



AMERICAN ACADEMY of ACTUARIES

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April 19, 2021

Eric King
Health Actuary
Health Actuarial (B) Task Force
National Association of Insurance Commissioners (NAIC)

Re: Request for comments on proposal to modify the definition of “actuarial assets” as used in the instructions for the Health Statement of Actuarial Opinion

Dear Mr. King:

I write on behalf of the American Academy of Actuaries (Academy)¹ Financial Reporting and Solvency Committee of the Health Practice Council regarding the blanks [proposal](#) to modify the instructions for the Health Statement of Actuarial Opinion to address “actuarial assets,” which we have reviewed. We appreciate the opportunity to provide the following comments.

Generally, we believe the changes are appropriate as they address the inclusion of wording reflecting that actuarial assets need to be covered by the actuarial opinion. We have the following specific comments:

1. The wording modifications in Sections 4. and 5. are fairly minor (addition of words: “actuarial assets”) and sensible considering actuaries are required to opine on both actuarial assets and liabilities.
2. The wording added in Section 7.D: “Make a good and sufficient provision for all unpaid claims and other actuarial liabilities of the organization under the terms of its contracts and agreements, when such liabilities are considered in combination with any actuarial assets included in the scope of this opinion...” while a bit cumbersome, would essentially result in the actuary signing off on actuarial assets and liabilities held on the balance sheet considering good and sufficient concepts, so is not objectionable.
3. The revisions in Section 9. incorporate actuarial assets wording into instructions related to considerations when issuing adverse, qualified or inconclusive opinions, which is appropriate.
4. One item that is not addressed in the Instructions to the Annual Health Statement Blank, Actuarial Opinion is the definition of an “actuarial asset.” While actuaries generally can point to other guidance to determine what could reasonably be

¹ The American Academy of Actuaries is a 19,500-member professional association whose mission is to serve the public and the U.S. actuarial profession. For more than 50 years, the Academy has assisted 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.

considered an “actuarial asset,” it does not appear to be well defined within the NAIC instructions. The NAIC may want to consider adding some certainty to what is a reasonable approach to determining what constitutes an “actuarial asset” to be included in the Actuarial Opinion.

If you have any questions or would like to discuss further, please contact Matthew Williams, the Academy’s senior health policy analyst, at williams@actuary.org.

Sincerely,

Marc Lambright, MAAA, FSA
Chairperson, Financial Reporting and Solvency Committee
American Academy of Actuaries