

October 26, 2020

American Academy of Actuaries  
Committee on Qualifications  
Sent via email to: [2020USQSComments@actuary.org](mailto:2020USQSComments@actuary.org)

**Comments on the American Academy of Actuaries Exposure Draft of Revisions for the  
*Qualification Standards (Including Continuing Education Requirements for Actuaries Issuing  
Statements of Actuarial Opinion in the United States)***

The NAIC Casualty Actuarial and Statistical Task Force (“CASTF”) provides the comments below in response to the Exposure Draft of Revisions for the *Qualification Standards (Including Continuing Education Requirements for Actuaries Issuing Statements of Actuarial Opinion in the United States* (“Qualification Standards”), issued by the American Academy of Actuaries (“Academy”) on September 2, 2020.

These comments are limited in scope to those proposed revisions which would affect, or could potentially affect, any actuaries practicing in the area of property and casualty insurance. These comments do not take a position on any proposed revisions which would solely affect practice areas other than property and casualty insurance. These comments also do not take a position on any language that remains unchanged from the January 1, 2008, version of the Qualification Standards.

This letter begins by outlining several areas of agreement where the CASTF concurs with the revisions being proposed by the Academy. In a subsequent section, the CASTF outlines some of its concerns with other proposed revisions and suggests alternative wording that would resolve those concerns.

**I. Areas of Agreement**

**(i) Section 2. General Qualification Standard, 2.1.** In Subsection 2.1, it was reasonable and appropriate for the Academy to have removed the specific listing of current SOA specialty tracks (or the lack of specialty tracks in the CAS or ASPPA), since the absence of such references would be compatible with potential future additions or revisions to specialty tracks by the relevant actuarial societies without necessitating a revision to the Qualification Standards at each future time that such changes occur.

**(ii) Section 3. Specific Qualification Standard, 3.1.1.2.** The addition of “the Society of Actuaries” as one of the providers for relevant examinations for the Statement of Actuarial Opinion with regard to the NAIC Property and Casualty Annual Statement is important to achieve consistency with the recent revisions to the NAIC Statement of Actuarial Opinion Instructions. The revision proposed here by the Academy is therefore necessary and appropriate.

## II. Areas of Suggested Revision

(i) **Section 2. General Qualification Standard, 2.1a)** A new requirement was added for Fellows or Associates of the SOA or the CAS to have “received either SOA or CAS designations by taking their relevant exams with U.S.-specific content”. The proposed wording does not appear to take into account situations where an already-credentialed Fellow or Associate of the SOA or the CAS received his or her credential in another country but then takes a U.S.-specific exam in order to attain the relevant U.S.-specific knowledge. For instance, an actuary who passed a Canada-specific exam and then received a Fellowship should be able to meet the basic education requirement of the U.S. General Qualification Standard by subsequently also passing a U.S.-specific exam. Having once passed a Canada-specific exam should not forever preclude that actuary from qualifying to issue Statements of Actuarial Opinion in the United States, if that actuary ultimately does pass the U.S.-specific exam or obtains U.S.-specific knowledge of applicable law in another verifiable way.

Furthermore, the addition of the reference to U.S.-specific exams in paragraph 2.1a) would appear to be redundant to the requirement in paragraph 2.1c) that the actuary “Be knowledgeable, through examination or documented professional development, of the U.S. Law applicable to the Statement of Actuarial Opinion.” Paragraph 2.1c) already includes a requirement of knowledge of applicable U.S. Law; moreover, the language in paragraph 2.1c) has the advantage of affording greater flexibility as to how that knowledge is attained. In addition to examination, paragraph 2.1c) provides for the option of achieving such knowledge through documented professional development. One can think of situations where an individual (perhaps even prior to becoming an actuary but working as an insurance professional in a different capacity) may have worked for years in a field that closely interfaced with U.S. Law applicable to the practice area where that individual now seeks to render Statements of Actuarial Opinion.

The following revised wording for paragraph 2.1a) would satisfy this concern:

*“a) Be a Member of the Academy, or a Fellow or Associate of the SOA or the CAS, or an Enrolled Actuary (as defined in section 2.1.1); and”*

Because paragraph 2.1c) – also a requirement – addresses knowledge, through examination or documented professional development, of the U.S. Law applicable to the Statement of Actuarial Opinion, it would appear that the combination of paragraph 2.1a) as revised above and paragraph 2.1c) would satisfy the objective of ensuring that a qualified actuary has such knowledge.

(ii) **Section 2. General Qualification Standard, 2.1d)** In the preface, the prior reference to “an area covered by a specialty track offered by the Society of Actuaries, or in an area of practice covered by the exams of the Casualty Actuarial Society or the American Society of Pension Professionals and Actuaries” was revised to a more generic and potentially broader “any particular area of practice”. This leaves open the possibility that there might be other “areas of practice” which are not covered by the aforementioned exams or specialty tracks, and yet for which the Qualification Standards would impose a requirement to complete “a specialized course of examination, such as a specialty track” which does not (or does not yet) exist. In such circumstances, a “Catch-22” scenario might arise in which to qualify in a particular emerging area of practice, one needs to pass as-of-yet non-existent exams, but such exams do not get developed because no one has yet qualified to practice in that area and so there may be an erroneous perception that development of such new exams would not be necessary. The uncertainty surrounding such a situation could deter many actuaries from even attempting to enter the emerging area of practice altogether.

It would be possible to resolve this concern by revising “any particular area of practice” to “any particular area of practice for which the CAS or the SOA has developed a specialized course of examination, such as a specialty track”.

**(iii) Section 2. General Qualification Standard, 2.1.2.** It is not clear why the Academy removed the sentence, “Accordingly, an actuary who has satisfied the basic education and experience requirement in an area of practice prior to the effective date of the Qualification Standards is deemed to satisfy the basic education and experience requirement in that area of practice of the Qualification Standards.” This sentence is present in the January 1, 2008, version of the Qualification Standards and should remain in order to clarify that anyone who satisfied the basic education and experience requirement in an area of practice prior to the effective date of the Qualification Standards should still be deemed to have satisfied that requirement. It is important to continue to “grandfather” any actuary who achieved qualifications in a practice area prior to the implementation of the Qualification Standards.

**(iv) Section 2. General Qualification Standard, 2.2.2.** The example provided includes a typographical error in the last sentence: “The actuary must then earn an additional 30 hours of continuing education in 2022 to issue SAOs in 2033.” It is recommended that “2033” be revised to “2023”.

Sincerely,

Phil Vigliaturo, ACAS, MAAA, APIR  
Chair of the Casualty Actuarial and Statistical (C) Task Force

CC: Kris DeFrain