

October 29, 2020

Board of Directors  
American Academy of Actuaries

Re: Proposed Revisions to Qualification Standards

I am disappointed. The proposed changes to the general qualification standard are not well thought out.

### **First Issue**

Section 1 states that it applies to any actuary who is a member of an actuarial organization that requires its members to meet the Qualification Standards when practicing in the United States. At a minimum, it clearly applies to all members of the five organization with the common *Code of Professional Conduct* who wish to practice in the United States. It also applies to actuaries who are members of a substantial and growing number of other organizations around the world who, like the US-based organizations, require their members to comply with standards in the jurisdiction where they practice.

The current Section 2 clearly applies to *all actuaries practicing in the United States* and provides guidance on how to become qualified through additional education and/or experience for those actuaries who do not currently meet the Qualification Standards.

The proposed changes Section 2, however, make it *impossible* for many actuaries to comply with the Qualification Standards *unless they first join the Academy*, including a substantial number of CAS and SoA members and any actuaries who are solely members of the Conference or ASPPA and who are not Enrolled Actuaries. I believe that this is pretty clearly anti-competitive in nature and question why membership in the Academy should be a prerequisite to being qualified to issue Statements of Actuarial Opinion. To illustrate my point, please see the attached flow charts. Under the current Qualification Standards, the first three bullets of Section 2.1 must all be met. Under the proposed Qualification Standards, the requirements in paragraphs 2.1a), 2.1b) and 2.1c) must all be met.

Consider first an FIA (UK) or an FIAA (Australia) who needs to work on US business but is not resident in the US. As an easy example, a Bermuda-based actuary whose company writes a substantial amount of US-based business may well be rendering Actuarial Services “in the United States” without ever setting foot on American soil. Certainly, if the services rendered would have required a similarly-situated member of the Academy to meet the Qualification Standards, then we would like all actuaries providing such services to meet the Qualification Standards. Our example actuary easily meets the current Qualification Standards but fails

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Mary Frances Miller, FCAS, MAAA  
Cheryl White, FCAS, MAAA  
Thomas E. Meyer, FCAS, MAAA  
Laura T. Sprouse, FCAS, MAAA

Daniel A. Linton, FCAS, MAAA  
Jack Pipa, ACAS, MAAA  
Christopher Woodruff

28 White Bridge Road, Suite 205  
Nashville, TN 37205-1428  
info@SelectActuarial.com

615-269-4469

**SelectActuarial.com**

proposed test 2.1a) and cannot meet it without taking CAS or SoA exams or joining the Academy.

Now let's look at an example somewhat closer to home: the FCAS who took the Canadian specialization track. This actuary may or may not be resident in the US; many Canadian actuaries also work on US business and take the US Qualification Standards very seriously. This actuary also ends up in the "not qualified" box on the revised flowchart without membership in the Academy.

And finally, consider the FCA who practices only in the United States and has chosen for any number of reasons to maintain membership only in that organization upon completion of examinations but before attaining 3 years of experience. Under the proposed changes to Section 2.1, this actuary also can only meet the qualification standard by paying dues to the Academy, the CAS or the SoA.

I note that passing the US specific exams is not a requirement for membership in the Academy. An actuary who has been resident in the US for at least 3 years can just join up; an actuary who is a non-resident or who has lived in the US for less than 3 years needs only to certify familiarity with US laws and practices. Somehow joining the Academy magically makes an actuary more qualified?

The intent here was possibly to ensure that issuers of Statements of Actuarial Opinion know what they are doing with regard to US laws and regulations, but 2.1c) already requires that, and membership in the Academy does not. Disenfranchising whole swathes of practitioners because they pay dues to the wrong organization or took the wrong exams is not the right approach.

The only change needed is a recognition that the International Actuarial Association no longer uses the "fully qualified" term, and instead substitute "or an actuary who is a member of an IAA member organization and whose basic education complied with the IAA Syllabus of Basic Education."

### **Second Issue**

As stated in the covering memorandum, the current Qualification Standards are perhaps too rigid because they list the practice areas that require fellowship or extended experience. There are several issues with the proposed changes:

1. Sections 2.1d)(1) and 2.1d)(2) are ambiguous. Does a fellow of the CAS or the SoA also have to be a member of the Academy? In order to get to these paragraphs, anyone who is not a member of the CAS or the SoA already has to be a member of the Academy per

paragraph 2.1a). So does reference here to Academy membership extend to actuaries in (i) as well as (ii)? If not, why repeat the Academy membership requirement here?

2. There are many non-US actuarial organizations. Does an ASA who is a member of the Actuarial Society of Uganda and did a one-year specialization course in life insurance at Makerere University count? The ASU only has one category of membership, so our ASA is at the “highest level.” The current Qualification Standards refer to actuarial organizations that are Full Members of the International Actuarial Association for a reason. Please don’t lose that just because the Academy has chosen to drop its membership in the IAA.

Suggested alternative wording for Paragraph 2.1d):

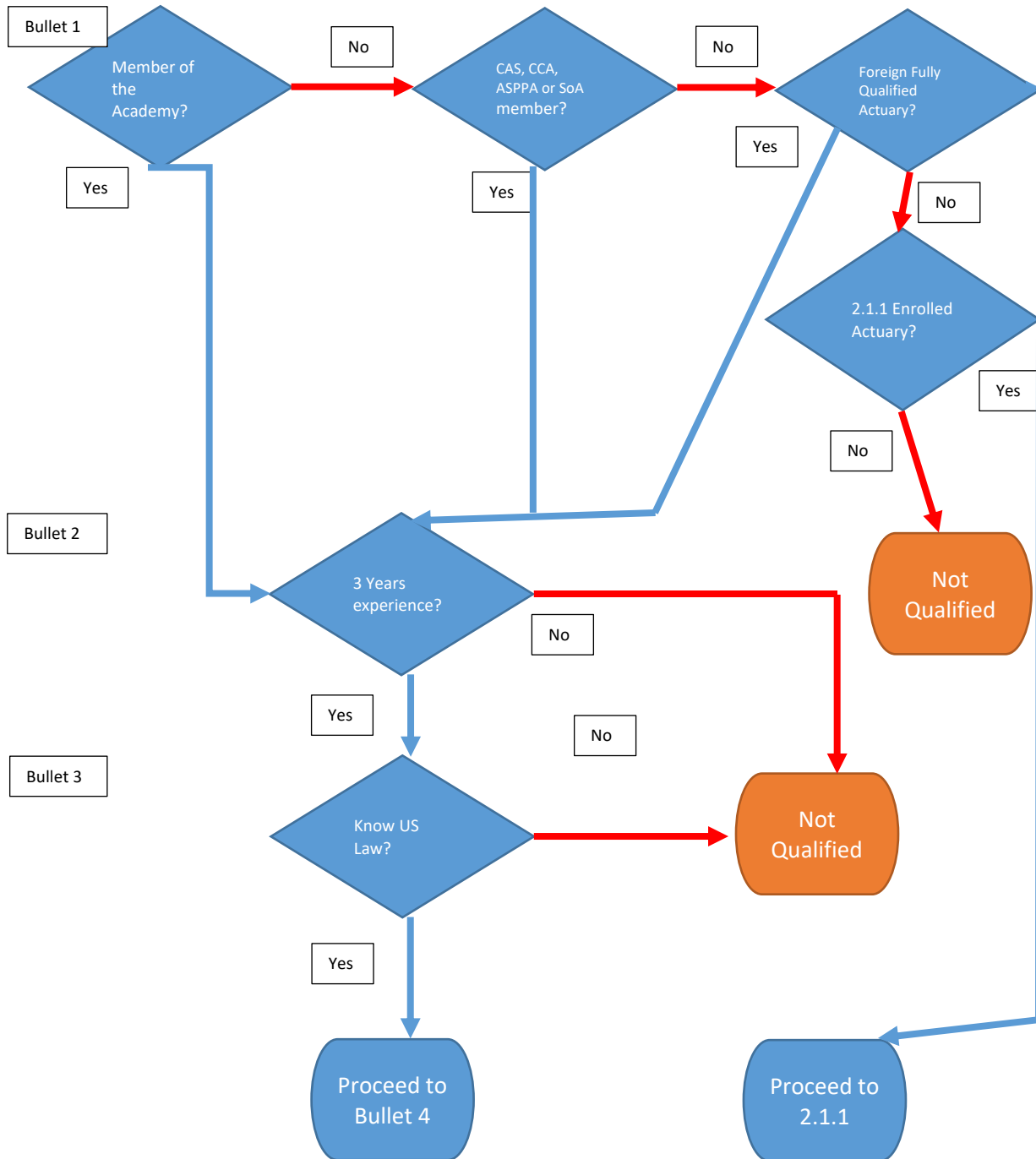
- (1) (i) For SAOs in the casualty practice area, attain fellowship in the CAS; or (ii) for SAOs in any practice area, attain fellowship in the SoA or an equivalent designation from another actuarial organization and complete a specialty track in an area of practice directly relevant to the subject of the SAO; or
- (2) Attain fellowship in the CAS or the SoA or an equivalent designation from another actuarial organization and have a minimum of one year of responsible. . .

The proposed changes to the Specific Qualification Standard are appropriate.

Sincerely,

Mary Frances Miller, FCAS, MAAA, Hon FIA

Current Section 2.1 first three requirements



Proposed Section 2.1a) through 2.1c)

