, draft of the IAA Guidelines of Actuarial Practice for Social Security Programs.

We are assuming that the intent of some of the revisions made was to effectively exclude programs such as the U.S. workers' compensation system, since regulations already exist related to the actuarial work around such programs. We appreciate that this effort was made. However, we are concerned that the language added to section B.2. which says, "*When the SSP is operated by an undertaking...*" will be misinterpreted. Our concern is based on the fact that state governments in the U.S. generally are viewed as operating the state's workers' compensation system, with insurance companies facilitating this by providing workers' compensation insurance and then paying the workers' compensation benefits in accordance with state laws.

We respectfully suggest that this paragraph be reworded to state:

"When insurance covering a SSP is provided by an undertaking e.g. by an insurance company, the Guidelines do not apply to actuarial work related to the undertaking's financial reporting, calculation of technical provisions or premiums or similar work, if that actuarial work is covered by a specific regulation."

¹ The American Academy of Actuaries is the public policy organization for actuaries practicing in all specialties within the United States. A major purpose of the Academy is to act as the public information organization for the profession. The Academy is non-partisan and assists the public policy process through the presentation of clear and objective actuarial analysis. The Academy regularly prepares testimony for Congress, provides information to federal elected officials, comments on proposed federal regulations, and works closely with state officials on issues related to insurance. The Academy also develops and upholds actuarial standards of conduct, qualification and practice, and the Code of Professional Conduct for all actuaries practicing in the United States.

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If you have any questions or would like additional information, please feel free to contact me or Greg Vass, the Academy's senior casualty policy analyst, at (202) 223-8196. Thank you for your consideration.

Sincerely,

A handwritten signature in cursive script, appearing to read "Nancy Treitel".

Nancy Treitel
Chairperson
Workers' Compensation Subcommittee
American Academy of Actuaries