



April 26, 2023

Pat Gosselin
Chair
Blanks (E) Working Group
National Association of Insurance Commissioners (NAIC)

c/o: Mary Caswell
mcaswell@naic.org

Re: 2023 Blanks Proposal *2023-04BWG* Exposed for Comment

Dear Chair Gosselin:

On behalf of the Committee on Property and Liability Financial Reporting (COPLFR) of the Casualty Practice Council, and the Financial Reporting and Solvency Committee of the Health Practice Council of the American Academy of Actuaries,¹ we appreciate this opportunity to provide comments on the proposed changes described within 2023-04BWG, exposed for public comment by the National Association of Insurance Commissioners (NAIC) Blanks (E) Working Group.

2023-04BWG proposes to “Add instructions for the appointed actuary and qualified actuary contacts to the Jurat electronic only section” in order to “...address any actuarial questions.” The exposure applies to the Instructions for the Annual Statement and Quarterly Statements for Life, Accident & Health/Fraternal, Property/Casualty, and Health blanks.

We note that the term “qualified actuary” as used in the exposure is not applicable to Property/Casualty blanks. Therefore, our comments focus on the Appointed Actuary.

We believe that the exposure is unnecessary and therefore suggest not adopting it for Property/Casualty and Health Annual Statement Instructions. Our rationale and comments for not adopting the exposure follow:

1. Because the Annual Statement already includes the requested contact information, it would be duplicative and unnecessary to repeat this information on the Jurat page.

¹ The American Academy of Actuaries is a 19,500+ member professional association whose mission is to serve the public and the U.S. actuarial profession. For more than 50 years, the Academy has assisted public policymakers 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.

- a. General Interrogatories, item 11 lists the name, address, and affiliation of the Appointed Actuary.
- b. Per the P&C Actuarial Opinion Instructions, the Statement of Actuarial Opinion should conclude with the following:

Signature of Appointed Actuary
Printed name of Appointed Actuary
Employer's name
Address of Appointed Actuary
Telephone number of Appointed Actuary
Email address of Appointed Actuary
Date opinion was rendered

- c. Per the Health Actuarial Opinion Instructions, the Statement of Actuarial Opinion includes all the same items listed above in the P&C opinion, except for employer name and actuary email address. However, the actuary's employer or associated consulting firm is listed in the Identification section of each opinion.
2. The Jurat page lists those who are responsible for the entire Annual Statement. As defined in the Scope section of the Statement of Actuarial Opinion that is filed with the Annual Statement, the responsibility of the Appointed Actuary is much narrower than the full Annual Statement.

In addition, we believe that the exposure is not appropriate and therefore we suggest not adopting it for Property/Casualty and Health Quarterly Statement Instructions. Our rationale and comments for not adopting the exposure follow:

1. The Quarterly Statement does not include a Statement of Actuarial Opinion. Thus, the Appointed Actuary does not have responsibility to evaluate the recorded reserves in the Quarterly Statement(s). Adding the Appointed Actuary name and contact information to the Jurat page would suggest otherwise.
2. As the Appointed Actuary does not have responsibility to evaluate the recorded reserves in the Quarterly Statement(s), the Appointed Actuary may not be the appropriate individual to address regulatory inquiries regarding these reserves.
3. The Appointed Actuary can change midyear. The Annual Statement Actuarial Opinion Instructions, for both P&C and Health, prescribe a process to inform the domiciliary regulator in a timely manner of a change in the Appointed Actuary. Therefore, inclusion on the Jurat page of the Quarterly Statement(s) would not be necessary.

If this exposure moves forward, we request that the application be limited to the Annual Statement. If Quarterly Statements are also included, we request that clarification be added for how reporting on the Jurat page should be handled when the Appointed Actuary changes. Specifically:

1. How should the Jurat page of the Quarterly Statement be completed when the former Appointed Actuary is dismissed but a new actuary is not yet appointed by the filing date of the Quarterly Statement?

2. How should the Jurat page of the Quarterly Statement be completed when the former Appointed Actuary is dismissed and a new actuary is appointed prior to the filing date of the Quarterly Statement? In this situation, the new Appointed Actuary would not yet have signed a Statement of Actuarial Opinion for the company, and further may not have yet performed any work related to evaluation of the company's reserves when the Quarterly Statement is filed.

COPLFR and the Financial Reporting and Solvency Committee appreciate this opportunity to provide comments to the Blanks Working Group. We hope these observations are helpful, and we welcome further discussion. If you have any questions about our comments, please contact Rob Fischer, the Academy's casualty policy analyst, at fischer@actuary.org.

Sincerely,

Stephen Koca, MAAA, FCAS
Chairperson
Committee on Property and Liability Financial Reporting
American Academy of Actuaries

David Hutchins, MAAA, FSA
Chairperson
Financial Reporting and Solvency Committee
American Academy of Actuaries