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AMERICAN ACADEMY of ACTUARIES

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February 11, 2013

Mr. Richard Marcks  
Chair, Joint Qualified Actuary (A/B/C) Subgroup  
National Association of Insurance Commissioners  
1100 Walnut Street, Suite 1500  
Kansas City, MO 64106-2197

Re: Comments on charges given to the Joint Qualified Actuary (A/B/C) Subgroup

Dear Richard:

Based on a review of the two charges given to the National Association of Insurance Commissioners' (NAIC) Joint Qualified Actuary (A/B/C) Subgroup, the undersigned, on behalf of the American Academy of Actuaries,<sup>1</sup> respectfully submit the following comments for your consideration.

***Charge 1: Recommend a uniform definition of “qualified actuary” for life, health, and P&C Appointed Actuaries signing prescribed Statements of Actuarial Opinion, identifying any differences that should remain between lines of business. Recommend a uniform definition of “qualified actuary” for other regulatory areas (e.g., rate filings, hearings). Consistency between uses is preferred to the extent possible.***

We agree that the development and adoption of a consistent definition of a “qualified actuary” is an appropriate goal. The Academy has recommended in the past that any state laws, rules, or regulations attempting to define “qualified actuary” use the following language:

An actuary who is a member of the American Academy of Actuaries and qualified as described in the U.S. Qualifications Standards (promulgated by the American Academy of Actuaries) and the Code of Professional Conduct to render statements of actuarial opinion in the applicable area of practice.

We are concerned that any attempt at a uniform definition with greater specificity than set forth above would not accurately reflect distinctions among practice areas—life, health, and property and casualty.

***Charge 2: In performance of actuarial work upon which the regulators might rely, recommend a definition of inappropriate or unprofessional actuarial work and recommend a process (which could be an existing process) for regulatory and/or professional organizations’ action(s). If needed, recommend a means of implementation through a model act, regulation or other means.***

As noted in a previous letter to the NAIC,<sup>2</sup> a process already exists for regulators to address inappropriate or unprofessional work by credentialed actuaries. Anyone, including regulators, may file a complaint

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<sup>1</sup> The American Academy of Actuaries is a 17,000-member professional association whose mission is to serve the public and the U.S. actuarial profession. The Academy assists public policymakers on all levels by providing leadership, objective expertise, and actuarial advice on risk and financial security issues. The Academy also sets qualifications, practice, and professionalism standards for actuaries in the United States.

<sup>2</sup> American Academy of Actuaries letter to the NAIC’s Corporate Governance Working Group regarding a comparative analysis of existing U.S. corporate governance requirements (Sept. 28, 2012):  
[http://www.actuary.org/files/Corporate%20Governance%20Comment%20Letter%209%2028%2012.\[eventyyyy\].10.pdf](http://www.actuary.org/files/Corporate%20Governance%20Comment%20Letter%209%2028%2012.[eventyyyy].10.pdf)

concerning a credentialed actuary's work with the Actuarial Board for Counseling and Discipline (ABCD), which has jurisdiction over members of all five U.S.-based actuarial organizations. The ABCD has served the roles of counseling, discipline, complaint resolution, and mediation for the profession for over 20 years. In addition, the Code of Professional Conduct (Code) recognized by the profession already describes inappropriate or unprofessional actuarial work.

The ABCD is responsible for, among other things, reviewing complaints filed by anyone regarding substandard work or violations by credentialed actuaries of the actuarial profession's Code. The ABCD process includes, as appropriate, extensive investigation by experts, evaluation of relevant facts and circumstances, review of the work in question, and notice and hearing procedures in conformity with due process.

Following its investigation and hearing, the ABCD may provide instructive counseling to an actuary or recommend discipline to the actuary's member organization(s) if the ABCD concludes that the subject actuary materially violated any Precepts of the Code, including Actuarial Standards of Practice (ASOPs) and U.S. Qualification Standards. The ABCD has the unique knowledge and expertise to examine actuarial professionalism issues and manage complex investigations and hearings while also ensuring that actuaries' due process rights are preserved.

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As always, the Academy welcomes the opportunity to work with regulators to address concerns, including our ongoing practice of making representatives of the Professionalism Council, the ABCD, the Actuarial Standards Board, and each of the practice-specific councils available to meet with regulators during NAIC meetings to answer questions and discuss any actuarial issues.

Members of the Academy's practice councils will be participating on the subgroup's call on February 13 and will be happy to discuss these comments at that time. If you have any questions, please contact Sheila Kalkunte, the Academy's assistant general counsel ([Kalkunte@actuary.org](mailto:Kalkunte@actuary.org); 202.223.8196).

Sincerely,

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