

American Academy of Actuaries Casualty Practice Council Process for Approving Academy Members to Sign NAIC Statements of Actuarial Opinion

Casualty Actuarial & Statistical Task Force
2013 NAIC Summer National Meeting

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Agenda

- Background
- Requirements (Qualifications)
- Application Process and Documentation
- Academy Casualty Practice Council Process
- Outcomes



Background

- NAIC Instructions for signing Statements of Actuarial Opinion (SAOs) require an actuary to
 - Meet basic education, experience, and continuing education requirements of U.S. Qualification Standards
 - General Qualification Standards (Section 2);
 - Specific Qualification Standards (Section 3); and
 - Code of Professional Conduct (Precept 2)
 - Be a member in good standing of the Casualty Actuarial Society or member of the Academy approved as a qualified actuary by Academy's Casualty Practice Council (CPC)



Requirements

- Education
 - All areas within the scope of SAO or specific lines of business (or particular companies) – Section 3 of U.S. Qualification Standards
 - Comprehensive knowledge of law and syllabus topics through responsible work and/or self-study
- Experience
 - Three years of responsible experience relevant to the subject of the SAO
 - Under the review of an actuary who was qualified to issue the SAO
- Continuing education
 - The minimum required to maintain qualification *may not always be sufficient*, particularly in areas of practice where change is occurring rapidly, pursuant to Precept 2 of the Code of Professional Conduct
 - 30 credits (hours) per year; three credits on professionalism
 - Minimum of 15 credits relevant to SAO topic
 - Six credits of “organized activities”



Application Process & Documentation

1. Submission of request by applicant, including definition of scope of SAO:
 - All areas versus particular lines, companies, blocks of business
2. Description of how applicant has met the comprehensive education requirement
 - Specifically include any limitations on the scope of work and study
 - Written statement from a qualified actuary regarding the applicant's knowledge of the applicable syllabus topics
 - Statement (Certification) that:
 - Applicant has reviewed applicable materials:
 - CAS Statements of Principles; ASB Actuarial Standards of Practice (ASOPs); Academy Practice Note on SAOs on P&C Loss Reserves
 - If approved, applicant will adhere to applicable ASOPs



Application Process & Documentation (continued)

3. Description of the three years of recent, relevant experience that satisfies the experience requirement
 - Kinds of assignments, limitations on scope
 - Written statement from a qualified actuary who has reviewed the applicant's work for at least three years
 - "Qualified actuary" is someone who is qualified to sign an NAIC P&C loss reserve opinion pursuant to Section 3 of the U.S. Qualification Standards
 - May be a superior, subordinate, peer, outside consultant
 - May attach copies of opinions/certifications; no confidential or proprietary material
4. Copies of continuing education records for the last two years, including a statement of compliance



CPC Process

- Submission received and reviewed for completeness by casualty policy analyst; then forwarded to Casualty VP
- CPC or subgroup meets to discuss application, including reference letters, and reviews materials concerning the applicant's:
 - Education
 - Experience
 - Continuing education
- Determine whether additional information is required or move to full vote of CPC, as described below
- Process can take 30 to 90 days depending upon complexity and completeness of submission



Possible Outcomes

- Vote to grant applicant:
 - Approval with full scope; or
 - Approval with limited scope; or
 - Certain legal entities and years
 - Blocks of business (runoff only)
 - Certain lines of business
 - Specific years (applicant can re-apply)
 - Other limitations as appropriate
 - No approval
- Decision requires two-thirds of CPC members
 - CPC members take this responsibility very seriously and professionally
- Notification to the applicant provided in writing; approval is evidenced by a letter issued by the CPC describing scope of approval, including any limitations



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