



October 30, 2013

VIA EMAIL

Mr. Greg Heidrich
Executive Director
Society of Actuaries
475 North Martingale Road, Suite 600
Schaumburg, Illinois 60173

Re: SOA letter dated February 6, 2013 to Committee on Qualifications

Dear Mr. Heidrich:

Reference is made to your letter to me dated February 6, 2013 as Chairperson of the Committee on Qualifications (COQ) of the American Academy of Actuaries (Academy). You asked the COQ to consider modifying Section 3.1.1.2 of the U.S. Qualification Standards (USQS) to include reference to the Society of Actuaries (SOA) as a provider of exams necessary for actuaries to meet part of the basic education requirements of the USQS to qualify an actuary to sign the actuarial opinion for the NAIC Property and Casualty Annual Statements. Currently, actuaries must pass examinations administered by the Academy or the Casualty Actuarial Society to issue statements of actuarial opinion for NAIC Property and Casualty Annual Statements, or satisfy the Alternative Basic Education requirements of Section 3.1.2.

As a reminder, the COQ is charged with determining the qualifications of actuaries practicing in the United States after an actuary earns his or her initial actuarial credential from any of the Recognized Actuarial Organizations as defined in the Code of Professional Conduct, of which the SOA is one. After careful consideration of the discussions going on amongst members of the National Association of Insurance Commissioners (NAIC), and further review of the USQS requirements, the COQ has decided to suspend consideration of the SOA request to include the SOA in Section 3.1.1.2 of the USQS as a provider of general insurance exams until there is further advancement by the NAIC on this matter. The current language contained in Section 3 of the USQS in connection with actuarial qualifications for NAIC property and casualty reserve opinions was derived from the NAIC instructions definition of “qualified actuary” for purposes of signing the NAIC Property and Casualty Annual Statement opinions. As such, it was the NAIC that limited actuarial signers of the NAIC property and casualty opinions to the members identified in that regulation, not the COQ. Further, and in particular, we note that Appendix 4, Section 3 of the U.S. Qualification Standards (Guidelines for Determining When Specific Qualification Standards Should Be Developed) states:

A Specific Qualification Standard typically should be developed in relation to a specific actuarial opinion requirement that is embodied in a regulation or a standard and is of high visibility and fairly broad application within the profession.

Given the foregoing, the COQ believes it is in the best interest of the profession for the COQ to wait to see if the companion regulation relating to your request by the NAIC in connection with the NAIC Property and Casualty Annual Statement actuarial opinion, or if any state should reach a determination on the issue in any laws, rules, or regulations, addresses your issue, then consider development in the U.S. Qualification Standards.

As stated above, this is a decision to suspend further review of your request to include a reference to the SOA as a provider of general insurance exams under Section 3.1.1.2 of the USQS at this time. The COQ will continue to monitor the NAIC's deliberations on this issue, and is open to reviewing the SOA's full general insurance track syllabus at a later date. The COQ does however reserve all of its rights to act in accordance with its charges, and should any circumstances change in connection with your request; the COQ will consider and act accordingly.

Sincerely,

John W. Morris
Chairperson
Committee on Qualifications
American Academy of Actuaries

cc: American Academy of Actuaries
Casualty Actuarial Society
National Association of Insurance Commissioners (C Committee)