



AMERICAN ACADEMY *of* ACTUARIES

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February 5, 2016

Mr. Dave Keleher
Sr. P/C Insurance Specialist
National Association of Insurance Commissioners
Via email

Dear Mr. Keleher:

As Senior Property/Casualty Fellow at the American Academy of Actuaries,¹ I am pleased to provide the NAIC/IAIABC Joint (C) Working Group with suggestions on the role of the actuary in the draft *2015 Workers' Compensation Large Deductible Study*, dated Dec. 15, 2015.

On Jan. 19, the Academy's Committee on Property and Liability Financial Reporting (COPLFR) submitted written [comments](#) to the working group that included the observation that the draft contained few direct references to actuaries or the role that they play. On the working group's conference call on Jan. 21, the Academy was invited to submit suggestions on where references to actuaries might be appropriately inserted into the draft document.

I suggest the following additions to the text of the Dec. 15 draft study:

- Page 11, paragraph 1—Add to the last sentence: "...having due regard for confidentiality and trade secret preservation."
- Page 21, carryover paragraph—Insert after "...incurred but not reported factors," a new sentence: "This analysis will normally be completed by a qualified actuary."
- Page 22, third bullet under Underwriting Pre-Review—Add after "where possible." the phrase "and any actuarial analysis of this history."

¹ The American Academy of Actuaries is an 18,500+ 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 policy makers 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.

- Page 22, first bullet under Financial Analysis—Add a new final sentence: “This will usually include an actuarial analysis of the ultimate claims amounts and an allocation of that ultimate to the deductible portion and to the excess.”
- Page 22, first bullet under Collateral—Add a new final sentence: “This analysis is normally conducted by a qualified actuary.”

We believe that these additions to the text will help clarify the role of actuaries in the process of developing the various valuations covered by this study. If you have any questions, please contact Senior Casualty Policy Analyst Marc Rosenberg at rosenberg@actuary.org or 202-223-8196.

Sincerely,

Jim MacGinnitie, MAAA, FCAS, FSA
Senior Property/Casualty Fellow
American Academy of Actuaries