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AMERICAN ACADEMY *of* ACTUARIES

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Thomas S. Terry, MAAA, FSA, FCA, EA, *President*

February 3, 2014

VIA EMAIL – [eking@naic.org](mailto:eking@naic.org)

Richard Marcks, Chairperson  
National Association of Insurance Commissioners (NAIC)  
Joint Qualified Actuary (A/B/C) Subgroup  
c/o Eric King  
National Association of Insurance Commissioners  
1100 Walnut Street, Suite 1500  
Kansas City, MO 64106-2197

Re: Definition of “qualified actuary”

Dear Richard:

As previously communicated to the Joint Qualified Actuary Subgroup (JQA) of the National Association of Insurance Commissioners (NAIC), the American Academy of Actuaries<sup>1</sup> generally supports the current definitions for qualification to sign annual statements of opinion as prescribed by the NAIC.<sup>2</sup>

In our desire to assist regulators in fulfilling their mission, the Academy is willing to work with regulators to construct a regime within the Academy that would 1) work from the current definitions of qualification for Health, Life and Property/Casualty appointed actuaries, but make them consistent with one another in their approach; and 2) address regulators' concerns expressed during the JQA process that there is a need for more robust oversight of qualification.

A key element for us to undertake this is to retain membership in the Academy as the foundational vital element. The Academy has a US-only mission that focuses on the interests of the public served by regulators and US actuaries. We anticipate that the oversight process would include a verification or validation function at the Academy for which a review of the qualifications of appointed actuaries would be undertaken.

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<sup>1</sup> The American Academy of Actuaries is an 18,000-member professional association whose mission is to serve the public and the U.S. actuarial profession. The Academy assists public policy-makers on all levels by providing leadership, objective expertise and actuarial advice on risk and financial security issues. The Academy also sets qualification, practice and professionalism standards for actuaries in the United States.

<sup>2</sup> With the exception of the previously communicated concern over, “A member in good standing,” in the definition, which we recommend should be dropped.

In that regard, therefore, the Academy, offers the following definitions:

### **Health**

**Current:** “‘Qualified health actuary,’ as used herein means a member in good standing of the American Academy of Actuaries, or a person recognized by the American Academy of Actuaries as qualified for such actuarial valuation.”

**Proposed:** *A qualified actuary is a member of the American Academy of Actuaries who has met the Qualification standards including (3.1 Basic Education Requirement, 3.1.1 Successful Completion of Examinations, 3.1.1.3 Statement of Actuarial Opinion, NAIC Health Annual Statement) and is in compliance with the Academy’s verification process (language TBD as the process is worked out).*

### **Life**

**Current:** “‘Qualified actuary’ as used here means a member in good standing of the American Academy of Actuaries, or a person who has otherwise demonstrated his or her actuarial competence to the satisfaction of the insurance regulatory official of the domiciliary state.”

**Proposed:** A qualified actuary is a member of the American Academy of Actuaries who has met the Qualification standards including (3.1 Basic Education Requirement, 3.1.1 Successful Completion of Examinations, 3.1.1.1 Statement of Actuarial Opinion, NAIC Life and A&H Annual Statement) and is in compliance with the Academy’s verification process (language TBD as the process is worked out).

### **P/C**

**Current:** “‘Qualified Actuary’ is a person who meets the basic education, experience and continuing education requirements of the Specific Qualification Standard for Statements of Actuarial Opinion, NAIC Property and Casualty Annual Statement, as set forth in the Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States, promulgated by the American Academy of Actuaries, and is either:

- (i) *A member in good standing of the Casualty Actuarial Society, or*
- (ii) *A member in good standing of the American Academy of Actuaries who has been approved as qualified for signing casualty loss reserve opinions by the Casualty Practice Council of the American Academy of Actuaries.”*

**Proposed:** A qualified actuary is a member of the American Academy of Actuaries who has met the Qualification standards including: (3.1 Basic Education Requirement, 3.1.1 Successful Completion of Examinations, 3.1.1.2 Statement of Actuarial Opinion, NAIC Property and Casualty Annual Statement) and is in compliance with the Academy’s verification process (language TBD as the process is worked out).

The Academy stands ready to assist each of the NAIC’s actuarial task forces or the JQA in determining the best and most consistent approach to take. Even if no changes are made to the current definitions, the Academy is still ready to work with regulators to develop a verification process.

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We appreciate this opportunity to comment and we look forward to working with you further on this and other important issues under consideration before the NAIC. Cecil Bykerk and Mary Miller will be participating on the February 5 Subgroup conference call and will represent our perspective and be available to answer any questions you may have.

Should you have any questions regarding these comments, feel free to contact Craig Hanna, the Academy's Director of Public Policy ([hanna@actuary.org](mailto:hanna@actuary.org) / 202-223-8196).

Sincerely,

Tom Terry  
President

cc: Membership, NAIC Jt. Qualified Actuary Subgroup  
Rich Piazza, Chair, NAIC Casualty Actuarial & Statistical Task Force  
Steve Ostlund, Chair, NAIC Health Actuarial Task Force  
Mike Boerner, Chair, NAIC Life Actuarial Task Force