

# Principle-Based Approaches Training for Regulatory Actuaries

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NAIC PBR (EX) Working Group

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Regulatory Actuary Training Presentation to PBR (EX) WG  
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# Principle-Base Approaches (PBA) Training for Regulatory Actuaries

- Current LPC Involvement in Training
  - PBA Webcasts and Seminars
  - Sessions at Society of Actuaries (SOA) meetings
  - Life & Health Qualification Seminar
- Possible Structure for PBA Training
  - Goals
  - Potential Areas to be covered by the training
  - Open Issues



# PBA Webcasts and Seminars

- Quarterly webcasts on NAIC developments
- June 2008 – Introduction to PBA
- August 2008 – NAIC PBA Valuation Systems Seminar
  - Included actuarial and non-actuarial sessions
- September 2008 – Advanced Seminar on PBA
  - Jointly sponsored with the SOA



# Sessions at Society of Actuaries meetings

- Includes Life Spring Meeting, Valuation Actuary Symposium, and Annual Meeting
- Session range from general updates to case studies
  - Includes reserve and Risk-based Capital proposals
  - Includes sessions on product proposals (e.g., life insurance, variable annuities and non-variable annuities)



# Life & Health Qualifications Seminar

- Sponsored by the Academy's Council on Professionalism with the assistance of the SOA
- Assist actuaries in meeting components of the qualification standards, which must be met by actuaries issuing NAIC Life and A&H Annual Statement and/or NAIC Health Annual Statement
  - Also provides continuing professional education



# Topics Covered by the Life & Health Qualifications Seminar

- Basics on Annual Statement and reserves
- Overview of asset adequacy analysis
- Professionalism (including Actuarial Standards of Practice)
- Product related reserve and actuarial opinion issues
- Reinsurance issues
- Overview of PBA
- Case Studies



# Suggested Goal of PBA Training for Regulatory Actuaries

- Provide educational tools that assist in their role of exercising supervisory rights and oversight with respect to principle-based approaches
  - The primary role is understanding risk exposure and management behind it (i.e., Pillar 2)
  - Another critical role is the ability to identify and communicate what is working well and what needs improvement
  - Of lesser importance (but still may be important) is verifying calculations and the reasonableness of results



# Potential Areas to be Covered by PBA Training

- Basic education (e.g., Introduction to PBA)
- Update on recent NAIC activity (e.g., LHATF, CADTF, International Solvency and Accounting WG)
- Case study
  - e.g., company report or regulatory discussion with management
- Latest technical “advances” (e.g., modeling technique)
- Experience studies
- Regulatory issues
- Tying PBA review into a risk-focused exam
- Reviewing internal models
- ERM for regulators





# Open Issues

- Who should sponsor a PBA Training Seminar?
  - We suggest it be an NAIC-sponsored event
  - The LPC could provide speakers and other resources
- Should interested parties be allowed to participate?
- What are the next steps?
  - Discussion with LHATF and CADTF to get additional feedback on content and interest
  - LPC will discuss further given NAIC feedback

