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AMERICAN ACADEMY *of* ACTUARIES

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Cecil D. Bykerk, FSA, MAAA, HonFIA, RHU, FLMI, *President*

November 1, 2013

VIA EMAIL

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NAIC Joint Qualified Actuary (A/B/C) Subgroup

c/Eric King  
NAIC  
1100 Walnut Street, Suite 1500  
Kansas City, MO, 64106-2197

Re: Letter from Committee on Qualifications

Dear Members of the NAIC Actuarial Task Forces:

We would like to take this opportunity to embrace the recommendation in the attached letter that we understand to be an interim response from the Committee on Qualifications (COQ) to the Society of Actuaries' (SOA) request earlier this year for modification to Section 3.1.1.2 of the U.S. Qualification Standards to include a reference to the SOA as a provider of general insurance (property and casualty) exams. The COQ is a long-established committee within the American Academy of Actuaries (<http://www.actuary.org/content/history-qualifications-standards>). The Academy's professionalism mandate has long been exercised through autonomous committees created to be deliberately independent of any actuarial organization's influence and commercial self-interest, or any one organization's commercially strategic objectives. Established at the Academy because of its unique professionalism mission, the Academy Board approves COQ recommendations to modify the USQS but does not dictate those recommendations. Objectivity and dispassionate examination of the criteria for practice qualification to issue Statements of Actuarial Opinion is essential to the credibility of the COQ. The COQ does not view criteria for qualification through the lens of any one organization's strategic goals.

The attached letter has given us a reason to supplement our letter to you dated September 27, 2013, in connection with the definition of “qualified actuary” because this issue continues to be raised. The situation raised by the SOA request to add their name to the model law is not based on any needs of the U.S. actuarial profession or of the NAIC that we can identify. This effort regrettably has engendered confusion over the process and role of the Committee on Qualifications and the NAIC with respect to relying on professional credentials for qualification in the US. We do not endorse this lobbying effort to add the SOA credential. Our goal is to work with the NAIC to optimize the process by which the actuarial profession and regulators can with confidence recognize qualified actuaries to sign opinions. As a basic education provider, the SOA is similar to other international education providers, particularly the UK’s Institute and Faculty of Actuaries (IFoA) and not at all similar to the Academy, the national association of U.S. practicing actuaries from all practice areas focused on practice and professionalism issues solely in the U.S. We understand the stated reason of the SOA’s request to the NAIC, and to the COQ, to be a strategic commercial one to bolster their marketing of the new General Insurance track they have developed to meet global insurance industry needs. These are not needs that exist in the U.S. It is the long held and stated position of the Academy that the MAAA is the single designation that is specific to U.S. actuarial qualifications to practice and is therefore the necessary and most meaningful credential to be used in U.S. model laws and regulations.

Since the inception of the Academy, it was contemplated by the U.S. actuarial profession that the Academy would serve as the national organization representing the voice of the U.S. actuarial profession and serving the public and the U.S. actuarial profession, similar to the way the Canadian Institute of Actuaries serves the needs of the Canadian public and actuaries.

We believe the SOA and CAS have provided and continue to provide excellent basic education to credential actuaries all over the world. The Academy however has a different mission from these internationally recognized organizations. The Academy’s mission is to serve the public and the U.S. actuarial profession. It is therefore focused on the needs of the public in the United States. As a result, the Academy has interfaced for years with regulators at the state and national level because of its commitment to its national mission. Moreover, the Academy alone houses the professionalism entities of the U.S. actuarial profession, such as the Actuarial Standards Board and the Committee on Qualifications because from its inception, the Academy has been dedicated to serving the public and the U.S. profession as the one organization that is independent of employers, clients, and other actuarial organizations who rely for their existence on a steady or increasing supply of clients and exam takers. The Academy’s public policy and professionalism work focus on U.S. actuarial practice and actuarial services in the United States, not outside the United States.

We welcome the opportunity to work with the NAIC, as we have since the Academy’s founding, to support the highest recognized standards of actuarial competence and conduct that every state can reference and rely upon. We want to hear of your concerns and work with you towards our mutual goals of excellence in actuarial professionalism and analysis of issues that is of value and interest to the NAIC.

Sincerely,



Cecil D. Bykerk

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AMERICAN ACADEMY *of* ACTUARIES

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October 30, 2013

VIA EMAIL

Mr. Greg Heidrich  
Executive Director  
Society of Actuaries  
475 North Martingale Road, Suite 600  
Schaumburg, Illinois 60173

Re: SOA letter dated February 6, 2013 to Committee on Qualifications

Dear Mr. Heidrich:

Reference is made to your letter to me dated February 6, 2013 as Chairperson of the Committee on Qualifications (COQ) of the American Academy of Actuaries (Academy). You asked the COQ to consider modifying Section 3.1.1.2 of the U.S. Qualification Standards (USQS) to include reference to the Society of Actuaries (SOA) as a provider of exams necessary for actuaries to meet part of the basic education requirements of the USQS to qualify an actuary to sign the actuarial opinion for the NAIC Property and Casualty Annual Statements. Currently, actuaries must pass examinations administered by the Academy or the Casualty Actuarial Society to issue statements of actuarial opinion for NAIC Property and Casualty Annual Statements, or satisfy the Alternative Basic Education requirements of Section 3.1.2.

As a reminder, the COQ is charged with determining the qualifications of actuaries practicing in the United States after an actuary earns his or her initial actuarial credential from any of the Recognized Actuarial Organizations as defined in the Code of Professional Conduct, of which the SOA is one. After careful consideration of the discussions going on amongst members of the National Association of Insurance Commissioners (NAIC), and further review of the USQS requirements, the COQ has decided to suspend consideration of the SOA request to include the SOA in Section 3.1.1.2 of the USQS as a provider of general insurance exams until there is further advancement by the NAIC on this matter. The current language contained in Section 3 of the USQS in connection with actuarial qualifications for NAIC property and casualty reserve opinions was derived from the NAIC instructions definition of “qualified actuary” for purposes of signing the NAIC Property and Casualty Annual Statement opinions. As such, it was the NAIC that limited actuarial signers of the NAIC property and casualty opinions to the members identified in that regulation, not the COQ. Further, and in particular, we note that Appendix 4, Section 3 of the U.S. Qualification Standards (Guidelines for Determining When Specific Qualification Standards Should Be Developed) states:

*A Specific Qualification Standard typically should be developed in relation to a specific actuarial opinion requirement that is embodied in a regulation or a standard and is of high visibility and fairly broad application within the profession.*

Given the foregoing, the COQ believes it is in the best interest of the profession for the COQ to wait to see if the companion regulation relating to your request by the NAIC in connection with the NAIC Property and Casualty Annual Statement actuarial opinion, or if any state should reach a determination on the issue in any laws, rules, or regulations, addresses your issue, then consider development in the U.S. Qualification Standards.

As stated above, this is a decision to suspend further review of your request to include a reference to the SOA as a provider of general insurance exams under Section 3.1.1.2 of the USQS at this time. The COQ will continue to monitor the NAIC's deliberations on this issue, and is open to reviewing the SOA's full general insurance track syllabus at a later date. The COQ does however reserve all of its rights to act in accordance with its charges, and should any circumstances change in connection with your request; the COQ will consider and act accordingly.

Sincerely,

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

cc: American Academy of Actuaries  
Casualty Actuarial Society  
National Association of Insurance Commissioners (C Committee)