TO: Rich Piazza, Chair  
Casualty Actuarial and Statistical Task Force  

Steve Ostlund, Chair  
Health Actuarial Task Force  

Mike Boerner, Chair  
Life Actuarial Task Force  

FROM: Richard Marcks, Chair  
Joint Qualified Actuary Subgroup  
Chief Actuary, Connecticut Insurance Department  

DATE: February 21, 2014  

RE: Report of the Joint Qualified Actuary Subgroup  

At the December NAIC Meeting the three Actuarial Task Forces provided the following guidance to the Joint Qualified Actuary Subgroup:  

1) Recommend a uniform definition of ‘qualified actuary’ for life, health and property/casualty appointed actuaries signing prescribed NAIC Statements of Actuarial Opinion, identifying any differences that should remain between lines of business.  

2) Place all other charges on hold until further direction is provided.  

The Subgroup met in person on December 15 and on three subsequent conference calls. We have discussed written comments and several definitions that had been offered by both regulators and interested parties. On our February 5 call, with all members of the Subgroup were present, we approved by a 4 – 2 vote the attached definition(s) for consideration by the Task Forces.
This definition reflects consideration of a commitment by the American Academy of Actuaries to work with regulators to “address regulators' concerns expressed during the JQA process that there is a need for more robust oversight of qualification.” This commitment was expressed in a February 3 letter from Academy President Tom Terry, and in direct comments to the Subgroup by Cecil Bykerk, Academy Past President, and Mary Miller, Academy President-Elect.

While a mechanism is yet to be developed I believe that the vote to approve this definition reflects the confidence of the majority of the subgroup in the Academy’s commitment, and that it is the most appropriate course to take for regulators to rely on statements by appointed actuaries that they meet the Qualification Standards of the Academy. I am personally gratified that this definition received clear majority support within the Subgroup, and that my vote was not required to break a tie. I will say that I was prepared to support this definition primarily because I share that confidence in the Academy.

I made a commitment to you to deliver a report to you prior to that date, regardless of the Subgroup’s ability to provide a recommended definition. With the definition we offer, I am also recommending that the Subgroup be disbanded. We have addressed item (1) in the revised guidance above. With item (2) being instruction to put other charges on hold until further direction is provided it follows that, without a charge for this Subgroup to address, there is no reason for it to continue. In addition, I am not aware of any Subgroup member, or other regulator, who is interested in assuming the role of Subgroup Chair. A decision on next steps now is in the hands of each of the Actuarial Task Forces. If the Task Forces, collectively or individually, support the direction embedded in the proposed definition I would suggest that regulatory efforts advance in cooperation with the Academy before implementing the above definition(s).

My last day with the Connecticut Insurance Department is Friday February 28 (but I will continue to be a member of the American Academy of Actuaries). Thank you for the opportunity to serve the three Actuarial Task Forces.
**Property Casualty Definition**

A ‘Qualified Actuary’ is a member of the American Academy of Actuaries who meets the basic education, experience and continuing education requirements of the Specific Qualification Standard for Statements of Actuarial Opinion, NAIC Property and Casualty Annual Statement, including knowledge of and experience with U.S. regulatory requirements, as set forth in the Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States, promulgated by the American Academy of Actuaries, and validated in compliance with the Academy’s verification process and providing current documentation of relevant basic education, continuing education, and work experience to regulators with each regulatory submission for which certification by a qualified actuary is required, and is either:

(i) A member of the Casualty Actuarial Society, or  
(ii) A member of the American Academy of Actuaries who has been approved as qualified for signing casualty loss reserve opinions by the Casualty Practice Council of the American Academy of Actuaries.”

**Life Definition**

A ‘Qualified Actuary’ is a member of the American Academy of Actuaries who meets the basic education, experience and continuing education requirements of the Specific Qualification Standard for Statements of Actuarial Opinion, NAIC Life and A & H Annual Statement, including knowledge of and experience with U.S. regulatory requirements, as set forth in the Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States, promulgated by the American Academy of Actuaries, validated in compliance with the Academy’s verification process and providing current documentation of relevant basic education, continuing education, and work experience to regulators with each regulatory submission for which certification by a qualified actuary is required, and is either:

(i) A member of the Society of Actuaries, or  
(ii) A member of the American Academy of Actuaries who has been approved as qualified for signing statutory opinions relating to contract reserves and other actuarial items by the Life Practice Council of the American Academy of Actuaries.”
Health Definition

A ‘Qualified Actuary’ is a member of the American Academy of Actuaries who meets the basic education, experience and continuing education requirements of the Specific Qualification Standard for Statements of Actuarial Opinion, NAIC Health Annual Statement, including knowledge of and experience with U.S. regulatory requirements, as set forth in the Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States, promulgated by the American Academy of Actuaries, validated in compliance with the Academy’s verification process and providing current documentation of relevant basic education, continuing education, and work experience to regulators with each regulatory submission for which certification by a qualified actuary is required, and is either:

(i) A member of the Society of Actuaries, or

(ii) A member of the American Academy of Actuaries who has been approved as qualified for signing statutory opinions relating to claim reserves and any other actuarial items by the Health Practice Council of the American Academy of Actuaries.”
Qualified Actuary Definitions Alternative 1
**Property Casualty Definition**

A ‘Qualified Actuary’ is a person who meets the basic education, experience and continuing education requirements of the Specific Qualification Standard for Statements of Actuarial Opinion, *NAIC Property and Casualty Annual Statement*, as set forth in the Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States, promulgated by the American Academy of Actuaries, and is either:

(i) A member of the **Casualty Actuarial Society**, or

(ii) A member of the American Academy of Actuaries who has been approved as qualified for signing *casualty loss reserve opinions by the Casualty Practice Council* of the American Academy of Actuaries."

**Life Definition**

A ‘Qualified Actuary’ is a person who meets the basic education, experience and continuing education requirements of the Specific Qualification Standard for Statements of Actuarial Opinion, *NAIC Life and A & H Annual Statement*, as set forth in the Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States, promulgated by the American Academy of Actuaries, and is either:

(i) A member of the **Society of Actuaries**, or

(ii) A member of the American Academy of Actuaries who has been approved as qualified for signing *statutory opinions relating to contract reserves and other actuarial items by the Life Practice Council* of the American Academy of Actuaries."

**Health Definition**

A ‘Qualified Actuary’ is a person who meets the basic education, experience and continuing education requirements of the Specific Qualification Standard for Statements of Actuarial Opinion, *NAIC Health Annual Statement*, as set forth in the Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States, promulgated by the American Academy of Actuaries, and is either:

(i) A member of the **Society of Actuaries**, or

(ii) A member of the American Academy of Actuaries who has been approved as qualified for signing *statutory opinions relating to claim reserves and any other actuarial items by the Health Practice Council* of the American Academy of Actuaries."
Qualified Actuary Definitions Alternative 2
Property Casualty Definition

A ‘Qualified Actuary’ is a person who meets the basic education, experience and continuing education requirements of the Specific Qualification Standard for Statements of Actuarial Opinion, NAIC Property and Casualty Annual Statement, as set forth in the Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States, promulgated by the American Academy of Actuaries, and is either:

(i) A member Fellow of the Casualty Actuarial Society, or

(ii) A member of the American Academy of Actuaries who has been approved as qualified for signing casualty loss reserve opinions by the Casualty Practice Council of the American Academy of Actuaries.”

Life Definition

A ‘Qualified Actuary’ is a person who meets the basic education, experience and continuing education requirements of the Specific Qualification Standard for Statements of Actuarial Opinion, NAIC Life and A & H Annual Statement, as set forth in the Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States, promulgated by the American Academy of Actuaries, and is either:

(i) A member Fellow of the Society of Actuaries, or

(ii) A member of the American Academy of Actuaries who has been approved as qualified for signing statutory opinions relating to contract reserves and other actuarial items by the Life Practice Council of the American Academy of Actuaries.”

Health Definition

A ‘Qualified Actuary’ is a person who meets the basic education, experience and continuing education requirements of the Specific Qualification Standard for Statements of Actuarial Opinion, NAIC Health Annual Statement, as set forth in the Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States, promulgated by the American Academy of Actuaries, and is either:

(i) A member Fellow of the Society of Actuaries, or

(ii) A member of the American Academy of Actuaries who has been approved as qualified for signing statutory opinions relating to claim reserves and any other actuarial items by the Health Practice Council of the American Academy of Actuaries.”
Qualified Actuary Definitions Alternative 2b
**Property Casualty Definition**

A ‘Qualified Actuary’ is a person who meets the basic education, experience and continuing education requirements of the Specific Qualification Standard for Statements of Actuarial Opinion, NAIC Property and Casualty Annual Statement, as set forth in the Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States, promulgated by the American Academy of Actuaries, and is either:

(i) A member Fellow of the Casualty Actuarial Society, or

(ii) A member of the American Academy of Actuaries who has been approved as qualified for signing casualty loss reserve opinions by the Casualty Practice Council of the American Academy of Actuaries or through a qualifications committee appointed by the National Association of Insurance Commissioners.”

**Life Definition**

A ‘Qualified Actuary’ is a person who meets the basic education, experience and continuing education requirements of the Specific Qualification Standard for Statements of Actuarial Opinion, NAIC Life and A & H Annual Statement, as set forth in the Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States, promulgated by the American Academy of Actuaries, and is either:

(i) A member Fellow of the Society of Actuaries, or

(ii) A member of the American Academy of Actuaries who has been approved as qualified for signing statutory opinions relating to contract reserves and other actuarial items by the Life Practice Council of the American Academy of Actuaries or through a qualifications committee appointed by the National Association of Insurance Commissioners.”

**Health Definition**

A ‘Qualified Actuary’ is a person who meets the basic education, experience and continuing education requirements of the Specific Qualification Standard for Statements of Actuarial Opinion, NAIC Health Annual Statement, as set forth in the Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States, promulgated by the American Academy of Actuaries, and is either:

(i) A member Fellow of the Society of Actuaries, or

(ii) A member of the American Academy of Actuaries who has been approved as qualified for signing statutory opinions relating to claim reserves and any other actuarial items by the Health Practice Council of the American Academy of Actuaries or through a qualifications committee appointed by the National Association of Insurance Commissioners.”
Qualified Actuary Definitions Alternative 2c
**Property Casualty Definition**

A ‘Qualified Actuary’ is a person who meets the basic education, experience and continuing education requirements of the Specific Qualification Standard for Statements of Actuarial Opinion, **NAIC Property and Casualty Annual Statement**, including knowledge of and experience with U.S. regulatory requirements, as set forth in the Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States, promulgated by the American Academy of Actuaries, and is either:

(i) A member Fellow of the **Casualty Actuarial Society**, or

(ii) A member of the American Academy of Actuaries who has been approved as qualified for signing **casualty loss reserve opinions by the Casualty Practice Council** of the American Academy of Actuaries.

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**Life Definition**

A ‘Qualified Actuary’ is a person who meets the basic education, experience and continuing education requirements of the Specific Qualification Standard for Statements of Actuarial Opinion, **NAIC Life and A & H Annual Statement**, including knowledge of and experience with U.S. regulatory requirements, as set forth in the Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States, promulgated by the American Academy of Actuaries, and is either:

(i) A member Fellow of the **Society of Actuaries**, or

(ii) A member of the American Academy of Actuaries who has been approved as qualified for signing **statutory opinions relating to contract reserves and other actuarial items by the Life Practice Council** of the American Academy of Actuaries.

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**Health Definition**

A ‘Qualified Actuary’ is a person who meets the basic education, experience and continuing education requirements of the Specific Qualification Standard for Statements of Actuarial Opinion, **NAIC Health Annual Statement**, including knowledge of and experience with U.S. regulatory requirements, as set forth in the Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States, promulgated by the American Academy of Actuaries, and is either:

(i) A member Fellow of the **Society of Actuaries**, or

(ii) A member of the American Academy of Actuaries who has been approved as qualified for signing **statutory opinions relating to claim reserves and any other actuarial items by the Health Practice Council** of the American Academy of Actuaries.
JQA Letter to RM
To: Richard Marcks, Chair

Joint Qualified Actuary (A/B/C) Subgroup

From: Thomas S. Botsko

Re: Definition of Qualified Actuary

Date: December 31, 2013

This letter is in response to your request for additional input made at the NAIC meeting on December 14, 2013 in regard to the above. The current Qualified Actuary Definitions are attached as Exhibit I.

I have the following items to present at this time:

1. No change to the current definitions of qualified actuary, which includes no changes to the P & C Actuarial Opinion Model Law (#745),
2. Consistent wording using Rich Piazza’s starting point, and
3. Address International Actuaries

When changes to the P & C Model Law were brought up in a CASTF meeting, there was a sub group (or working group) formed to evaluate the need to change the Model Law. In my limited time as a regulator, I have not seen any issues with the Opining actuaries for P & C opinions I have evaluated. However, I am aware that if there is an issue, I have the authority to require the company to issue another opinion using an actuary of my choice and at their expense.

When Model Law (#745) and hence the definition for the P & C Qualified Actuary were introduce in the early 1990s, I believe two things were being considered. The first issue was that the ABCD was being finalized and no need for the specific punishment stated in the Life Model Law. In addition, Health business was still being written on the P&C blank and qualified actuary definition includes part (ii) to allow a member of the American Academy of Actuaries to sign a Statement of Actuarial Opinion. As the definition is written today, members of the American Academy of Actuaries can submit Statements of Actuarial Opinion as long as they are approved by the Casualty Practice Council. This will also consider FSAs under the General Insurance track to sign P & C Opinions.

Even though the General Insurance track is still in its infancy, those actuaries will be able to sign P & C opinions under the current definition. Once there is a sufficient number of actuaries for this track who will be signing P & C opinions, then we should consider changing the definition at that time. My preference is to not make any changes at this time. I do not believe there is a significant issue or concern to move forward with a change.
However, I do understand that actuaries like keeping things consistent. If we were to adopt a unified definition, I would suggest using Rich’s definition with the following change to part 1:

“1) A member in good standing of the American Academy of Actuaries as recognized by the American Academy of Actuaries as qualified to opine on actuarial valuation; or “

Using this unified definition would not give up the right for the regulating actuary to find issue with a given opinion and order another opinion. This definition would also be applicable to all US opinions for Life, Health, P & C and Title.

In regard to the third item, I am not familiar with how international actuaries would be considered qualified. I would assume that if an international actuary is signing a US Property & Casualty Statement of Actuarial Opinion, they would need to be approved by the Casualty Practice Council annually. This process would most likely address the education, continuing education and certification process of their presiding country.

I appreciate your consideration with these comments. If you have any questions or concerns, you may reach me at (614) 387-2819.

These comments are my own and are not of the Ohio Department of Insurance.

Thomas S. Botsko, ACAS, MAAA
Qualified Actuary Definitions
For Statements of Actuarial Opinion

**Property/Casualty**

The PROPERTY AND CASUALTY ACTUARIAL OPINION MODEL LAW (Model #745) refers to the NAIC Property and Casualty Annual Statement Instructions to provide the definition of the Appointed Actuary.

In the P&C Annual Statement Instructions:

“‘Qualified Actuary’ is a person who meets the basic education, experience and continuing education requirements of the Specific Qualification Standard for Statements of Actuarial Opinion, NAIC Property and Casualty Annual Statement, as set forth in the Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States, promulgated by the American Academy of Actuaries, and is either:

(i) A member in good standing of the Casualty Actuarial Society, or

(ii) A member in good standing of the American Academy of Actuaries who has been approved as qualified for signing casualty loss reserve opinions by the Casualty Practice Council of the American Academy of Actuaries.”

*Note that there is also power for a Commissioner to allow another person to fill this role: “These Instructions require that a ‘qualified actuary’ prepare the Opinion. Nevertheless, if a person who does not meet the definition of a ‘qualified actuary’ has been approved by the insurance regulatory official of the domiciliary state, the company must attach, each year, a letter from that official stating that the individual meets the state’s requirements for rendering the Opinion.”*

**Life**

The ACTUARIAL OPINION AND MEMORANDUM REGULATION (Model #822) says
5B. Qualified Actuary. A “qualified actuary” is an individual who:

(1) Is a member in good standing of the American Academy of Actuaries;

(2) Is qualified to sign statements of actuarial opinion for life and health insurance company annual statements in accordance with the American Academy of Actuaries qualification standards for actuaries signing such statements;

(3) Is familiar with the valuation requirements applicable to life and health insurance companies;

(4) Has not been found by the commissioner (or if so found has subsequently been reinstated as a qualified actuary), following appropriate notice and hearing to have:
(a) Violated any provision of, or any obligation imposed by, the Insurance Law or other law in the course of his or her dealings as a qualified actuary;

(b) Been found guilty of fraudulent or dishonest practices;

(c) Demonstrated his or her incompetency, lack of cooperation, or untrustworthiness to act as a qualified actuary;

(d) Submitted to the commissioner during the past five (5) years, pursuant to this regulation, an actuarial opinion or memorandum that the commissioner rejected because it did not meet the provisions of this regulation including standards set by the Actuarial Standards Board; or

(e) Resigned or been removed as an actuary within the past five (5) years as a result of acts or omissions indicated in any adverse report on examination or as a result of failure to adhere to generally acceptable actuarial standards; and

(5) Has not failed to notify the commissioner of any action taken by any commissioner of any other state similar to that under Paragraph (4) above.

In the Life Annual Statement instructions:

“'Qualified actuary' as used here means a member in good standing of the American Academy of Actuaries, or a person who has otherwise demonstrated his or her actuarial competence to the satisfaction of the insurance regulatory official of the domiciliary state.“

Health

There is no model law or regulation utilized.

In the Health Annual Statement Instructions:

“'Qualified health actuary,' as used herein means a member in good standing of the American Academy of Actuaries, or a person recognized by the American Academy of Actuaries as qualified for such actuarial valuation.“
NAIC JQA Letter from COQ 1-3-2014
January 3, 2014

VIA EMAIL – eking@naic.org

Richard Marcks, Chair  
NAIC Joint Qualified Actuary (A/B/C) Subgroup (JQA Subgroup)  
c/o Eric King  
National Association of Insurance Commissioners  
1100 Walnut Street, Suite 1500  
Kansas City, MO 64106-2197

Re: Definition of “qualified actuary”

The American Academy of Actuaries’ Committee on Qualifications (COQ) appreciates the opportunity to provide input in response to the JQA Subgroup’s request to submit comments prior to its next open conference call scheduled for January 8, 2014, regarding the definition of a “qualified actuary.” We understand that the three NAIC Actuarial Task Forces have given the JQA Subgroup the following charge:

“Recommend a uniform definition of ‘qualified actuary’ for life, health and property/casualty appointed actuaries signing prescribed NAIC Statements of Actuarial Opinion, identifying any differences that should remain between lines of business.”

The COQ’s charge is to investigate issues arising with respect to the minimum requirements necessary to qualify actuaries to perform publicly required actuarial functions. It recommends minimum qualification standards, including continuing education requirements, for credentialed actuaries and counsels such actuaries on questions relating to individual qualifications. These minimum qualifications, approved by the Academy Board, are published in the Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States (Including Continuing Education Requirements) and applicable to all credentialed actuaries practicing in the United States through Precept 2 of the Code of Professional Conduct. The COQ is comprised of credentialed actuaries practicing in life, property and casualty, health, pension and regulatory areas, and includes members from all five U.S.-based actuarial organizations.

The COQ recommends that any definition of a “qualified actuary” for signing NAIC Statements of Actuarial Opinion should include a reference to qualifications under the Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States, and more specifically in connection with the life, health, and property and casualty NAIC annual statement actuarial opinions, include, but not be limited to, the following:
A “qualified actuary” is a person who meets the basic education, experience and continuing education requirements of the Specific Qualification Standards for actuaries signing Statements of Actuarial Opinion related to the NAIC Life and A&H, the NAIC Property and Casualty, and the NAIC Health Annual Statements, as set forth in Section 3 of the Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States, promulgated by the American Academy of Actuaries (as the same may be amended from time to time).

The COQ would be happy to discuss this recommendation or any other questions or concerns the JQA Subgroup may have regarding the qualifications of credentialed actuaries. Please do not hesitate to contact Sheila J. Kalkunte, Esq., Academy assistant general counsel (kalkunte@actuary.org) if you have any questions.

Sincerely,

John W. Morris, MAAA, FSA
Chairperson
Committee on Qualifications
American Academy of Actuaries

cc: Thomas Terry, MAAA, FSA, FCA, EA, President, American Academy of Actuaries
Mary Downs, Esq., Executive Director, American Academy of Actuaries
January 6, 2014

VIA EMAIL – eking@naic.org

Richard Marcks, Chair
NAIC Joint Qualified Actuary (A/B/C) Subgroup (JQA Subgroup)
c/o Eric King
National Association of Insurance Commissioners
1100 Walnut Street, Suite 1500
Kansas City, MO 64106-2197

Re: Definition of “qualified actuary”

Dear Richard:

I understand that a charge was given to the JQA Subgroup to recommend a uniform definition of “qualified actuary” for life, health, and property/casualty appointed actuaries signing prescribed NAIC Statements of Actuarial Opinion, identifying any differences that should remain between lines of business.” Thank you for the open invitation to provide input to the JQA Subgroup prior to its next open conference call on January 8, 2014 on this topic.

The American Academy of Actuaries shares your goals to raise and address the challenges faced by state regulators in assuring actuarial qualification requirements are both clearly established and enforced. We appreciate the benefits that uniformity can bring to showing a clear and transparent regulatory intent for the understanding of actuaries, insurers, and consumers.

There are differences between practice areas and insurance products that are reflected on the blanks on which they are reported, and they can account for the differences in the existing rules and definitions governing actuarial opinions (see Appendix). In addition, there are unique histories/experiences behind the timing and development of these definitions that can, in retrospect, be looked at comparatively to ascertain whether there is greater utility in one definition that eliminates all differences among the blanks, or greater utility in one definition with respect to one actuarial credential that can uniformly be applied to all and that still leaves some practice area differences. The Academy is keenly aware of these differentiating factors in that its members come from all areas of practice. Some of the differences in the definitions result from the inclusion of conduct-related requirements. We do not want to suggest a common definition that would result in or even be perceived to weaken any conduct-related requirements.
The Academy is uniquely able to assist you in achieving as much uniformity as possible while maintaining and strengthening specific practice and professionalism requirements. The Academy is the national organization of the U.S. actuarial profession and the only organization focused on the needs of the public in the United States. We exist to support the creation of sound public policy in the U.S. and to formulate the standards governing the practice, qualification, and conduct of the U.S. actuarial profession.

Earlier comments from the Academy to the JQA Subgroup and the three NAIC actuarial task forces have described how the Academy’s professionalism mandate has long been exercised through its autonomous boards and committees (Actuarial Standards Board (ASB)), Actuarial Board for Counseling and Discipline (ABCD), and Committee on Qualifications created to be deliberately independent of any actuarial organization’s influence and commercial self-interest, or any one organization’s commercially strategic objectives. At the same time, the Academy’s unique role in actuarial professionalism accomplishes the goal of uniformity: uniformity of U.S. Qualification Standards (USQS), uniformity of actuarial standards of practice (ASOPs), and uniformity of Counseling and Discipline procedures (ABCD).

Academy membership (MAAA designation) requires an actuary to adhere to our code of professional conduct, qualification standards, and practice standards, and offers members counseling on how to do that, as well as disciplinary procedures when a member does not do so. While other actuarial organizations based in the U.S. may acknowledge that actuaries adhere to U.S. specific professionalism mandates as a requirement for practice in the U.S., the Academy is the source and the arbiter of those requirements and, most importantly, is the only organization that is dedicated solely to U.S. specific policy, practice, and qualification requirements.

Therefore, the Academy recommends that one level of the uniformity desired be achieved by reference to one credential: the MAAA. We propose a uniform definition that states: “A ‘qualified actuary’ is an individual who is a member of the American Academy of Actuaries or a person recognized by the American Academy of Actuaries as qualified to sign a particular prescribed NAIC Statements of Actuarial Opinion.”

Because Academy membership requires adherence to the Qualification Standards, an Academy member is required to meet any of the Specific Qualification Standards contained in Section 3 of the Qualification Standards (e.g., Life and A&H, Property and Casualty, and Health) if he/she signs a prescribed NAIC statement. We offer the specific expertise of experienced actuaries from all of the Academy’s practice and professionalism areas to assist you in navigating the considerations involved that may be unique to each of the three qualified actuary definitions going forward to develop or work on draft changes you decide are desirable. We welcome the opportunity to work with the NAIC to achieve your goals, which we share.
Should you have any questions regarding these comments, feel free to contact Craig Hanna, the Academy’s Director of Public Policy (hanna@actuary.org / 202-223-8196).

Sincerely,

Tom Terry  
President  
American Academy of Actuaries

cc: Membership, NAIC Jt. Qualified Actuary Subgroup  
Rich Piazza, Chair, NAIC Casualty Actuarial & Statistical Task Force  
Steve Ostlund, Chair, NAIC Health Actuarial Task Force  
Mike Boerner, Chair, NAIC Life Actuarial Task Force  
Mike Angelina, Vice President, Academy Casualty Practice Council  
David Shea, Vice President, Academy Health Practice Council  
Mary Bahna-Nolan, Vice President, Academy Life Practice Council  
Karen Terry, Vice President, Academy Professionalism Council
APPENDIX

Property/Casualty

The PROPERTY AND CASUALTY ACTUARIAL OPINION MODEL LAW (Model #745) refers to the NAIC Property and Casualty Annual Statement Instructions to provide the definition of the Appointed Actuary.

In the P&C Annual Statement Instructions:

“‘Qualified Actuary’ is a person who meets the basic education, experience and continuing education requirements of the Specific Qualification Standard for Statements of Actuarial Opinion, NAIC Property and Casualty Annual Statement, as set forth in the Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States, promulgated by the American Academy of Actuaries, and is either:

(i) A member in good standing of the Casualty Actuarial Society, or

(ii) A member in good standing of the American Academy of Actuaries who has been approved as qualified for signing casualty loss reserve opinions by the Casualty Practice Council of the American Academy of Actuaries.”

Note that there is also power for a Commissioner to allow another person to fill this role: “These Instructions require that a ‘qualified actuary’ prepare the Opinion. Nevertheless, if a person who does not meet the definition of a ‘qualified actuary’ has been approved by the insurance regulatory official of the domiciliary state, the company must attach, each year, a letter from that official stating that the individual meets the state’s requirements for rendering the Opinion.”

Life

The ACTUARIAL OPINION AND MEMORANDUM REGULATION (Model #822) says

5B. Qualified Actuary. A “qualified actuary” is an individual who:

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(3) Is familiar with the valuation requirements applicable to life and health insurance companies;

(4) Has not been found by the commissioner (or if so found has subsequently been reinstated as a qualified actuary), following appropriate notice and hearing to have:

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(a) Violated any provision of, or any obligation imposed by, the Insurance Law or other law in the course of his or her dealings as a qualified actuary;

(b) Been found guilty of fraudulent or dishonest practices;

(c) Demonstrated his or her incompetency, lack of cooperation, or untrustworthiness to act as a qualified actuary;

(d) Submitted to the commissioner during the past five (5) years, pursuant to this regulation, an actuarial opinion or memorandum that the commissioner rejected because it did not meet the provisions of this regulation including standards set by the Actuarial Standards Board; or

(e) Resigned or been removed as an actuary within the past five (5) years as a result of acts or omissions indicated in any adverse report on examination or as a result of failure to adhere to generally acceptable actuarial standards; and

(5) Has not failed to notify the commissioner of any action taken by any commissioner of any other state similar to that under Paragraph (4) above.

In the Life Annual Statement instructions:

“‘Qualified actuary’ as used here means a member in good standing of the American Academy of Actuaries, or a person who has otherwise demonstrated his or her actuarial competence to the satisfaction of the insurance regulatory official of the domiciliary state.”

Health

There is no model law or regulation utilized.

In the Health Annual Statement Instructions:

“‘Qualified health actuary,’ as used herein means a member in good standing of the American Academy of Actuaries, or a person recognized by the American Academy of Actuaries as qualified for such actuarial valuation.”

Fyi - The AAA’s Qualification Standards can be found at this link:
http://dev.actuary.org/files/qualification_standards.pdf
Mary Miller JQA Comments
January 6, 2014

VIA EMAIL – eking@naic.org

Richard Marcks, Chairperson
NAIC Joint Qualified Actuary (A/B/C) Subgroup (JQA Subgroup)
c/o Eric King
National Association of Insurance Commissioners
1100 Walnut Street, Suite 1500
Kansas City, MO 64106-2197

Re: Definition of “qualified actuary”

Dear Richard:

Thank you for the opportunity to respond to your request for comments on the definition of a qualified actuary. I am writing this letter as a former regulator and as such, my comments should be viewed in that context. My comments are my own and should not be viewed as representing either my current or former employer or any organization of which I am now or ever have been a member or officer.

I believe a definition of a qualified actuary for the purposes of signing an opinion that is submitted to a regulatory body or is required by statute or regulation should include a requirement for a minimum of three (3) years direct experience under the supervision of a qualified actuary in the material areas that are the subject of the opinion being submitted. This experience requirement would be in addition to a membership requirement that would ensure that the opining actuary is subject to the Code of Conduct, Actuarial Standards of Practice including the US Qualification Standard, and the counseling and discipline processes of the ABCD. The definition should also provide that the actuary submitting the opinion must be prepared to provide evidence of compliance with the membership and experience requirements upon request.

Thank you again for the opportunity to provide these comments. Please feel free to contact me with any questions you may have.

Sincerely,

Mary D Miller FCAS, MAAA
mdmiller.fcas@gmail.com

cc: Membership, NAIC Joint Qualified Actuary Subgroup
JQA Subgroup Letter MAAA 1-21
Jan 21, 2014

VIA EMAIL – eking@naic.org

Richard Marcks, Chairperson
National Association of Insurance Commissioners (NAIC)
Joint Qualified Actuary (A/B/C) Subgroup
c/o Eric King
National Association of Insurance Commissioners
1100 Walnut Street, Suite 1500
Kansas City, MO 64106-2197

Re: Definition of “qualified actuary”

Dear Richard:

The American Academy of Actuaries appreciates this opportunity to provide further comments on the Joint Qualified Actuary (JQA) Subgroup’s exploration of a uniform definition of a qualified actuary.

**Current Definitions**

The Academy is supportive of retention of the current definitions in the Life, Health, and Property/Casualty Instructions. We are not aware of any compelling reasons to change definitions that are already recognized and in place in the 50 states to facilitate states’ regulatory oversight.

**Alternative Definitions**

Nevertheless, the Subgroup has asked for additional input that would inform its exploration of possible uniform definitions.

In considering alternative definitions, we urge the Subgroup to avoid any changes that would either directly or indirectly weaken the existing definitions. With this in mind, we offer these two possible uniform definitions for your consideration:
OPTION 1. (Uniform definition in life, health and property/casualty instructions)

“Qualified Actuary” is a member of the American Academy of Actuaries who meets the basic education, experience and continuing education requirements of the Specific Qualification Standards for actuaries signing Statements of Actuarial Opinion related to the NAIC Life and A&H, the NAIC Property and Casualty, and the NAIC Health Annual Statements, as set forth in Section 3 of the Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States, promulgated by the American Academy of Actuaries.

Drafting note: This simple definition works for all three areas. As the national organization for U.S. actuaries, membership in the Academy requires that applicants must certify their willingness to comply with the Code of Professional Conduct of the American Academy of Actuaries, the Actuarial Standards of Practice promulgated by the Actuarial Standards Board, and the Qualification Standards for Statements of Actuarial Opinion promulgated by the Academy through its Committee on Qualifications. Failure or refusal to provide such a certification is grounds for denial of a membership application. Additionally, nonresidents and new residents of the U.S. must certify their familiarity with U.S. laws and practices in their actuarial practice area.

OPTION 2. (Uniform definition in life, health and property/casualty instructions)

“Qualified Actuary” is:

(i) A member of the American Academy of Actuaries who meets the basic education, experience and continuing education requirements of the Specific Qualification Standards for actuaries signing Statements of Actuarial Opinion related to the NAIC Life and A&H, the NAIC Property and Casualty, and the NAIC Health Annual Statements, as set forth in Section 3 of the Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States, promulgated by the American Academy of Actuaries,

or

(ii) a member of the American Academy of Actuaries who is recognized by the American Academy of Actuaries as qualified for such actuarial valuation.

Drafting note: This simple definition also can work for all three areas. In addition to having the same language as in Option 1, it provides for alternative approval possibilities. These alternatives would, without requiring specific reference to them, include the Casualty Practice Council’s established review process in place to review qualifications for signing casualty loss review opinions, and, should the NAIC desire it, the Academy will commit to working with the NAIC to establish other review processes through which specific approval could be given.
Importance of Maintaining Focus on a US Credential

The Academy is the national association of actuaries in the United States. Since 1965, the Academy has been the home of US actuarial practice and professionalism. As such, membership in the American Academy of Actuaries has long been recognized as the hallmark of a qualified actuary in the United States.

The Academy and the NAIC have a shared goal of effective insurance regulation and oversight in the US. This common ground is the foundation for our important, ongoing dialogue about those things that matter to the US public: actuarial practice and conduct standards, actuarial qualification standards and actuarial discipline processes.

The MAAA is the US national actuarial credential. As such, it is the credential that directly manifests the critical linkage between the practicing actuary in the US and the ongoing, dynamic practice and professionalism dialogue between the NAIC and the Academy. It is the credential that is emblematic of our shared goal of effective insurance regulation and oversight in the United States.

****

We appreciate this opportunity to comment and we look forward to working with you further on this and other important issues under consideration before the NAIC. Cecil Bykerk will be participating on the January 22 Subgroup conference call and will represent our perspective and be available to answer any questions you may have.

Should you have any questions regarding these comments, feel free to contact Craig Hanna, the Academy’s Director of Public Policy (hanna@actuary.org / 202-223-8196).

Sincerely,

[Signature]

Tom Terry
President

cc: Membership, NAIC Jr. Qualified Actuary Subgroup
Rich Piazza, Chair, NAIC Casualty Actuarial & Statistical Task Force
Steve Ostlund, Chair, NAIC Health Actuarial Task Force
Mike Boerner, Chair, NAIC Life Actuarial Task Force
By email c/o Eric King: eking@naic.org

Richard Marcks, Chair
Joint Qualified Actuary Subgroup (JQA Subgroup)
National Association of Insurance Commissioners

Re: Definition of a “Qualified Actuary”

Dear Mr. Marcks:

The Society of Actuaries offers the JQA Subgroup the following comments on the proposed definition of a “Qualified Actuary” for purposes of signing the prescribed actuarial opinions for Life, Health and Property/Casualty Annual Statements.

On January 8, 2014, you presented for discussion three parallel definitions, consistently written… one for each of the prescribed opinions. We believe there is great merit in the suggested approach and we support it.

* * * *

Looking at the proposed parallel definitions, we note there are three elements that each has in common:

1. The signing actuary must satisfy the Specific Qualification Standards for the applicable NAIC Annual Statement, as set forth in the US Qualification Standards.
2. The signing actuary must be a member (or Fellow) of a U.S. based actuarial organization; and
3. For each distinct practice area (Life, Health and P/C) the signing actuary must either belong to a specific named organization (SOA or CAS) or, alternatively, must be a member of the American Academy of Actuaries whose qualifications have been approved by the relevant Academy practice council.

With respect to the first two elements of the common definitions, we completely agree. We believe these two elements are essential to the regulatory objectives, and we have consistently supported adoption of a definition that includes both. We also believe that Fellowship level credentials are generally important to ensure regulators and the public that the actuary has been educated and assessed at the level of depth and breadth necessary for qualification, and we support including the requirement of Fellowship level credentials in the definition.
Richard Marcks  
January 21, 2014

A Qualified Actuary must satisfy the Specific Qualification Standards.

As we have stated in our prior comments to the JQA Subgroup, the Specific Qualification Standards are intended to establish basic education, experience and continuing education requirements that are necessary and appropriate for actuaries who would sign the NAIC actuarial opinions. It is appropriate to refer to and incorporate these requirements in defining a Qualified Actuary. Because the Specific Qualification Standards already identify the three NAIC Annual Statement opinions separately — and because they already differentiate the topics of basic education on which an actuary must be trained for each — incorporating this requirement is an effective and appropriate way to address differences in the qualifications required for each distinct area of practice.

A Qualified Actuary must be a member of a U.S. based actuarial organization.

As we have also stated in our prior comments to the JQA Subgroup, we agree that membership in a U.S. based actuarial organization should be required. By virtue of such membership, the actuary is obligated to abide by the Code of Professional Conduct that has been uniformly adopted by all such organizations; is obligated to follow the Actuarial Standards of Practice (ASOPs) applicable to practice in the U.S.; and is subject to a uniform disciplinary process that has been jointly adopted and agreed to by all the U.S. organizations.

With respect to this second element, we will emphasize — as we have in the past — that membership in any one of the U.S. based organizations serves the regulatory purpose, and that there is no need to distinguish membership in one organization from membership in another. In terms of the actuary's obligations to abide by the Code and to follow the ASOPs, and in terms of the actuary's exposure to discipline, there is no difference between an actuary who belongs only to the SOA or the CAS, versus one who belongs (separately or in addition) to the Academy. They must all abide by the Code, and it is the obligation to abide by the Code — not the particular organization to which they belong — that is relevant in serving the regulatory purpose.

Requiring Fellowship in specific organizations for specific purposes, and relying on Academy Practice Councils, is workable, but may require some further consideration.

We have previously urged that a single, uniform definition — based solely on the first two elements described above — would be sufficient to serve the regulatory objectives. While we continue to believe that is the case, we can support the approach taken in these three parallel definitions, with two small caveats.

First, the proposed approach assumes that the Academy Practice Councils will be prepared to review the qualifications of actuaries who do not have Fellowship in the CAS (for P/C Annual Statements) or in the SOA (for Life and Health Annual Statements). Based on comments from the Academy, it still needs to be verified that such an approach would be workable.

Second, we believe the members of the JQA Subgroup are probably aware that the SOA has introduced a Fellowship track in property/casualty practice (General Insurance). The Casualty and Statistical Task Force (CASTF) currently has a charge to evaluate the SOA program and to make a recommendation whether actuaries completing that track should be treated the same as CAS Fellows for purposes of signing the P/C Annual Statement opinion.
If the recommendation is affirmative, then it will be necessary to amend the P/C definition accordingly in the future.

Conclusion
Subject to the minor reservations described above, the Society of Actuaries would support adoption of the three consistent definitions of a "Qualified Actuary" that you have proposed.

Sincerely,

Richard S. Veys
General Counsel
Richard Marcks Letter 1-22-14
January 22, 2014

Richard Marcks, Chair
Joint Qualified Actuary (A/B/C) Subgroup
C/O Eric King
1100 Walnut Street,
Kansas City, MO 64106-2197

RE: Joint Qualified Actuary (A/B/C) Subgroup

Dear Mr. Marks,

Please accept these comments on behalf of the members of the Consumer Credit Industry Association (CCIA). CCIA is a national trade association of insurance companies and other financial service providers selling or servicing consumer credit insurance, consumer credit related lines of insurance and other consumer products and services typically provided in connection with consumer credit transactions whether or not insurance. Our member insurance companies account for more than 80% of the national premium volume written for these lines of insurance. CCIA is dedicated to preserving and enhancing the availability, utility, and integrity of insurance and insurance related products delivered through financial institutions or in connection with financial transactions.

CCIA is currently completing its January Committee meetings and we will not be able to participate on today’s call. However, our members seek to continue to provide input into all of the issues that have and will be raised during the discussion of the Subgroup. However, this letter concerns our members who underwrite consumer credit insurance which includes Credit Life (life coverage), Credit Disability (accident and health coverage), Credit Involuntary Unemployment (IUI- health or casualty coverage depending on the state) and Credit Property.

As you know, the amount of credit insurance coverage written in the United States has been decreasing for a number of years. There are relatively few credentialed actuaries across the United States (ASA, FSA, ACAS, or FCAS, typically) who specialize in credit insurance, perhaps twenty or even fewer. The majority of these credentialed actuaries were initially trained on the life insurance side of the business and are either an ASA or FSA. Historically, these actuaries have had daily interactions involving all the various types of credit insurance products sold by their insurance company employer or consulting client. They are often the most knowledgeable people involved in the actuarial tasks regarding all the various credit insurance products.

On the other hand, little mention of credit insurance products is made in actuarial exams sponsored by either the Society of Actuaries or the Casualty Actuarial Society. This is understandable given the relatively small size of the credit insurance industry when compared to the entire insurance industry.
Traditionally, states permit a member of the American Academy of Actuaries to perform many varied actuarial duties such as preparing rate filings for all credit lines of business including IUI and property coverages. We believe it continues to be important to allow life actuaries who specialize in credit insurance to be able to perform these tasks relative to credit property and casualty products. Expertise in working with these products comes from day-to-day work experience and not from simply having the right “life versus property and casualty” designation. Still, we want to make it clear that we agree with Precept 2 of the Code of Professional Conduct, which obligates an actuary not to issue statements of actuarial opinion unless qualified to do so. We fully support the concept that an actuary must still pass the look-in-the-mirror test to do the work.

Thank you for the opportunity to continue to participate in this very important process. Please feel free to contact me with any questions.

Respectfully submitted,

Scott J. Cipinko
January 31, 2014

By email c/o Eric King: eking@naic.org

Richard Marcks, Chair
Joint Qualified Actuary (A/B/C) Subgroup (JQA Subgroup)
National Association of Insurance Commissioners

Re: Definition of a “Qualified Actuary”

We write to you as NAIC Consumer Representatives to comment on the proposals currently before the Joint Qualified Actuary (A/B/C) Subgroup.

The charge to the Subgroup is to:

*Develop a uniform definition of “qualified actuary” as well as a definition of inappropriate or unprofessional actuarial work and a process for corrective action by regulators and/or professional organizations.*—Important

The proposals before the Subgroup are limited to one aspect (of the three identified in the charge) – a uniform definition of “qualified actuary” for the limited purposes of issuing reserve opinions for statutory annual statements.

Given the current weaknesses in the conflict of interest guidelines and disciplinary procedures applicable to actuaries who engage in unethical activities or perform shoddy work, we are disappointed at the Subgroup’s failure to address the second and third parts of its charge, which we believe are vital.

We continue to recommend and urge regulators to develop a standard for qualifying actuaries that does not recognize membership in an actuarial organization or certification by an actuarial organization alone as sufficient to qualify an actuary for regulatory purposes. Regulators should retain authority to judge the qualifications of actuaries. Regulators can utilize a professional actuarial organization’s certification as evidence of necessary training, education and experience, but should not outsource such qualification to unregulated entities that have no accountability to the public or to regulators.

We suggest the following as a definition for Qualified Actuary (using the PC version as an example):

*A ‘Qualified Actuary’ is a person who meets the basic education, experience and continuing education requirements of the Specific Qualification Standard for Statements of Actuarial Opinion for the NAIC Property and Casualty Annual Statement, as set forth in the Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States, promulgated by the American Academy of Actuaries, and is designated as qualified by the
Commissioner of Insurance of the domiciliary state of the insurance company filing the Annual Statement.

We also request that the working group state clearly that any action on the proposals currently before the working group are limited to qualifying an actuary for issuing opinions regarding reserves in connection with statutory annual financial statements and for no other purpose, including, for example, qualification to render opinions on rates or risk classifications.

Sincerely,

Birny Birnbaum
Timothy Jost
Lincoln Nehring
Elizabeth Abbott
Marguerite Herman
Bonnie Burns
Brendan Bridgeland
Debra Judy
Cynthia Zeldin
Adam Linker
Kathleen Gmeiner

NAIC Consumer Representatives
February 3, 2014

Richard Marcks
Chair, Joint Qualified Actuary (A/B/C) Subgroup
National Association of Insurance Commissioners
2301 McGee Street, Suite 800
Kansas City, Missouri 64108-2662

Re: Comments on Definition of Qualified Actuary

Dear Mr. Marcks:

On behalf of the 37 independent members of the Blue Cross Blue Shield Association (BCBSA), who collectively provide health insurance benefits to 100 million Americans, we appreciate the opportunity to provide comments on the Joint Qualified Actuary (A/B/C) Subgroup’s draft definitions for a qualified actuary for issuing statements of actuarial opinion. While the Subgroup is considering changes for all types of annual statements, our comments address only the definition applicable to the health blank actuarial opinion.

The current definition for a qualified actuary for issuing statements of actuarial opinion is based on the Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States, promulgated by the American Academy of Actuaries (AAA), which provide criteria for basic education, continuing education, and relevant experience. The current process is for the opining actuary to declare within the opinion that he/she meets such qualifications. We understand the Subgroup’s main concern relates to this self-declaration process. In response, it proffered three draft definitions that suggest changes relating to the basic education requirement or a third-party approval, specifically by the AAA.

All three of the definitions proffered allow for Fellows of the Society of Actuaries to continue to self-declare. If one of the Subgroup’s main objectives is to reduce reliance on self-declaration (although regulators do have authority to request written documentation of qualifications even today), we do not see how these definitions achieve that objective.

We suggest two options for the regulators to consider that we believe would reduce reliance on self-declaration without imposing undue burdens on the opining actuaries, regulators or the AAA:

Option #1 – AAA Certification:

A ‘Qualified Actuary’ is a person who meets the basic education, experience and continuing education requirements of the Specific Qualification Standard for Statements of Actuarial Opinion, NAIC Health Annual Statement, as set forth in the Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States, promulgated by the American Academy of Actuaries, and is a member of the American Academy of Actuaries who has been certified for signing statutory opinions by the American Academy of Actuaries.

Notes on implementation process:

(i) Appointed Actuaries who have served for the last three consecutive years as of the date this definition is effective should be grandfathered and should not be required to go through the American Academy of Actuaries certification process.

(ii) The American Academy of Actuaries certification process should include review of the candidate’s basic education, experience and continuing education to ensure the Qualification Standards are met. A member of the American Academy of Actuaries who has completed the Qualifications Seminar administered by the American Academy of Actuaries for the appropriate annual statement blank should be deemed certified.

(iii) Every five years, the actuary must re-certify with the American Academy of Actuaries as to meeting continuing education requirements.
Option #2 – Documentation with Appointment:

Retain current definition of qualified actuary in the actuarial opinion section of the health annual statement instructions (based mainly on membership in the American Academy of Actuaries and meeting its promulgated Qualification Standards), but require a written description by the actuary of how he/she meets the Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion to be submitted along with the appointment notification letter to the state insurance department. The commissioner would have the opportunity to review and ask any questions prior to the submission of the actuarial opinion. This option could be implemented for all future appointment notifications.

Currently, the first paragraph of the health actuarial opinion instructions reads:

> There is to be included on or attached to Page 1 of the annual statement, the statement of the appointed actuary setting forth his or her opinion relating to the claim reserves and any other actuarial items. The appointed actuary must be a qualified health actuary appointed by the board of directors, or its equivalent, or by a committee of the board, by December 31 of the calendar year for which the opinion is rendered. Within five business days of the appointment, the company shall notify the domiciliary commissioner of the name, title (and, in the case of a consulting actuary, the name of the firm) and manner of appointment or retention of each person appointed or retained by the company as an appointed actuary and shall state in the notice that the person meets the requirements of a qualified health actuary. Once these notices are furnished, no further notice is required with respect to this person unless the actuary ceases to be appointed or retained or ceases to meet the requirements of a qualified health actuary. “Qualified health actuary,” as used herein means a member in good standing of the American Academy of Actuaries, or a person recognized by the American Academy of Actuaries as qualified for such actuarial valuation.

We believe this option can be implemented by simply replacing that first paragraph with the following:

> There is to be included on or attached to Page 1 of the annual statement, the statement of the appointed actuary setting forth his or her opinion relating to the claim reserves and any other actuarial items. The appointed actuary must be a qualified health actuary appointed by the board of directors, or its equivalent, or by a committee of the board, by December 31 of the calendar year for which the opinion is rendered. Within five business days of the appointment, the company shall notify the domiciliary commissioner of the name, title (and, in the case of a consulting actuary, the name of the firm) and manner of appointment or retention of each person appointed or retained by the company as an appointed actuary and shall provide a written description of how the person meets the requirements of a qualified health actuary. Once these notices are furnished, no further notice is required with respect to this person unless the actuary ceases to be appointed or retained or ceases to meet the requirements of a qualified health actuary. “Qualified health actuary,” as used herein means a member in good standing of the American Academy of Actuaries, or a person recognized by the American Academy of Actuaries as qualified for such actuarial valuation.

Thank you for your consideration of these comments. BCBSA welcomes the opportunity to discuss further. If you have any questions, please contact me at 312.297.6093 or Shari.Westerfield@bcbsa.com.

Sincerely,

Shari Westerfield, FSA, MAAA
Senior Actuary, Actuarial & Underwriting Services
February 5 2014 Letter to Richard Mareks
February 5, 2014

By email to Eric King

Richard Marcks, Chair
Joint Qualified Actuary Subgroup
NAIC
1100 Walnut Street
Kansas City, MO 64106-2197

Re: Definition of a Qualified Actuary

Dear Richard:

I apologize for these late comments because I thought the deadline was tomorrow; Eric King informed me the deadline has already passed this past Monday. However if I can have more time, I will prepare an alternative definition.
I don’t feel that any definition that has been proposed so far is suitable for three very important reasons:

1> The subgroup has received letters from the SOA and AAA but not the CAS or IAA, which are key stakeholders in any proposed definition.

2> The SOA is engaged in a possibly divisive battle with the CAS for future students of casualty actuarial science. The AAA is largely composed of members from the SOA and therefore is unlikely to recommend a definition at variance with its largest member organization.

3> Any of the definitions so far give short shrift to Associates. I understand the SOA is moving away from giving ASA’s authority to issue SAO’s, not so the CAS. I am worried that adopting any of the currently proposed definitions is going to disenfranchise thousands of career actuaries with the ASA or ACAS designation, who are currently issuing SAO’s. Although I cannot speak for the CAS leadership, what if the CAS chooses to allow ACAS to issue SAO’s? Adopting any of the definitions so far proposed will certainly discourage employers from using ASA or ACAS’s in the future. This will unquestionably have a negative effect on these actuaries’ career and ability to support their families!
If you will please allow me at least one more day, I will offer a superior definition of Qualified Actuary. Otherwise, I strongly recommend choosing “no option”.

Thank you for considering my comments.

Arthur J. Schwartz

Copy: Wayne Fisher, Bob Miccolis

Disclaimer: this letter is written on my own personal time; it is my personal opinion only; it is not an official opinion of my employer
JQA Subgroup Letter - MAAA 2-5
February 3, 2014

VIA EMAIL – eking@naic.org

Richard Marcks, Chairperson
National Association of Insurance Commissioners (NAIC)
Joint Qualified Actuary (A/B/C) Subgroup
c/o Eric King
National Association of Insurance Commissioners
1100 Walnut Street, Suite 1500
Kansas City, MO 64106-2197

Re: Definition of “qualified actuary”

Dear Richard:

As previously communicated to the Joint Qualified Actuary Subgroup (JQA) of the National Association of Insurance Commissioners (NAIC), the American Academy of Actuaries\(^1\) generally supports the current definitions for qualification to sign annual statements of opinion as prescribed by the NAIC.\(^2\)

In our desire to assist regulators in fulfilling their mission, the Academy is willing to work with regulators to construct a regime within the Academy that would 1) work from the current definitions of qualification for Health, Life and Property/Casualty appointed actuaries, but make them consistent with one another in their approach; and 2) address regulators' concerns expressed during the JQA process that there is a need for more robust oversight of qualification.

A key element for us to undertake this is to retain membership in the Academy as the foundational vital element. The Academy has a US-only mission that focuses on the interests of the public served by regulators and US actuaries. We anticipate that the oversight process would include a verification or validation function at the Academy for which a review of the qualifications of appointed actuaries would be undertaken.

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\(^1\) The American Academy of Actuaries is an 18,000-member professional association whose mission is to serve the public and the U.S. actuarial profession. The Academy assists 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.

\(^2\) With the exception of the previously communicated concern over, "A member in good standing," in the definition, which we recommend should be dropped.
In that regard, therefore, the Academy, offers the following definitions:

**Health**

**Current:** “‘Qualified health actuary,’ as used herein means a member in good standing of the American Academy of Actuaries, or a person recognized by the American Academy of Actuaries as qualified for such actuarial valuation.”

**Proposed:** A qualified actuary is a member of the American Academy of Actuaries who has met the Qualification standards including (3.1 Basic Education Requirement, 3.1.1 Successful Completion of Examinations, 3.1.1.3 Statement of Actuarial Opinion, NAIC Health Annual Statement) and is in compliance with the Academy’s verification process (language TBD as the process is worked out).

**Life**

**Current:** “‘Qualified actuary’ as used here means a member in good standing of the American Academy of Actuaries, or a person who has otherwise demonstrated his or her actuarial competence to the satisfaction of the insurance regulatory official of the domiciliary state.”

**Proposed:** A qualified actuary is a member of the American Academy of Actuaries who has met the Qualification standards including (3.1 Basic Education Requirement, 3.1.1 Successful Completion of Examinations, 3.1.1.1 Statement of Actuarial Opinion, NAIC Life and A&H Annual Statement) and is in compliance with the Academy’s verification process (language TBD as the process is worked out).

**P/C**

**Current:** “‘Qualified Actuary’ is a person who meets the basic education, experience and continuing education requirements of the Specific Qualification Standard for Statements of Actuarial Opinion, NAIC Property and Casualty Annual Statement, as set forth in the Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States, promulgated by the American Academy of Actuaries, and is either:

(i) A member in good standing of the Casualty Actuarial Society, or

(ii) A member in good standing of the American Academy of Actuaries who has been approved as qualified for signing casualty loss reserve opinions by the Casualty Practice Council of the American Academy of Actuaries.”

**Proposed:** A qualified actuary is a member of the American Academy of Actuaries who has met the Qualification standards including: (3.1 Basic Education Requirement, 3.1.1 Successful Completion of Examinations, 3.1.1.2 Statement of Actuarial Opinion, NAIC Property and Casualty Annual Statement) and is in compliance with the Academy’s verification process (language TBD as the process is worked out).

The Academy stands ready to assist each of the NAIC’s actuarial task forces or the JQA in determining the best and most consistent approach to take. Even if no changes are made to the current definitions, the Academy is still ready to work with regulators to develop a verification process.
We appreciate this opportunity to comment and we look forward to working with you further on this and other important issues under consideration before the NAIC. Cecil Bykerk and Mary Miller will be participating on the February 5 Subgroup conference call and will represent our perspective and be available to answer any questions you may have.

Should you have any questions regarding these comments, feel free to contact Craig Hanna, the Academy’s Director of Public Policy (hanna@actuary.org / 202-223-8196).

Sincerely,

Tom Terry
President

cc: Membership, NAIC Jr. Qualified Actuary Subgroup
   Rich Piazza, Chair, NAIC Casualty Actuarial & Statistical Task Force
   Steve Ostlund, Chair, NAIC Health Actuarial Task Force
   Mike Boerner, Chair, NAIC Life Actuarial Task Force
Qualified Actuary Definition adopted by the Joint Qualified Actuary Subgroup on February 5, 2014

Property Casualty Definition

A ‘Qualified Actuary’ is a member of the American Academy of Actuaries who meets the basic education, experience and continuing education requirements of the Specific Qualification Standard for Statements of Actuarial Opinion, NAIC Property and Casualty Annual Statement, including knowledge of and experience with U.S. regulatory requirements, as set forth in the Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States, promulgated by the American Academy of Actuaries, validated in compliance with the Academy’s verification process and providing current documentation of relevant basic education, continuing education, and work experience to regulators with each regulatory submission for which certification by a qualified actuary is required, and is either:

(i) A member of the Casualty Actuarial Society, or

(ii) A member of the American Academy of Actuaries who has been approved as qualified for signing statutory opinions relating to reserves and any other actuarial items by the American Academy of Actuaries.

Life Definition

A ‘Qualified Actuary’ is a member of the American Academy of Actuaries who meets the basic education, experience and continuing education requirements of the Specific Qualification Standard for Statements of Actuarial Opinion, NAIC Life and A & H Annual Statement, including knowledge of and experience with U.S. regulatory requirements, as set forth in the Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States, promulgated by the American Academy of Actuaries, validated in compliance with the Academy’s verification process and providing current documentation of relevant basic education, continuing education, and work experience to regulators with each regulatory submission for which certification by a qualified actuary is required, and is either:

(i) A member of the Society of Actuaries, or

(ii) A member of the American Academy of Actuaries who has been approved as qualified for signing statutory opinions relating to reserves and any other actuarial items by the American Academy of Actuaries.
Health Definition

A ‘Qualified Actuary’ is a member of the American Academy of Actuaries who meets the basic education, experience and continuing education requirements of the Specific Qualification Standard for Statements of Actuarial Opinion, NAIC Health Annual Statement, including knowledge of and experience with U.S. regulatory requirements, as set forth in the Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States, promulgated by the American Academy of Actuaries, validated in compliance with the Academy’s verification process and providing current documentation of relevant basic education, continuing education, and work experience to regulators with each regulatory submission for which certification by a qualified actuary is required, and is either:

(i) A member of the Society of Actuaries, or

(ii) A member of the American Academy of Actuaries who has been approved as qualified for signing statutory opinions relating to reserves and any other actuarial items by the American Academy of Actuaries.