

Frequently Asked Questions on the U.S. Qualification Standards

Developed and revised by the
Committee on Qualifications of the
American Academy of Actuaries



AMERICAN ACADEMY *of* ACTUARIES

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The American Academy of Actuaries is a professional association with over 18,000 members, 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 qualification, practice, and professionalism standards for actuaries in the United States.

Revised July 2018

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INTRODUCTION

The U.S. Qualification Standards (USQS) define the basic and continuing education and experience requirements for issuing actuarial opinions in the United States. The Academy's Committee on Qualifications (COQ) is responsible for promulgating the USQS and responding to questions about qualifications in the United States. Since the USQS were last revised in 2008, the COQ has received hundreds of questions. The new FAQs contain nearly 50 questions and the COQ's carefully considered responses.

The U.S. Qualification Standards were revised effective Jan. 1, 2008, to broaden their scope and strengthen the CE requirements. The standards were developed by the Academy Committee on Qualifications and approved by the Board of Directors.

GENERAL

1. To whom do the U.S. Qualification Standards (USQS) apply?

The USQS apply to members of the five U.S.-based actuarial organizations who issue Statements of Actuarial Opinion (SAOs) in the United States. The organizations are the American Academy of Actuaries, American Society of Pension Professionals and Actuaries, College of Pension Actuaries (ACOPA), Casualty Actuarial Society (CAS), Conference of Consulting Actuaries (CCA), and Society of Actuaries (SOA). The USQS may also apply to members of other International Actuarial Association bodies (such as the Canadian Institute of Actuaries) who issue SAOs in the U.S. (Section 1) and whose organization requires adherence to the USQS.

Last revised December 2014

2. If a credentialed actuary is working directly under the supervision of another credentialed actuary, does he or she need to meet the requirements of the U.S. Qualification Standards (USQS)?

All actuaries providing any Statement of Actuarial Opinion (SAO), oral or written, in the U.S. in a calendar year must comply with the USQS. Considering the broad definition of an SAO in the USQS, it is highly likely that any actuary performing Actuarial Services will at some point during the course of his or her work issue an oral or written statement that meets the definition of an SAO. To avoid violating Precept 2 of the Code of Professional Conduct, all actuaries performing Actuarial Services in the U.S. should comply with the USQS (Section 1 and Appendix 1).

Last revised December 2014

Note: Capitalized terms are used as defined in the USQS and the Code of Professional Conduct.

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3. Is it possible for an actuary to lose his or her actuarial credential from one or more of the five U.S.-based actuarial organizations by issuing a Statement of Actuarial Opinion (SAO) without meeting the U.S. Qualification Standards (USQS)?

By issuing an SAO without meeting the USQS, an actuary may violate Precept 2 of the Code of Professional Conduct (Code). Violating the Code could ultimately lead to a recommendation of discipline taken by the Actuarial Board for Counseling and Discipline and the actuary's member organizations, including public reprimand, suspension, or expulsion from the appropriate actuarial organizations, causing an actuary to lose his or her credential.

Last revised December 2014

4. To what extent do the U.S. Qualification Standards (USQS) cover non-actuarial services performed by actuaries?

The USQS apply only to actuaries who issue Statements of Actuarial Opinion (SAOs) in the United States. Appendix 1 outlines examples of SAOs and non-SAOs. If an actuary does not issue any SAOs, then the USQS do not apply (Appendix 1).

Last revised December 2014

5. If an actuary residing in the U.S. issues Statements of Actuarial Opinion (SAOs) relied on solely by Principals in other countries, must that actuary comply with the requirements of the U.S. Qualification Standards (USQS)?

The USQS applies to actuaries providing SAOs in the United States. Under Precept 2 this means the actuary "renders actuarial services" in the United States. If an actuary renders actuarial services outside the U.S., he or she must comply with the qualification requirements in the country where his or her SAOs are "being rendered" under Precept 2 of the Code of Professional Conduct. If that country has no qualification standards, the actuary must still comply with Precept 2 of the Code, which states that an actuary shall perform Actuarial Services only when qualified to do so.

Last revised December 2014

6. How do the U.S. Qualification Standards (USQS) affect retired actuaries who are members of any of the five U.S.-based organizations?

Actuaries issuing Statements of Actuarial Opinion in the United States must comply with all of the requirements in the USQS regardless of their status as "retired" (Sections 2 and 3). If an actuary is retired and does not issue any SAOs, then the USQS would not apply to that actuary. However, there are no grace periods in the USQS for retirees, so, if an actuary issues an SAO, even one SAO and even on a "free" basis in the U.S., he or she must meet the USQS including the CE requirements.

Last revised December 2014

Note: Capitalized terms are used as defined in the USQS and the Code of Professional Conduct.

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7. Does an actuary need to include an Acknowledgment of Qualification statement in every actuarial communication, including emails?

Section 5 of the U.S. Qualification Standards (USQS) states that every Statement of Actuarial Opinion should include an appropriate acknowledgement of the actuary's qualifications. ASOP No. 41, *Actuarial Communications*, notes that actuarial communications are often an ongoing and iterative process. As such, it may not be necessary for an actuary to include his or her qualifications in every piece of communication. The Committee has stated that it would be appropriate in a long-term, ongoing relationship with a client or employer that the actuary acknowledge at least once a year that he or she has met the USQS.

Last revised December 2014

AREA OF PRACTICE

8. What qualification standards apply for an actuary issuing Statements of Actuarial Opinion (SAOs) in more than one area of practice?

Section 4.1 provides information for actuaries wishing to become qualified in an area different from their current area of practice. Furthermore, Section 2.3 contains extensive detail on qualification for actuaries issuing opinions in more than one area of practice at the same time. There are significantly different requirements detailed for three different possibilities: opinions based on skills that can be *learned* in multiple areas of practice (Section 2.3.1), opinions that *blend* elements of multiple areas of practice (Section 2.3.2), and opinions issued by the same actuary in *distinct* and non-overlapping areas of practice (Section 2.3.3).

It is important for the actuary to carefully consider these paragraphs when determining whether he or she is qualified under the specific circumstances. Some professional judgment is often required, as circumstances are frequently not clear-cut. After reviewing the text of the U.S. Qualification Standards and these FAQs, an actuary still having difficulty making such a determination may submit a question directly to the Committee on Qualifications.

There are also different Specific Qualification Standards for actuaries providing NAIC Annual Statement opinions in multiple practice areas, such as life and property-casualty. Please see FAQs 18-20 for more information about specific qualification standards.

Last revised December 2014

9. If an actuary is qualified to issue Statements of Actuarial Opinion (SAOs) in an emerging area that later becomes the subject of a Society of Actuaries specialty track,

Note: Capitalized terms are used as defined in the USQS and the Code of Professional Conduct.

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must he or she then meet the specialty track requirements in the General Qualification Standard (Section 2.1) to remain qualified?

An actuary needs to meet the Basic Education and Experience (BEE) requirements only once. If an actuary is currently qualified to issue SAOs in a particular area that has no specialty track, and if the BEE requirements subsequently change (for example, a specialty track is added at some point after the actuary first became qualified to issue such SAOs), the actuary need not meet the Section 2.1 requirements again to be qualified in that area of practice (Section 2.1.2). If an actuary provides SAOs in a new or emerging field not yet recognized by the profession as a practice area and develops experience in that area, and that area subsequently becomes recognized by the profession with formal requirements, the actuary is already deemed qualified under Section 2.1. However, an actuary should consider whether specific qualifications have developed or whether regulatory requirements or other laws further regulate the new or emerging practice area.

Last revised December 2014

10. In section 4.1, Changes in Areas of Actuarial Practice, subsections 4.1.1, General Qualification Standard, and 4.1.2, Specific Qualification Standard, does the clause “that is relevant to Statements of Actuarial Opinion to be issued in the new area of practice” apply to just “obtaining continuing education” or to BOTH “obtaining continuing education” and “meeting the applicable basic education and experience requirement”?

Section 4.1.1 of the U.S. Qualification Standards (USQS) states, “If an actuary changes to an area of actuarial practice where an actuary issuing the Statement of Actuarial Opinion need satisfy only the General Qualification Standard, an actuary must comply with the General Qualification Standard by meeting the applicable basic education and experience requirement and obtaining continuing education that is relevant to Statements of Actuarial Opinion to be issued in the new area of actuarial practice.” Section 4.1.2 contains similar language for the Specific Qualification Standard.

The Committee on Qualifications believes the clause “that is relevant to Statements of Actuarial Opinion to be issued in the new area of practice” applies to both “obtaining continuing education” and “meeting the applicable basic education and experience requirement.” An actuary is required, therefore, to satisfy the basic education and experience requirements applicable to the statements of actuarial opinion (SAOs) the actuary intends to issue in the new practice area.

An actuary should review carefully the requirements under section 2.1 with respect to the new area of practice to determine whether they have satisfied the applicable qualification standards. When considering what is needed to become qualified in the new area of practice, an actuary should keep in mind that some of the actuary’s existing education and experience may help to qualify the actuary in the new area of practice. The basic education requirement does not require an actuary to take additional examinations in the new area of practice, although an actuary may wish to do so.

Note: Capitalized terms are used as defined in the USQS and the Code of Professional Conduct.

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An actuary intending to issue an SAO for which the Specific Qualification Standards have been adopted should review the “additional specific knowledge requirements” outlined in section 3.1 and the provision for “Alternative Basic Education” in 3.1.2. The experience and continuing education requirements of the Specific Qualification Standards are set forth in sections 3.2 and 3.3.

Last revised October 2016

11. How do the continuing education (CE) requirements of the U.S. Qualification Standards (USQS) affect enrolled actuaries?

Enrolled actuaries, who are also members of one or more of the five U.S.-based actuarial organizations, who issue Statements of Actuarial Opinion (SAOs) must satisfy the USQS CE requirements except in the event that the enrolled actuary issues only SAOs related to Form 5500 Schedule B certification and other ERISA forms. Enrolled actuaries who issue only Schedule B certification and other ERISA forms are encouraged to comply with the USQS (Section 2.2.8). Enrolled Actuaries are required to comply with the CE requirements issued by the Joint Board for the Enrollment of Actuaries.

Last revised December 2014

STATEMENT OF ACTUARIAL OPINION

12. Under the U.S. Qualification Standards (USQS), what constitutes a Statement of Actuarial Opinion (SAO), in the case of both private sector and public sector actuaries?

For purposes of the USQS, an SAO is “an opinion expressed by an actuary in the course of performing Actuarial Services and intended by that actuary to be relied upon by the person or organization to which the opinion is addressed” (Section 1).

“Actuarial Services” are defined in the Code of Professional Conduct as “Professional services provided to a Principal [client or employer] by an individual acting in the capacity of an actuary. Such services include the rendering of advice, recommendations, findings, or opinions based upon actuarial considerations.”

Appendix 1 to the USQS describes SAOs and lists examples of commonly issued opinions and work products and whether or not they are SAOs. Appendix 1, Section III, also describes generally what types of actuarial work involving government or other public sector actuaries may be considered SAOs.

Last revised December 2014

Note: Capitalized terms are used as defined in the USQS and the Code of Professional Conduct.

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13. Is an opinion that was considered a Prescribed Statement of Actuarial Opinion (PSAO) under the prior qualification standards effective in 2001 now considered a Statement of Actuarial Opinion (SAO)?

The term SAO includes PSAOs but also includes many more types of actuarial opinions, as demonstrated by the variety of examples shown in Appendix 1.

Last revised December 2014

14. Is it possible to designate a communication as “not a Statement of Actuarial Opinion” by marking it as such, or by marking it “draft”?

Although the U.S. Qualification Standards (USQS) contemplates some situations where it may be possible for an actuary to label an SAO a “draft” for purposes of the Principal’s expectation and reliance, great care must be taken not to try to strain interpretations of what a reasonable Principal would consider an SAO regardless of the word “draft” on an opinion. Appendix 1 of the USQS contains more detailed information on this subject. An actuarial opinion is defined by its contents and the reliance intended to be placed upon it, not by an arbitrary label applied by the actuary who produced it.

The USQS define a Statement of Actuarial Opinion (SAO) as “an *opinion expressed by an actuary* in the course of performing Actuarial Services and *intended by that actuary to be relied upon* by the person or organization to which the opinion is addressed” (the Principal) [emphasis added] (Section 1).

Appendix 1 of the USQS provides extensive further clarification that effectively narrows the ability of actuaries to restrict communications in the ways proposed. A draft opinion provided to a Principal typically “is an SAO unless ... clearly marked that it should not be relied upon.” However, “if there is a reasonable likelihood that the Principal will rely on the draft regardless of intent, that is an indication that the draft is an SAO.” Further, “if the Principal is not subsequently sent a final report ... that is an indication that the draft report is an SAO.” Appendix 1 includes additional examples to guide practitioners in individual cases.

Last revised December 2014

15. In determining whether a particular Actuarial Service is a Statement of Actuarial Opinion (SAO), how should gray areas be interpreted?

The definition of an SAO in the U.S. Qualification Standards (USQS) is very broad, and it is likely that many actuarial communications fall under the definition of an SAO. Actuaries are reminded that if they issue just one SAO in a calendar year, they need to comply with the USQS. The combination of the broad definition of an SAO and the fact that issuing just one SAO requires compliance means that most actuaries performing Actuarial Services in the U.S. will need to comply with the USQS (Section 1 and Appendix 1). As such, the Committee recommends that practicing actuaries endeavor to meet the USQS rather than

Note: Capitalized terms are used as defined in the USQS and the Code of Professional Conduct.

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expending time and energy trying to find interpretations that support exemption from the USQS.

Last revised December 2014

- 16. If an actuary who meets the Casualty Actuarial Society’s or the Society of Actuaries’ continuing professional development (CPD) requirements for issuing Statements of Actuarial Opinion (SAOs) outside the U.S. begins to perform Actuarial Services in the U.S., can this person render SAOs in the U.S. even though they have not yet completed the requirements of the U.S. Qualification Standards (USQS)?**

No. Actuaries must comply with the USQS before issuing their first SAO in the United States (Section 1 and Appendix 1). There are differences between the CAS and SOA CPD requirements and the USQS continuing education requirements, and therefore it is important to note that any actuary credentialed by any of the five U.S.-based actuarial organizations that issue SAOs in the U.S. **must** meet the USQS prior to providing SAOs. An actuary does not need to be a member of the American Academy of Actuaries to be required to adhere to the USQS. See the following infographic for short description of the USQS: <http://www.actuary.org/files/imce/CE%20infographic%20final%20revised%207-22-14.pdf>.

Last revised December 2014

- 17. Which of the following situations are Statements of Actuarial Opinion (SAOs)?**

A: When an actuary is asked, “What is the health care trend you have experienced for your commercial business?” and he or she replies, “10%.”

B: When an actuary is asked, “What is the expected health care trend for your commercial business for next year?” and he or she replies, “10%.”

Situation A is not an SAO, assuming the actuary's reply is based on compiled data alone without any actuarial considerations.

Situation B generally involves actuarial considerations and would be an SAO.

(Section 1 and Appendix 1)

Last revised December 2014

- 18. If an actuary creates a software tool that another actuary uses to form an actuarial opinion, is the actuary who created the tool also issuing a Statement of Actuarial Opinion (SAO)?**

No. A software tool would be similar to a computer program, which is referenced in the U.S. Qualification Standards Appendix 1, Part II, Section D, as a communication that is not

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an SAO when used alone without an opinion about what the results suggest (Section 1 and Appendix 1).

Last revised December 2014

SPECIFIC QUALIFICATION STANDARDS

- 19. With regard to the Specific Qualification requirements, do the three years of experience need to be obtained while working directly under a qualified actuary who signs the applicable annual statement actuarial opinion?**

Per section 3.2, the three years of experience must have been under review by an actuary who was qualified to issue the SAO at the time the review took place under the standards in effect at the time. There is no requirement to work “directly under” the qualified actuary, but the qualified actuary must have reviewed the actuary’s work and must have been appropriately qualified “at the time the review took place.” The USQS does not require the reviewing actuary to have actually issued the opinion, so long as he or she was qualified to do so at the time of review.

Last revised October 2016

- 20. If an actuary signs an NAIC Statement of Actuarial Opinion (SAO) for both a life insurance company and a property and casualty company, what specific continuing education (CE) requirements apply?**

Section 3 of the U.S. Qualification Standards (USQS) requires signers of NAIC SAOs to satisfy at least 15 hours on topics specific to the type of NAIC statement being issued (see Section 3.1.1) and that 6 of the 15 CE hours be organized. For an actuary signing different types of NAIC SAOs, there is no provision in the USQS that suggests that the requirements can be combined. In this situation, the actuary would need to satisfy the 15/6 CE requirement for each NAIC statement type. However, some CE could count for more than one type of SAO (Section 3). Note that under Section 3, the actuary must also comply with the general qualification standards, including a total of 30 CE hours annually. And, of course, actuaries must also meet the basic education, exam, and experience requirements of Section 3.

Last revised December 2014

- 21. Do the Specific Qualification Standards require 15 continuing education (CE) hours a year in addition to the 30 hours required by the General Qualification Standard?**

No. The 15 CE hours required by the Specific Qualification Standards may be applied to the 30-hour annual CE requirement in the General Qualification Standard. Actuaries should remember, however, that 15 hours are required for **each** specific qualification. That is, if an actuary signs a NAIC Life Statement and a Health Statement, he or she will need 15 CE hours on topics related to the Life Statement and an additional 15 CE hours for the Health

Note: Capitalized terms are used as defined in the USQS and the Code of Professional Conduct.

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Statement. However, some CE could count for more than one type of SAO (Sections 2.2.5 and 3.3).

Last revised December 2014

22. Can a session on professionalism count toward the Specific Qualification requirements of Section 3 of the U.S. Qualification Standards (USQS) for signing an NAIC opinion?

Section 3.1.1 of the USQS lists the topics that must be considered for the Specific Qualification basic and continuing education requirements. Although professionalism is not one of the topics listed, a course may include material that covers both professionalism and at least one of the topics in Section 3.1.1 (Section 3.3 and Section 3.1.1).

Each actuary should make a good-faith determination whether a course on professionalism meets the requirements of 3.1.1. The Committee on Qualifications encourages actuaries to obtain at least some of their professionalism hours by reviewing the Code of Professional Conduct, actuarial standards of practice, and the USQS.

Last revised December 2014

CONTINUING EDUCATION

General Continuing Education

23. How much continuing education (CE) is required under the U.S. Qualification Standards (USQS)?

30 relevant CE hours usually earned in the previous calendar year are required (Section 2.2.2).

The U.S. Qualification Standards include a description of what is considered “relevant continuing education.” Ultimately it is an actuary’s responsibility to make a reasonable, good-faith determination of what CE opportunities will enhance his or her ability to practice in a desired field (Section 2.2.7).

Last revised December 2014

24. How are continuing education (CE) hours calculated?

50 minutes of participation equals 1 CE hour (Section 2.2.9).

Last revised December 2014

Note: Capitalized terms are used as defined in the USQS and the Code of Professional Conduct.

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25. Does the continuing education (CE) requirement include limitations on the topics covered?

Each year, an actuary must earn CE that includes at least 3 CE hours on professionalism topics, 6 CE hours on organized activities, and no more than 3 CE hours on general business topics (note that the USQS do not require any general business hours). If the actuary needs to comply with the Specific Qualification Standards in Section 3, then the actuary must have at least 15 CE hours that are directly relevant to the topics covered in Section 3.1.1 (Sections 2.2.2, 2.2.9, and 3.3).

Last revised December 2014

26. Is there any flexibility in the calendar-year continuing education (CE) requirement?

Yes. The 30-hour requirement will usually be met in the calendar year before the year the Statement of Actuarial Opinion (SAO) is issued. If an actuary has fewer than 30 hours of relevant CE from the preceding year, he or she can make up the shortfall in the current year. However, no SAOs can be issued prior to those hours being earned, and those hours do not count toward the CE requirement for the current year (Section 2.2.2).

Last revised December 2014

27. Can continuing education (CE) hours be carried over from one year to the next?

Yes. Section 2.2.9 of the U.S. Qualification Standards allows excess CE hours earned in one year to be carried forward to the immediately following year.

For example, if an actuary earns 31 hours of CE in 2013 for the 2014 qualification year, then the actuary may carry over 1 hour to 2014 for the 2015 qualification year.

However, for an actuary to carry over professionalism hours, organized hours, or specific qualification hours, the actuary must have more than 30 hours in total *and* more hours than needed for a specific type of hours.

Last revised December 2014

28. What information should an actuary maintain as evidence of compliance with the continuing education (CE) requirements of the U.S. Qualification Standards (USQS)?

Actuaries may face situations where their CE qualifications are audited or reviewed by third parties, such as regulators, attorneys in litigation, the Actuarial Board for Counseling and Discipline (or other disciplinary bodies to which the actuary is subject), or other organizations of which the actuary is a member. Section 6.1 of the USQS sets forth recommended recordkeeping of CE; however, the method of recordkeeping is ultimately up to the individual actuary. Section 6.1 recommends at a minimum documenting the date of the CE, the hours earned, and a brief description of the subject matter.

Note: Capitalized terms are used as defined in the USQS and the Code of Professional Conduct.

FAQs on the U.S. Qualification Standards

Section 6.2 describes recommended materials that an actuary should retain in case of an audit. These materials include certificates of attendance (if available), meeting outlines or handouts, registration materials, and notes (in the case of “other activities”). It is up to the actuary to use his or her judgment in determining what best exemplifies compliance with the CE requirements given the circumstances of the event.

[TRACE](#), a tool on the American Academy of Actuaries website, may be used to track hours (Section 6).

Last revised December 2014

29. If an actuary recently became a member of one of the five U.S.-based actuarial organizations, when does that actuary need to comply with the requirements of the U.S. Qualification Standards (USQS)? Does continuing education (CE) earned prior to becoming credentialed count toward this requirement?

Once an actuary becomes a member of *any* of the five U.S.-based actuarial organizations (not just the American Academy of Actuaries), he or she must comply with all of the requirements of the U.S. Qualification Standards *before issuing any Statement of Actuarial Opinion (SAO) to be relied upon in the United States*. It is wise for candidates to plan ahead when they are close to qualification if they intend to issue SAOs shortly after receiving their credential.

CE earned during a calendar year typically qualifies the actuary for opinions issued during the subsequent calendar year. **There are no CE “grace periods” for new members in the USQS.** Section 2.2.4 specifies that an actuary may count hours earned *before* being credentialed, as long as the time was earned since the beginning of the *prior* calendar year. Section 2.2.2 further allows time spent in the *current* year to be “carried back” one year to make up for shortfalls, as long as the total 30 hours is earned before issuing an SAO. An example will clarify the implications of this (Sections 2.2.2 and 2.2.4).

An actuary receives his first actuarial practice credential (in this example, becomes an Associate of the Society of Actuaries [ASA]) in July 2014. He meets the basic education and experience requirements to issue an SAO in October 2014. He wants to ensure his compliance with the CE requirement as well.

When calculating his CE hours, he is allowed to count all the hours earned in 2013, and in 2014 up until the date of the October 2014 opinion, in determining his qualification to issue that opinion. This time can be earned before or after his qualification, but not before 2013. As per Section 2.2.7, time spent studying (reasonable allocated time) for relevant actuarial exams can also be included in this count as “Other Activities.” Time that this ASA spends in September 2014 studying for a Fellowship exam can also be counted, even if the studying did not result in a passing grade (Section 2.2.7).

Note: Capitalized terms are used as defined in the USQS and the Code of Professional Conduct.

FAQs on the U.S. Qualification Standards

However, any 2014 CE time that the actuary uses to qualify for his 2014 opinion cannot also be used for his 2015 opinions. He will need to earn *another* 30 hours of CE—normally during the remainder of 2014—to issue opinions in 2015.

Last revised December 2014

Relevant Continuing Education

30. If an actuary attends a 90-minute session and finds only 60 minutes relevant or the session ends early, does the actuary count only 60 minutes toward continuing education (CE)?

Each actuary must determine how much, if any, of a particular session counts as relevant CE. The total number of hours as defined in the U.S. Qualification Standards (USQS) of “relevant” CE cannot exceed the actual number of hours a session lasts, as defined in the USQS (Section 2.2.9). If an individual actuary determined that only 60 of 90 minutes of an event constituted “relevant continuing education” as described in Section 2.2.7, then that is the amount he or she should note in his or her CE records.

Last revised December 2014

31. What continuing education (CE) topics would be considered “business and consulting skills”?

Section 2.2.7 describes what topics, if they are also relevant, might count as business and consulting skills. Technical skills improvement courses and software training may count as general business as long as they are relevant. Relevant CE categorized as business and consulting skills is limited to 3 hours per year (Section 2.2.7 and 2.2.9).

Last revised December 2014

32. Would time spent on current events in pertinent trade journals or other periodicals (for example *Contingencies* or *The Wall Street Journal*) qualify as “other continuing education”?

Time spent reading such materials may count as continuing education if they are relevant to rendering an actuarial opinion in the areas in which the actuary will practice in the effective period (Section 2.2.7).

Each actuary will need to determine whether the material is relevant to his or her area of practice based upon his or her individual circumstances.

Last revised December 2014

Note: Capitalized terms are used as defined in the USQS and the Code of Professional Conduct.

FAQs on the U.S. Qualification Standards

33. Is “on the job” learning considered continuing education (CE)?

Continuing education is learning that is acquired during time that was specifically allocated by the actuary and expected in advance by the actuary to be “Relevant Continuing Education” (as defined in the U.S. Qualification Standards Section 2.2.7). Incidental learning acquired largely in the context of fulfilling the actuary’s day-to-day responsibilities (i.e., learning that is acquired without the specific allocation of time and the expectation in advance to produce new learning) would not satisfy the requirements of the USQS for “Relevant Continuing Education.”

As an example of the difference, an actuary who is responsible for calculating statutory reserves sets aside time to review the applicable laws and regulations, study appropriate methodologies, or read recent articles about economic conditions for purposes of selecting assumptions before performing this task.

- The time the actuary spends on the *planned* review, study, or reading *could* qualify (at least partially) as Relevant Continuing Education.
- The time spent actually performing this task (calculating statutory reserves, attending business meetings to discuss results, or peer reviewing results) would not qualify as Relevant Continuing Education.

Additional features that may help to document time for CE credit include, but are not limited to, the actuary’s having a prepared agenda, the actuary retaining notes taken during the allocated time, or the actuary retaining specific records of texts, materials, or articles reviewed or topics discussed.

Last revised November 2015

34. How does committee work, such as exam committee work, count toward continuing education (CE) requirements? Is any of it considered “organized”?

Although most actuarial volunteer committees and activities involve a component of time that is administrative in nature, many contain elements of CE as well. Actuaries may count the portion of their committee work that is “directly relevant to the area of practice of the subject of the Statement of Actuarial Opinion” as CE (Section 2.2.7). An actuary should not count administrative time as CE. If a particular meeting or phone call is partially CE and partially administrative, the actuary should make a good-faith effort to determine the portion of the time that is CE.

The portion of committee work that is CE can be further divided into organized and other activities. CE that affords the actuary the opportunity to interact with actuaries from other organizations may be considered organized. The portion that does not afford the opportunity to interact in this way is considered other activities.

An individual on an exam committee should first make a good-faith attempt to assess the applicability and relevance of the committee work to the subject of the Statement of

Note: Capitalized terms are used as defined in the USQS and the Code of Professional Conduct.

FAQs on the U.S. Qualification Standards

Actuarial Opinion to determine whether it qualifies as CE. Section 2.2.7 specifically states that drafting relevant exam questions could be considered “other activities.” The actuary might further conclude that attending a Question Writer’s Seminar was relevant “organized activity,” but that time spent grading exam responses, or serving on a Pass Mark Panel, was administrative and therefore not CE.

Last revised December 2014

35. Is there a limit to the maximum hours spent studying for actuarial exams that can be counted as annual continuing education (CE)?

Under the U.S. Qualification Standards (USQS), an actuary may count all of the actual time spent studying for actuarial exams toward his or her annual CE requirements (using a 50 minute = 1 CE hour calculation), typically under the “other activities” component. Please keep in mind that excess CE hours may be rolled over for only **one year** and that at least 6 CE hours from “organized activities” and 3 CE hours on professionalism topics must be earned annually. Therefore, an actuary who earned 100 CE hours from studying in 2013 may count that toward the 24 hours of “other activities” CE for 2013 (but will still need 6 hours of organized activity CE) and may roll over the excess toward the required 24 hours of “other activities” CE for 2014 (Sections 2.2.2, 2.2.7, and 2.2.9). It is also important for actuaries to consider whether their assessment of time on any self-study activity would be considered “reasonable” by someone auditing their CE.

Last revised December 2014

36. Does studying for Chartered Property Casualty Underwriter (CPCU) or Chartered Financial Analyst (CFA) exams qualify as continuing education (CE)?

Each actuary must make a “reasonable, good-faith determination” of what CE opportunities will enhance the actuary’s ability to practice in a desired field. Examples are given in the U.S. Qualification Standards (USQS) but do not specifically address CPCU and CFA (Section 2.2.7).

The USQS states that CE must be “relevant.” This requirement is satisfied if the continuing education

- (1) broadens or deepens an actuary’s understanding of one or more aspects of the work an actuary does;
- (2) expands an actuary’s knowledge of practice in related disciplines that bear directly on an actuary’s work; or
- (3) facilitates an actuary’s entry into a new area of practice.

If studying for CPCU or CFA meets the above analysis then it may be considered to constitute CE.

Last revised December 2014

Note: Capitalized terms are used as defined in the USQS and the Code of Professional Conduct.

FAQs on the U.S. Qualification Standards

37. Is Canadian or other non-U.S. continuing education (CE) considered relevant for the U.S. Qualification Standards (USQS)?

The decision whether an activity is “relevant” depends on each actuary specifically and must be made on a case-by-case basis (Section 2.2.7). If the Canadian CE is relevant to the actuary’s U.S. practice, it may be appropriate to include it as U.S. CE as well. Note that it is possible for such time to be used to meet both the Canadian Institute of Actuaries’ CE requirement and the U.S. CE requirement, as long as all of the conditions in the USQS are met. If the CE event is designed to satisfy only Canadian statutory filing requirements that would not be applicable in the U.S., the actuary should consider this carefully in assessing whether the event meets the definition of relevant CE for U.S. work.

Last revised December 2014

38. Does the Committee on Qualifications have any further suggestions to help actuaries determine what constitutes “relevant continuing education” (CE) under Section 2.2.7 of the U.S. Qualification Standards (USQS), particularly in the context of presenters or faculty at sessions or seminars?

As noted in Section 2.2.7 of the USQS, it is ultimately up to the individual actuary to determine on a good-faith basis what CE opportunities meet the definition of relevant CE. However, the Committee on Qualifications has provided the following advice at various webcasts and seminars: Activities (whether organized or other) may constitute relevant CE if the actuary learned something, intended to learn something, or confirmed his or her existing understanding of materials related to his or her current or future actuarial work.

This advice should also be considered in the context of teaching actuarial courses or presenting at seminars. Teaching or presenting may not necessarily result in an opportunity by the presenter to earn relevant CE if the nature of the presentation does not allow the presenter the opportunity to discuss with and learn from others in attendance. Note that time spent preparing for the presentation might still qualify as relevant CE. If an actuary is teaching the same subject matter repeatedly, the actuary, as the teacher, may be stretching the bounds of reasonable if he or she recorded the time as relevant CE without gaining or confirming any knowledge.

Last revised December 2014

Organized Activity Continuing Education

39. How much of the continuing education (CE) is required to be an “organized activity”?

At least 6 CE hours per year must be from “organized activities” that involve interaction with actuaries or other professionals working for different organizations (Sections 2.2.2 and 2.2.7).

Last revised December 2014

Note: Capitalized terms are used as defined in the USQS and the Code of Professional Conduct.

FAQs on the U.S. Qualification Standards

- 40. Do webinars and e-learning, such as Society of Actuaries' online modules, count as "organized activities"? Suppose an "actuarial community" held a conference call, with two presenters and live interaction among the actuaries on the call. Does this constitute an "organized activity"?**

The participation in *live webinars* that include participation of actuaries from different organizations would be considered an organized activity under the USQS, because actuaries from other organizations are participating in the question-and-answer part of the webinar. *Recorded* webinars and self-study through e-modules would be considered an "other activity" since they do not include the potential for real-time interaction of the actuary with other actuaries or professionals.

Presentation/interaction by members of an "actuarial community" via teleconference would be considered an organized activity since there is live interaction between actuaries or other professionals of different organizations, presuming the subject matter being discussed is relevant CE (Section 2.2.7).

Last revised December 2014

- 41. Do the following count (a) as relevant continuing education (CE) and (b) as "organized" activities:**

- 1) An actuarial exam in-person seminar.**
- 2) Studying for actuarial exams.**
- 3) Taking an actuarial exam.**

- 1) (a) Yes. In general, taking actuarial exams seminars count as relevant CE and (b) such actuarial exam seminar would count as "organized" CE as long as the exam seminar involves live interaction among participants from different organizations.
- 2) (a) Yes. In general, studying for actuarial exams are considered relevant CE and (b) no, studying for such exams are considered self-study and count as "other activity" CE under the USQS.
- 3) (a) and (b) No. The exam time itself is not considered relevant CE or organized activity, since it does not broaden or deepen the actuary's knowledge (consistent with the definition in section 2.2.7), as does studying or attending seminars. Rather, taking an actuarial exam illustrates to others your understanding of actuarial work.

Whether an exam attempt is successful has no impact on the foregoing discussion. (Section 2.2.7)

Last revised December 2014

Note: Capitalized terms are used as defined in the USQS and the Code of Professional Conduct.

FAQs on the U.S. Qualification Standards

42. Can in-house meetings qualify as an “organized” continuing education (CE) activity?

For in-house meeting time to count as an “organized activity,” an outside participant (from a different organization, not just an affiliate of your organization) must actively participate and be available for questions throughout the event (Section 2.2.7).

Last revised December 2014

43. Does a foreign branch of a multinational company constitute a “different organization” for purposes of interacting with other actuaries from different organizations?

No. In receiving relevant continuing education, it is important that actuaries be exposed to information from various sources in order to broaden their understanding of the subject matter. Points of view from within the same organization, even if multinational, do not provide the required broad perspective (Section 2.2.7).

Last revised December 2014

44. If an actuary has lunch with an actuary from another organization and they discuss current actuarial issues, does this qualify as an “organized activity” under the U.S. Qualification Standards?

Probably not. Lunch with a colleague from another firm where actuarial matters are briefly discussed would not count as organized activity even if the subject matter provided both parties relevant continuing education (CE). However, there is no prohibition against a study group meeting over lunch to provide CE and counting that as CE.

Actuaries are encouraged to use good and reasonable judgment when distinguishing between a casual lunch and study group. Factors to consider are as follows:

- The purpose of the lunch
- Whether an agenda was distributed before the meeting
- The amount of preparation
- The percentage of the meeting spent on CE compared to other discussions

(Section 2.2.7)

Last revised December 2014

FAQs on the U.S. Qualification Standards

Professionalism CE

45. What kinds of continuing education (CE) are considered professionalism CE hours under the U.S. Qualification Standards (USQS)?

Professionalism CE involves such topics as actuarial discipline, actuarial communication, the Code of Professional Conduct, actuarial standards of practice (ASOPs), and qualification standards. Such CE includes, but is not limited to, studying, reviewing, or commenting on an ASOP or an ASOP exposure draft; studying or reviewing the Code of Professional Conduct; and serving on any professionalism board or committee, such as the Actuarial Standards Board, the Actuarial Board for Counseling and Discipline, the Committee on Qualifications, the Life and Health Qualifications Seminar Committee, or any number of other professionalism committees to which actuaries volunteer their time and resources. In addition, reviewing topics that involve business ethics similar to conflict of interest or similar principles may count toward professionalism CE. The Committee on Qualifications encourages actuaries to obtain at least some of their professionalism hours by reviewing the Code of Professional Conduct, ASOPs, and the USQS annually (Section 2.2.7). Keep in mind that topics that improve one's "professionalism" such as communication skills or presentation skills, while useful, do not constitute professionalism under the USQS, although they may count as general business skills, which are capped at 3 CE hours annually.

Last revised December 2014

46. Can 3 hours of organized continuing education (CE) about professionalism count as meeting the professionalism requirement and also count as 3 hours of the 6 organized hours required?

Yes. CE time can be counted toward multiple requirements as long as it meets the conditions for each of the requirements. Actuaries must still have a minimum of 30 CE hours annually (Sections 2.2.2, 2.2.6, 2.2.7, and 3.3).

Last revised December 2014

47. In the U.S. Qualification Standards, reading actuarial standards of practice is included as an example of professionalism. Are activities related to learning or reading practice notes or NAIC Actuarial Guidelines considered professionalism?

Generally no, because they typically address technical and compliance issues, rather than professionalism, which means they may count toward the general 30 CE hours as relevant CE but may not count as professionalism (Section 2.2.7). In some cases, however, they could be considered professionalism.

The actuary will need to make case-by-case judgment based on the content of the specific material.

Last revised December 2014

Note: Capitalized terms are used as defined in the USQS and the Code of Professional Conduct.

FAQs on the U.S. Qualification Standards

48. Would my company’s sessions on ethics and diversity qualify as “professionalism” under the U.S. Qualification Standards (USQS)?

The USQS provides examples of professionalism that include activities involving the Code of Professional Conduct, qualifications, and actuarial standards of practice (ASOPs). The Committee on Qualifications encourages actuaries to obtain at least some of their professionalism hours by reviewing the Code of Professional Conduct, ASOPs, and USQS.

Business ethics courses are closely aligned to professional conduct and might count as professionalism. On the other hand, diversity training would likely better fit the examples for business and consulting skills, which are capped at 3 CE hours annually (Section 2.2.7 and 2.2.9).

Last revised December 2014

PRINCIPLE-BASED RESERVES QUALIFICATIONS

49. What are the minimum requirements an actuary should consider to be qualified to render opinions related to principle-based reserves (PBR) under the U.S. Qualification Standards (USQS)?

A credentialed actuary who issues a PBR Statement of Actuarial Opinion (SAO) when providing Actuarial Services must satisfy the requirements contained in the USQS. Some of the primary requirements that an actuary should consider are listed below:

- 1) The actuary must first meet the Basic Education and Experience Requirements for the primary practice area(s) in which the actuary intends to provide an SAO. For instance, if the actuary will be rendering a PBR SAO regarding life insurance, the actuary must be a fully qualified member of an International Actuarial Association (IAA)-member organization, have three years of responsible actuarial experience, and be knowledgeable of the Law applicable to the SAO (See Section 2.1 of the USQS).

Additionally, since this hypothetical opinion regards life insurance, the actuary must have:

- Attained the highest level designation in the U.S.-based organization that has a life specialty track, which is currently the SOA, and have completed the life specialty track,
- Attained the highest level designation in an IAA-full member organization and have obtained at least one year of responsible actuarial experience in the life practice area under the review of another actuary qualified to render life insurance SAOs, or

Note: Capitalized terms are used as defined in the USQS and the Code of Professional Conduct.

FAQs on the U.S. Qualification Standards

- Obtained a minimum of three years of responsible actuarial experience under the review of another actuary qualified to render life insurance SAOs.
- 2) Consistent with Section 2.1 of the USQS, the actuary must be familiar with the Law applicable to PBR Statements of Actuarial Opinion. Per the Code of Professional Conduct, “Law” is defined to include statutes, regulations, judicial decisions, and other statements having legally binding authority. Examples of such law pertinent to PBR are the applicable NAIC Valuation Manual and the revised Standard Valuation Law.
 - 3) If the area of practice to which the SAO applies is new to the actuary, then USQS Section 4 must be met.
 - 4) If the SAO involves one of the Specific Qualification Standards SAOs, namely, the actuary is signing an NAIC Annual Statement opinion, the actuary must meet the requirements of Section 3 of the USQS as well.

Section 3.3 regarding the NAIC annual statement opinion requires actuaries to have a minimum of 15 CE hours on topics related to the NAIC annual statement opinion, which in the case of life includes in Section 3.1.1.1 “... (f) valuation and nonforfeiture laws,” and therefore requires CE on the PBR valuation law, among other things.

- 5) Per USQS Section 2.2, actuaries must remain current in relevant, emerging advancements in actuarial practice and science that are relevant to the Actuarial Services (as defined in the Code of Professional Conduct) they provide. This section involves keeping up to date on continuing education relevant to an actuary’s practice.

In the case of PBR, a sample of source material for those advancements is listed on the Academy website, on the [Principles-Based Approach \(PBA\) Project](#) page.

Last revised March 2015

QUALIFICATIONS FOR BLENDED OPINIONS

- 50. How does an actuary meet the qualification requirements to issue statements of actuarial opinion (SAOs) that blend elements of two or more areas of actuarial practice? What qualification requirements apply when the blended SAO involves the review of or relies upon the work or opinion of another actuary?**

Two examples of such “blended opinions” are long-term care (LTC) opinions, which typically blend elements of life and health, and other postemployment benefits (OPEB), which often blend pension and health. A credentialed actuary who issues a blended opinion when providing Actuarial Services must satisfy the requirements contained in the U.S. Qualification Standards (USQS) as follows:

Note: Capitalized terms are used as defined in the USQS and the Code of Professional Conduct.

FAQs on the U.S. Qualification Standards

- 1) USQS section 2.3.2, *Statements of Actuarial Opinion that Blend Elements of Two or More Areas of Actuarial Practice*, provides the proper guidance regarding the qualifications required for an actuary to issue a blended opinion.
- 2) Section 2.3.2 acknowledges that an actuary who is fully qualified in one area of actuarial practice (for example, pension) may acquire sufficient expertise in another area of actuarial practice, namely the other “blended” area (for example, health), through continuing education (CE) provided that the CE includes material in “all areas of actuarial practice relevant to the SAO.” Each actuary must determine the chosen CE’s relevance to the area of practice. In the example mentioned in this paragraph, the actuary is expected to have sufficient CE related to health, the “blended” area of practice in the example. “Relevant” for the purpose of the USQS is defined in USQS section 2.2.7. An actuary who issues a blended opinion should ensure that some of the actuary’s CE relates specifically to the subject of the opinion.
- 3) An actuary who issues a blended opinion must be mindful of the guidance in USQS section 2.3.2, which states, “An actuary may find it prudent to work with an actuary with complementary experience and education ...” An actuary who intends to issue a **joint** opinion with another actuary (as opposed to a blended opinion issued by a single actuary) should refer to USQS section 2.4, *Statements of Actuarial Opinion Issued by More Than One Actuary*. An actuary should also refer to the guidance in ASOP No. 41, *Actuarial Communications*, concerning responsibility for opinions.
- 4) An actuary qualified in one practice area may wish to issue a blended opinion and state reliance on an actuary qualified in the other practice area, without issuing that opinion with another actuary (joint opinions are described in USQS section 2.4). For example, in issuing an OPEB opinion, an actuary qualified in the pension area may wish to state reliance on the work performed by an actuary qualified to issue an SAO in the health area. To be the sole issuer of the SAO, the actuary issuing the SAO (in this example, the pension actuary) must be qualified to professionally assess the appropriateness of the information or results provided by the second actuary (in this example, the health actuary). In meeting the USQS requirement of at least 30 hours of annual CE, the issuing actuary must include a reasonable combination of relevant CE for all areas of the SAO (in this example, both pension and health). The issuing actuary may consider the amount and type of input received from the second actuary in deciding how much of each type of relevant CE the issuing actuary needs.

Last revised July 2018

FAQs on the U.S. Qualification Standards

51. What are the minimum requirements an actuary should consider to be qualified to render opinions related to Long-Term Care Policies under the U.S. Qualification Standards (USQS)?

Pricing and reserving for Long-Term Care (LTC) policies typically involve aspects of both life insurance and health insurance. An actuary may find that the initial and renewal rate filings and reserving are inter-related and may require specific actuarial opinions for LTC policies.

A credentialed actuary who issues an LTC Statement of Actuarial Opinion (SAO) when providing Actuarial Services must satisfy the requirements contained in the USQS. Some of the primary requirements that an actuary should consider are

- 1) The actuary must first meet the Basic Education and Experience Requirements for the primary practice area(s) in which the actuary intends to provide an SAO. For instance, if the actuary will be rendering an SAO regarding LTC insurance, the actuary must be a fully qualified member of an International Actuarial Association (IAA)-member organization, have three years of responsible actuarial experience, and be knowledgeable of the Law applicable to the SAO (see Section 2.1 of the USQS).
- 2) Consistent with Section 2.1 of the USQS, the actuary must be familiar with the Law applicable to LTC Statements of Actuarial Opinion. Per the Code of Professional Conduct, “Law” is defined to include statutes, regulations, judicial decisions, and other statements having legally binding authority.
- 3) If the area of practice to which the SAO applies is new to the actuary, then USQS section 4 must be met.
- 4) If the SAO involves one of the Specific Qualification Standards SAOs, namely, the actuary is signing an NAIC Annual Statement opinion, the actuary must meet the requirements of section 3 of the USQS as well.

Section 3.3 regarding the NAIC annual statement opinion requires actuaries to have a minimum of 15 continuing education hours on topics related to the NAIC annual statement opinion, which in the case of the Life and A&H Annual Statement includes in section 3.1.1.1 “... (f) valuation and nonforfeiture laws.”

- 5) To the extent the LTC policies involve aspects of both life insurance and health insurance, the USQS section 2.3.2 (Statements of Actuarial Opinion that Blend Elements of Two or More Areas of Actuarial Practice) provides the proper guidance regarding the qualifications required to issue opinions related to these policies. That provision states:

Some Statements of Actuarial Opinion may blend significant elements of two or more areas of actuarial practice (for example, reserving for continuing care

Note: Capitalized terms are used as defined in the USQS and the Code of Professional Conduct.

FAQs on the U.S. Qualification Standards

retirement communities, which involves significant elements of both health and life practice). An actuary who issues such Statements of Actuarial Opinion is deemed to meet the General Qualification Standard if the actuary meets the basic education and experience requirement in any one area. In meeting the continuing education requirement, an actuary should include material in all areas of actuarial practice relevant to the Statement of Actuarial Opinion. An actuary may find it prudent to work with an actuary with complementary experience and education (see Section 2.4 below) or to obtain additional experience and/or continuing education relevant to the Statement of Actuarial Opinion.

- 6) Per USQS section 2.2, actuaries must remain “current on emerging advancements in actuarial practice and science that are relevant to the Actuarial Services [as defined in the Code of Professional Conduct (Code)] they provide.” This section involves keeping up to date on continuing education relevant to an actuary’s practice. In light of the requirements of Precept 2 of the Code and the General Qualification Standard under section 2 of the USQS, an actuary issuing an LTC-related SAO should ensure that at least some of their continuing education relates directly to LTC-related topics.

Last updated February 2017

OTHER

52. Is there still a process for becoming an “approved provider” of continuing education under the U.S. Qualification Standards (USQS)?

No. This provision has been eliminated from the current version of the USQS. Therefore, it is up to the individual actuary to determine whether an event he or she attends constitutes “relevant CE” under the USQS, rather than relying on a statement from the CE provider.

Last revised December 2014

53. I have a question about the U.S. Qualification Standards (USQS) that isn’t addressed here. Where can I get an answer?

If you have a question about the USQS, please forward your specific question to the Committee on Qualifications of the American Academy of Actuaries. Some questions take more time than others to answer and depend upon the availability of volunteers. We will try to answer all questions within two weeks of their submission. See <http://www.actuary.org/content/qualification-standards-1>.

Last revised December 2014

Note: Capitalized terms are used as defined in the USQS and the Code of Professional Conduct.