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American Academy of Actuaries  
Committee on Qualifications

October 19, 2020

RE: SOA Commentary on Exposed USQS Revisions

Dear Committee on Qualifications:

Thank you for the opportunity to provide feedback on the exposed draft revisions to the USQS. Below please find comments on several points, including SOA's request that diversity, equity and inclusion be incorporated into professional education within the standards.

**Incorporation of diversity, equity and inclusion into professional education**

Precept 1 of the American Academy of Actuaries Code of Professional Conduct states: "An Actuary shall act honestly, with integrity and competence, and in a manner to fulfill the profession's responsibility to the public and to uphold the reputation of the actuarial profession." We believe that education in the areas of diversity, equity, and inclusion are foundational to Precept 1.

We urge the Committee on Qualifications (COQ) to incorporate diversity, equity and inclusion into the definition of professionalism for its qualification standards. We recommend that diversity, equity and inclusion education and training be explicitly included in the examples in paragraph 2.2.6 as part of the requirements for professionalism education in the USQS. In addition, we recommend that question 48 in the "FAQs on the U.S. Qualification Standards" document be updated to address only ethics and not discuss diversity as excluded from professionalism topics.

The actuarial profession has always strived to provide the highest degree of public confidence in actuarial work related to financial outcomes. These recommendations would greatly benefit the profession by bringing a diverse and broad perspective to work analysis and performance, and also would demonstrate, on a practical level, the commitment of the profession to foster a culture that encourages diversity, equity and inclusion.

### **Inclusion of the SOA as a provider of relevant exams for Property and Casualty Appointed Actuaries**

The SOA supports the inclusion of the SOA as a provider of the required relevant exams in USQS 3.1.1.2 for actuaries issuing NAIC Property and Casualty Annual Statements of Actuarial Opinion.

As noted in the COQ's transmittal memo accompanying the exposed draft revisions, "During 2019, the NAIC amended the instructions and definitions related to the qualifications for an Appointed Actuary signing NAIC Property and Casualty Annual Statements of Actuarial Opinion to reflect the addition of the Society of Actuaries specialty track in general insurance."

The proposed inclusion of the SOA in 3.1.1.2 will close the disconnect between the NAIC revised instructions and the current USQS and provide clarity for the profession, particularly property and casualty actuaries practicing in the US.

### **Removal of reference to SOA specific specialty tracks**

The SOA supports the new wording in Section 2.1(d)(1) that provides that an, "actuary must have completed a specialized course of examination," in the area of actuarial practice relevant to the subject of the statement of actuarial opinion. This revision makes it clear that specialized coursework pertinent to the subject of the statement of actuarial opinion is required for signing a statement of actuarial opinion covered under Section 2, thereby making the listing of SOA's specialty tracks at the end of Section 2 unnecessary.

In addition, as noted by the COQ, an SOA specialty track name may be revised at a future date and/or new tracks added which would make a listing of SOA's specialty tracks in the USQS outdated.

### **Distinction between types of statements of actuarial opinion**

Section 2 provides the general qualification standard for an actuary to issue statements of actuarial opinion, and Section 3 provides additional specific requirements for actuaries issuing NAIC Annual Statements of Actuarial Opinion. To date, the term "statement of actuarial opinion" has been used throughout both Section 2 and Section 3.



We suggest that a clearer distinction between the statements of actuarial opinion in Section 2 and Section 3 be considered. One alternative is throughout the entire Section 3, the term, “statement of actuarial opinion,” be replaced with, “NAIC Annual Statement of Actuarial Opinion.” Another option would be to utilize “general statement of actuarial opinion,” in Section 2 and, “NAIC specific statement of actuarial opinion,” in Section 3.

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We appreciate your review of our commentary. Please let us know if you need clarification on any of our feedback.

Sincerely,

Andrew D. Rallis, FSA, MAAA  
President  
Society of Actuaries

CC: Gregory Heidrich  
Executive Director