



AMERICAN ACADEMY *of* ACTUARIES

March 29, 2001

By Overnight Delivery

Commissioner Frank Fitzgerald
Commissioner Diane Koken
Co-Chairpersons
Speed To Market Working Group
National Association of Insurance Commissioners
2301 McGee, Suite 800
Kansas City, MO 64108

Re: Educational Requirements for Life and Health Actuaries

Dear Commissioners Fitzgerald and Koken:

I am writing to you on behalf of the American Academy of Actuaries (the “Academy”)¹ to offer our comments on the proposal developed and approved on a preliminary basis by the NAIC’s Speed to Market Working Group. My comments pertain to the definitions of “minimum experience and education requirements” for actuaries contained in the Preface to the proposal. As you recall, the requirements are stated as follows:

Life and Health Insurance Actuary: Successful completion of four parts of the Society of Actuaries actuarial examination program; or a bachelor’s degree with major course work in mathematics or statistics and at least 2 years experience as a life and health insurance actuary.

Property and Casualty Insurance Actuary: Successful completion of four parts of the Casualty Actuarial Society’s actuarial examination program; or a bachelor’s degree with major course work in mathematics or statistics and at least 2 years experience as a property and casualty insurance actuary.

We understand that these requirements would apply to actuaries who review actuarial certifications filed in connection with the submission of insurance policies to the Coordinated Advertising, Rate and Form Review Authority (“CARFRA”). These actuaries are referred to hereinafter as “reviewing actuaries.”

¹ The American Academy of Actuaries is the public policy organization for actuaries practicing in all specialties within the United States. A major purpose of the Academy is to act as the public information organization for the profession. The Academy is non-partisan and assists the public policy process through the presentation of clear and objective actuarial analysis. The Academy regularly prepares testimony for Congress, provides information to federal elected officials, comments on proposed federal regulations, and works closely with state officials on issues related to insurance. The Academy also develops and upholds actuarial standards of conduct, qualification and practice, and the Code of Professional Conduct for all actuaries practicing in the United States.

We believe that the qualification requirements in your proposals may be insufficient to protect the public interest, and would suggest that reviewing actuaries instead be required to hold a designation as a Member of the American Academy of Actuaries (“MAAA”). Academy members possess the necessary training and experience to evaluate insurance product filings and we do not believe non-credentialed individuals will reliably possess comparable, or even minimally appropriate, qualifications.

For more than thirty–five years, membership in the Academy has been a hallmark of professional quality that, in turn, serves an important public purpose. Laws and regulations call for actuarial opinions so that the public can benefit from the actuarial profession’s expertise. Academy members are expected to be expert in the financial aspects of their actuarial area of professional practice, and to exercise reasoned professional judgement in addressing financial issues. Further, they are bound by rigorous standards for conduct, practice and qualification. The NAIC has repeatedly recognized the value of Academy membership as evidence of actuarial professionalism by issuing model laws and regulations that define a “qualified actuary” as a member of the Academy or MAAA.”

We understand that not all insurance departments have actuaries on staff, and that the initial company filing with CARFRA will, in many instances, receive preliminary review by individuals who lack actuarial credentials. For such preliminary review, we do not object to the stated requirements. However, once the filing has received preliminary review and is forwarded to a review team for further examination, we believe that the review group should include at least one fully-qualified actuary. We therefore recommend that your proposal be modified to require any reviewing team under CARFRA to include at least one “qualified actuary” and, further, that the qualified actuary is defined as a, “Member of the American Academy of Actuaries (“MAAA”).”

The Academy would be pleased to assist your Work Group as you consider this issue. If you require any additional information or assistance with respect to this matter, please contact the Academy’s General Counsel and Director of Professionalism, Lauren M. Bloom, at (202) 223-8196.

Sincerely,

/s/

Henry K. Knowlton
Vice President for Professionalism

cc: Eric Nordman, National Association of Insurance Commissioners