



AMERICAN ACADEMY *of* ACTUARIES

March 9, 2011

Via Email

Kathleen Riely, J.D.
Governmental Affairs Director
Wilmington Regional Association of Realtors
1444 S. 17th Street
Wilmington, NC 28401

Dear Kathleen:

I spoke briefly yesterday morning with Mary Frances Miller concerning your interest in a proposal for a legislatively-established advisory committee on property insurance in North Carolina. In particular, Mary Frances advised me that you were considering a requirement for an actuary to be among the members of that advisory committee. She asked that I provide you with some thoughts about appropriate qualifications for candidates for the actuarial position.

In terms of education and professional designations, individuals best positioned to serve in the capacity that you envision would be members of both the Casualty Actuarial Society (CAS) and the American Academy of Actuaries.¹ The CAS utilizes two membership levels attained by virtue of examination, with the first being an Associate (ACAS) designation and the second, more advanced designation, being Fellowship (FCAS).

The American Academy of Actuaries serves the public on behalf of the U.S. actuarial profession, and it is the voice of the profession on public policy and professionalism issues. Members of the Academy have an MAAA designation. The Academy is the organization in the United States through which the uniform Code of Professional Conduct and the qualification standards for members of all the U.S.-based organizations practicing in the United States are promulgated.

The above memberships would be very straightforward to describe in statutory or administrative language and may be considered minimum requirements for candidates to fill the actuarial position on the advisory committee. As there are alternate routes to achieving qualification to practice, there may also be Academy members who are qualified despite not being members of the CAS.

Training and experience would also be very important elements of qualifications to serve on the advisory committee. Among the actuarial areas of endeavor especially pertinent to the issues likely to be addressed by that group would be the following:

- Property insurance pricing

¹ The American Academy of Actuaries is a 17,000-member professional association whose mission is to serve the public on behalf of the U.S. actuarial profession. The Academy assists public policymakers 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.

- Property insurance reserving
- Development, application, and interpretation of catastrophe models and simulation tools
- Reinsurance
- Alternative funding mechanisms, private and public, as applied to property and/or catastrophe risks

Defining acceptable training and experience in the aforementioned areas could be done in specific quantitative terms such as number of years (probably three at a minimum, with more experience certainly being desirable, all else being equal). A somewhat more flexible approach could look for “substantial” or “responsible” experience in these areas, leaving those empowered to ultimately appoint a candidate to evaluate their credentials accordingly. In any case, of course, one must keep in mind that the higher the applicable standards for qualification are set, the smaller the talent pool from which candidates may be drawn. There may also be excellent candidates who do not themselves have experience in all of these areas but who have access to colleagues who do.

Finally, there are some personal abilities that would almost certainly be valuable in the context of the advisory committee, including, in particular, the ability to present and discuss complex technical subject matter effectively to other members of the advisory committee itself and/or to other constituencies that may have interest in the activities of the advisory committee. While these traits are much more subjective than are the preceding considerations, in filling the position, a sense of each candidate’s facility in these areas might be gained through interviews and/or reference contacts.

I hope this information is helpful to you and would be happy to discuss this further at your convenience. If you have any questions, please feel free to contact me through Lauren Pachman, the Academy’s casualty policy analyst, at pachman@actuary.org.

Sincerely,

Tim Wisecarver, Vice-President
Casualty Practice Council
American Academy of Actuaries