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Committee on Qualifications  
American Academy of Actuaries  
1850 M Street NW, Suite 300  
Washington, D.C. 20036  
(via email to 2020USQSComments@actuary.org)

**Re: Exposure Version of the Amended Qualification Standards  
(including Continuing Education Requirements) for  
Actuaries Issuing Statements of Actuarial Opinion in the United States (USQS)**

Ladies and Gentlemen:

Segal is pleased to comment on the exposure version of the *Amended Qualification Standards (including Continuing Education Requirements) for Actuaries Issuing Statements of Actuarial Opinion in the United States (USQS)*. Segal is a major consulting firm in the US and Canada, providing actuarial services to all types of pension plans, with special expertise in the multiemployer and public sector areas. Below, we respond to the two questions posed in the transmittal memorandum. In addition, we provide comments on specific sections and a general comment.

## **Responses to Questions in the Transmittal Memorandum**

**Question 1.** *The goal of each of the adjustments to the language related to the basic education under the general portion of the Qualification Standards was to add clarity. Are there particular considerations of basic education that are not clear?*

For the Basic Education and Experience Requirement, the Exposure Draft includes four different requirements that all must be satisfied (2.1(a)-2.1(d)), with several options available under 2.1(a) and 2.1(d). When compared with the existing language in the current Qualification Standard, there are several changes that do not appear solely to address the goal of adding clarity, but rather materially change the effective requirements.

First, the five actuarial organizations in the United States have all adopted the Code of Professional Conduct and thus are subject to the Qualification Standards. We are therefore puzzled and concerned that item 2.1(a) in the Exposure Draft excludes Fellows of the CCA and Members/Fellows of ASEA (formerly ASPPA). We view this as a change in the requirements and not just a clarification. Assuming an actuary otherwise meets the Basic Education and Experience Requirements (2.1(b)-2.1(d) of the Exposure Draft), there is no rationale provided that explains why that actuary should no longer be permitted to issue a Statement of Actuarial

Opinion. **We recommend** that the inclusion of Fellows of the CCA and Members/Fellows of ASEA in the current Qualification Standard's criteria be retained.

In addition, fully qualified members of an IAA-member organization no longer satisfy this requirement 2.1(a) of the Exposure Draft. Consider the situation of a Fellow of the Institute and Faculty of Actuaries in Great Britain who specializes in performing accounting valuations for pension plans of multinational corporations. That actuary may not be a member of the Academy nor the SOA. Assuming the actuary meets the other Basic Education and Experience Requirements (2.1(b)-2.1(d) of the Exposure Draft), there is no rationale provided that explains why that actuary should no longer be permitted to issue a Statement of Actuarial Opinion regarding the ASC 715 accounting calculations in connection with a pension plan of a US subsidiary of a client multinational corporation, unless the actuary becomes a member of the Academy. The fact that the Academy is no longer an IAA member organization is not a sufficient rationale, in our opinion.

Next, the changes in the three possible means of satisfying 2.1(d) of the Exposure Draft seem to change the requirements rather than add clarity. Both 2.1(d)(1) and 2.1(d)(2) of the Exposure Draft include as part of satisfying those requirements the option of meeting both of the following conditions: (i) attaining the highest possible actuarial designation of a non-US actuarial organization and (ii) being a member of the Academy. The corresponding language in the current Qualification Standard requires attainment of the highest possible actuarial designation in an IAA full-member organization (other than the Academy). **We recommend** that this part of the Exposure Draft be changed to provide an actuary the option of meeting both of the following conditions: (i) attaining the highest possible actuarial designation of a non-US actuarial organization and (ii) being a member of *any* actuarial organization in the United States that has adopted the Code of Professional Conduct and the Qualification Standards.

**Question 2.** *The goal surrounding the updated language related to the basic and continuing education for Enrolled Actuaries was to add clarity but not to change the requirements. Is this clear in the updated language?*

We agree that the changes in the language regarding *continuing education* requirements for Enrolled Actuaries add clarity but do not change those requirements. We believe, however, that the revised language for the *basic education and experience* requirement has significantly changed the requirement.

The language in the current Qualification Standard provides in 2.1.1 that "Enrolled Actuaries are deemed to meet the basic education and experience requirements of the General Qualification Standard in the pension practice area." The language in the Exposure Draft limits deemed satisfaction of the basic education and experience requirement to be "solely for purpose of Statements of Actuarial Opinion that ERISA mandates an Enrolled Actuary to issue..." and, for all other Statements of Actuarial Opinion, the Enrolled Actuary is "deemed to have satisfied section 2.1(b) but must satisfy section 2.1(c) and 2.1(d) with regard to the subject of the Statement of Actuarial Opinion." There is no rationale provided that explains why an Enrolled Actuary should no longer be permitted to issue a Statement of Actuarial Opinion beyond those

“mandated” by ERISA. There are very few actuarial SAOs that ERISA *mandates*, yet there is a long list of pension-related SAOs that an Enrolled Actuary is clearly qualified to provide, based on the examination content and experience requirements promulgated by the Joint Board for the Enrollment of Actuaries. **This is a material change** that actually *reduces* clarity. Note that the “deemed to have satisfied” language in the current Qualification Standard is restricted to “the pension practice area,” which we feel is appropriate. If there are particular activities outside the scope of ERISA that the Committee believes require satisfaction of 2.1(c) and 2.1(d), **they should be outlined in a revised ED with appropriate rationale** so that the actuarial community can consider whether they are appropriate.

## Other comments

**1. Sections 2.1(a), 2.1(d)(1), 3.1.1:** There are references in several places in the Exposure Draft to “taking their relevant exams”, “complete relevant examinations administered by... on the following topics”, and “completed a specialized course of examination.” This is somewhat inconsistent with the current set of requirements to earn an FSA designation, which include the Fundamentals of Actuarial Practice, labeled as an e-learning course that has end-of-module and final assessments (notably not labelled exams); the Associateship Professional Course, which uses “the case study method”; other Fellowship-required modules; and the Fellowship Admissions Course, which uses “the case study method” and requires an “oral presentation.” There are references to “exams” in both the General Qualification Standards and the Specific Qualification Standards. The language should be expanded to (at a minimum) cover the current SOA requirements. For example, “completing relevant examinations” could be modified to “completing relevant examinations and coursework.”

**2. Section 2.2.2:** There is a reference to “organized activities” in 2.2.7. We believe this reference should be to 2.2.6. In addition, there is a typo in the example. The year 2033 should be replaced by 2022.

**3. General Comment:** We found it alarming that the material changes contained in the ED, as outlined above, were characterized as clarifications or necessitated “by the passage of time.” The Committee on Qualifications has an obligation to provide a revised ED with full rationale for all material changes, to enable the actuarial community to focus on those changes and provide well-considered comments. Any changes (or clarifications) should not be applied retroactively.

Please contact us if you wish to discuss any of these views.

Sincerely,



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Senior Vice President & Chief Actuary

cc: Office of the Chief Actuary; Health Actuarial Leadership Team