

July 7, 2021

Committee on Qualifications
American Academy of Actuaries
1850 M St NW, Suite 300
Washington, DC 20036

RE: Second Exposure Draft of the US Qualification Standards

Dear Committee:

First, I would like to commend the Committee for its diligent response to comments on the First Exposure Draft of this important standard for US actuaries. I was impressed with the detail of the transmittal letter and the resulting new draft. I believe all the concerns that I had in the first draft have been addressed in this new draft.

However, I have a concern with the new element added to this Second Exposure Draft. The transmittal letter suggests that several commentators requested that the US Qualification Standard (USQS) clarify that diversity, equity, and inclusion (DE&I) topics count toward professionalism topics and that there should be a DE&I continuing education requirement. In addition, it is noted that “many commentators” urged the Committee to consider how the USQS could be used to address barriers to entry in the profession which the Committee wisely concluded that that is not in the purview of the USQS. In fact, I would argue that any barriers that exist today are for the good of the profession.

The transmittal letter states that FAQ #48 has been amended to clarify the DE&I topics may be considered either general business skills CE or professionalism CE depending on the content. I would agree that this a reasonable change as requested by the commentators.

I disagree that the one-hour requirement of “bias topics” be added to the CE requirements. The new paragraph 2.2.6.b) states that “Bias topics include content that provides knowledge and perspective that assist in identifying and addressing biases that may exist in data, assumptions, algorithms, and models that impact Actuarial Services. Biases may include but are not limited to statistical, cognitive, and social biases.” Isn’t that the basis of actuarial analysis? The long-standing motto of the Society of Actuaries was, “The work of science is to substitute facts for appearances and demonstrations for impressions.” It used to be dominant on their website, but I am not even sure how to find it anymore. From my perspective, all actuarial work will encompass some form of these listed “bias topics” in one form or another so that would imply to me that all CE sessions should qualify as meeting that requirement. And, if that is true, a one-hour requirement is not needed.

Besides my basic argument for not including this new one-hour requirement, the following are added issues this requirement raises:

- Given the relative ambiguity of the requirement, it may be difficult for the actuary to discern whether they have met the requirement in the series of CE sessions they have attended.
- It places extra pressure on CE providers to “make up” sessions that are specifically aimed at meeting this new requirement.
- In most work that actuaries perform, they are not allowed to account for certain biases in data such as age, gender, ethnicity, geography, social status, and disability.
- For those that do work on biases in data, they are mostly academic exercises and academic and research actuaries are a small percentage of working actuaries.
- I could not find the comment letters to the first draft, but I am concerned that the number of commentators requesting these DE&I topics are not large enough to warrant such an addition to all actuaries’ CE requirements.
- At this moment, there are some very heated arguments on the inclusion of “critical race theory” in schools and this addition is touching on those issues.

And, if I understand the language as written, the requirement is at least one hour of bias topics, no limit. So, an actuary could attend a one-week seminar on social biases sponsored by economists at the local college and satisfy all CE requirements.

For the reasons cited above, I suggest that the Committee go back to the original language in the First Exposure Draft for paragraph 2.2.6.

Again, thank you for the diligence of the work on this standard and I look forward to the final statement.

Sincerely,

Dale H. Yamamoto