American Academy of Actuaries
Casualty Practice Council Process for Approving Academy Members to Sign NAIC Statements of Actuarial Opinion

Casualty Actuarial & Statistical Task Force
2013 NAIC Summer National Meeting

Michael E. Angelina
Vice-President, Casualty
Agenda

- Background
- Requirements (Qualifications)
- Application Process and Documentation
- Academy Casualty Practice Council Process
- Outcomes
Background

- NAIC Instructions for signing Statements of Actuarial Opinion (SAOs) require an actuary to
  - Meet basic education, experience, and continuing education requirements of U.S. Qualification Standards
    - General Qualification Standards (Section 2);
    - Specific Qualification Standards (Section 3); and
    - Code of Professional Conduct (Precept 2)
  - Be a member in good standing of the Casualty Actuarial Society or member of the Academy approved as a qualified actuary by Academy’s Casualty Practice Council (CPC)
Requirements

- **Education**
  - All areas within the scope of SAO or specific lines of business (or particular companies) – Section 3 of U.S. Qualification Standards
  - Comprehensive knowledge of law and syllabus topics through responsible work and/or self-study

- **Experience**
  - Three years of responsible experience relevant to the subject of the SAO
    - Under the review of an actuary who was qualified to issue the SAO

- **Continuing education**
  - The minimum required to maintain qualification *may not always be sufficient*, particularly in areas of practice where change is occurring rapidly, pursuant to Precept 2 of the Code of Professional Conduct
  - 30 credits (hours) per year; three credits on professionalism
  - Minimum of 15 credits relevant to SAO topic
    - Six credits of “organized activities”
Application Process & Documentation

1. Submission of request by applicant, including definition of scope of SAO:
   - All areas versus particular lines, companies, blocks of business

2. Description of how applicant has met the comprehensive education requirement
   - Specifically include any limitations on the scope of work and study
   - Written statement from a qualified actuary regarding the applicant’s knowledge of the applicable syllabus topics
   - Statement (Certification) that:
     - Applicant has reviewed applicable materials:
       - CAS Statements of Principles; ASB Actuarial Standards of Practice (ASOPs); Academy Practice Note on SAOs on P&C Loss Reserves
     - If approved, applicant will adhere to applicable ASOPs
3. Description of the three years of recent, relevant experience that satisfies the experience requirement
   ■ Kinds of assignments, limitations on scope
   ■ Written statement from a qualified actuary who has reviewed the applicant’s work for at least three years
     ■ “Qualified actuary” is someone who is qualified to sign an NAIC P&C loss reserve opinion pursuant to Section 3 of the U.S. Qualification Standards
     ■ May be a superior, subordinate, peer, outside consultant
   ■ May attach copies of opinions/certifications; no confidential or proprietary material

4. Copies of continuing education records for the last two years, including a statement of compliance
CPC Process

- Submission received and reviewed for completeness by casualty policy analyst; then forwarded to Casualty VP
- CPC or subgroup meets to discuss application, including reference letters, and reviews materials concerning the applicant’s:
  - Education
  - Experience
  - Continuing education
- Determine whether additional information is required or move to full vote of CPC, as described below
- Process can take 30 to 90 days depending upon complexity and completeness of submission
Possible Outcomes

- Vote to grant applicant:
  - Approval with full scope; or
  - Approval with limited scope; or
    - Certain legal entities and years
    - Blocks of business (runoff only)
    - Certain lines of business
    - Specific years (applicant can re-apply)
    - Other limitations as appropriate
- No approval

- Decision requires two-thirds of CPC members
  - CPC members take this responsibility very seriously and professionally

- Notification to the applicant provided in writing; approval is evidenced by a letter issued by the CPC describing scope of approval, including any limitations
For more information, contact:
Lauren Pachman, Casualty Policy Analyst
Pachman@actuary.org
(202) 223-8196