

Comment 4—7/26/2021—11:14 p.m.

This email presents my comments on the Second Exposure Draft of the Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States including Continuing Education Requirements.

I am sending these comments from my personal email account to emphasize that they are personal and do not necessarily represent the views of my employer or of any actuarial body of which I am a member. I am a Fellow of the Institute of Actuaries (UK), a Fellow of the Society of Actuaries, an Enrolled Actuary, and a Member of the American Academy of Actuaries.

1 Comment Deadline First Paragraph of Cover Letter compared to Appendix 3 item IV

The Comment Deadline of August 20, 2021 is 51 days after the June 30, 2021 Approval Date for Exposure shown on the cover. Appendix 3, part IV states that the comment deadline is normally 60 days after the expected distribution date (which could not reasonably precede the June 30, 2021 approval date), but may be...reduced by the Executive Committee of the Board. Nothing about the exposure draft suggests that it has an urgency that requires a shorter than 60-day comment deadline. The exposure draft contains no explanation for shortening the comment deadline. I encourage the Committee on Qualifications to (a) apologize for the short deadline, (b) extend the deadline to at least 60 days after the actual distribution date of the exposure draft, and (c) explain what procedures led to what appears to be a cavalier disregard for the rules adopted by the Committee to govern its own procedures.

2 Bias Sections 2.2.2 and 2.2.6

Awareness of bias is an intrinsic part of every actuary's work in setting assumptions, reviewing data, and applying methods. Precept 1 and ASOPs on asset methods, assumptions, and data quality all mention bias. Actuaries must comply with that precept and those ASOPs when issuing SAOs. If the profession needs to expand, modify, or emphasize the issue of bias, the first place for such changes should be in the Code of Professional Conduct (Code) and its precepts. While I remain fundamentally opposed to the publication of ASOPs by the ASB, if the profession wishes to reflect changes in the issue of bias, the next most important place for such changes is in proposed changes to the ASOPs or in a proposed new ASOP. A proposed revision to ASOP 1 could achieve any perceived required change to actuarial awareness of bias far better than the proposed revision to the qualification standards. Very recently, Updates of ASOPs that mention bias were exposed for comment; significantly, none of the proposed updates suggested expanding or changing the discussion of bias and as far as I recall, none of the comments criticized the lack of discussion on proposed changes in bias requirements.

I see three problems with the proposal:

First, absent significant bias-related changes to the Code or ASOPs, the revision to the qualification standards represents the tail wagging the dog. It suggests both the ASB and those responsible for the code consider the existing bias requirements adequate. As noted above, recent revisions of ASOPs that mention bias included no proposed changes to their wording on bias and no comments received on such revised ASOPs criticized the current wording on bias; I am unaware of any proposals to change the Code's discussion of bias.

Second, the one-hour requirement, which could be general business skills, has all the appearance of tokenism. If bias issues are important enough to require minimum hours of

continuing education, they merit at least 2 hours. Also, if actuaries are to revise their views on bias-related issues, any worthwhile continuing education must be professionalism, not general business skills. One could, no doubt, construct a general business skills session that dealt with ethics, but such a session would not be an ethics session worth taking to enhance one's actuarial skills. A general business skills session that focused on bias would be unlikely to provide worthwhile continuing education on bias-related topics relevant to the issuance of statements of actuarial opinion.

Third, If the committee included this in an epiphany triggered by recent worldwide protests, the committee should provide some evidence, not only that an unspecified number of people asked for changes in the USQS regarding bias, but also that a reasonable number of actuaries consider current actuarial practice regarding data, assumptions, and methods, as governed by the Code and the ASOPS, was significantly deficient in relation to bias in ways that could better be corrected through USQS rules than by revising Code or ASOP content. Absent evidence of such deficiencies and a rational explanation of why their cure lies in changes to USQS rather than changes to the Code and ASOPs, the proposed requirement seems to be a cure for an ill-defined or nonexistent problem.

3 Requirement to be a current or former Academy member Sections 2.1 d) (1) and 2.1 d) (2)

Section 2.1 d)(1) and 2.1 d)(2) include the wording “and be a current or former member of the Academy.” I protest vehemently at this wording and call for its removal. I see no merit in requiring any actuary to be a current or former member of the Academy to be eligible to issue an SAO and meet appropriate relevant qualification standards. “Current or former” wording suggests a process of grandfathering most current actuaries and imposing current Academy membership on only people who earn their CAS, SOA, or other qualifications in future. An actuary who has met the other requirements of 2.1 d) (1), 2.1 d) (2), or 2.1 d) (3) and who has met the requirements of 2.1 a), b), and c) and 2.2 deserves the right to issue an SAO without also having to be a current or former member of the Academy. The additional requirement of current or former Academy membership fails to enhance the relevant qualifications of anyone who has satisfied the other requirements. The USQS should not be used to require any otherwise qualified actuary to join the Academy.

4 Unnecessary Overlap for Enrolled Actuaries Section 2.2.7

I urge deletion of 2.2.7 Continuing Education for Enrolled Actuaries

Enrolled actuaries have timely met the Joint Board's continuing education requirements since their introduction in 1987, about 14 years before the Academy issued the first USQS. I am unaware of any general current failure of enrolled actuaries to be aware of the requirements and deadlines for maintaining active status. I understand the Joint Board has an efficient process for contacting active enrolled actuaries who have not submitted renewal applications. I am unaware of any general request by EAs that the Committee on Qualifications or the Academy provide a static reminder about such maintenance of active status in the US Qualification Standards. The Academy and the Committee on Qualifications has no authority to intervene in any Joint Board matters; the only status of the Academy in regard to the Joint Board is as a qualifying sponsor of programs that enrolled actuaries can attend to earn relevant core and noncore credit.

Each time an enrolled actuary renews active status, the Joint Board reminds the actuary of the expiry date of that status and the need to satisfy the continuing education requirements by three months before that expiry deadline. At that time, every enrolled actuary can readily

make an Outlook calendar note (or equivalent) to receive appropriately timed reminders of deadlines and other requirements for the next renewal.

The Academy provides no comparable reminder to actuaries with qualifications granted by CAS, SOA, and other actuarial bodies. Section 2.2.7 is incompatible with the Academy's vision or mission.

If section 2.2.7 is retained then section 2.2.8 should clarify that the discussion of carry forward and fractions of an hour counting should emphasize that those rules do not apply to Joint Board requirements for continuing education for enrolled actuaries. It might be better to move section 2.2.8 ahead of 2.2.7.

Best Wishes
Jan Harrington