

Comment 29—8/20/2021—3:06 p.m.

Thank you for the opportunity to comment on the exposure draft. These comments are my own:

Section 2.1 a)

The transmittal memo states that determining whether an actuary has the basic education to issue SAOs in the US should be tied to basic education and not membership in an actuarial organization, but the draft standard directly conflicts with this principle by requiring Academy Membership for actuaries who are not members of the CAS or the SoA or enrolled actuaries. Thus, an actuary who work on US business but was educated in the UK, or Mexico, or Japan or France must first join the Academy before being considered “qualified”. Somehow, paying dues to an organization that does not educate actuaries changes one’s status?

Please note that the Academy process for admitting new members has two prongs: One is basic education, but the other requires residency of at least 3 years or justification for why the actuary needs Academy membership plus demonstration of familiarity with actuarial practices and principles in the United States. As a former member of the Academy Membership Committee, I can attest to the fact that, even with membership in one of the listed associations, membership in the Academy can be quite difficult to obtain if the actuary is not resident in the United States, and effectively requires that the actuary have experience working on US exposures. Does this not create a catch-22 for the actuary who is, for example, an FIA who is resident in Canada or Bermuda and has reason to work on US business? I assure you that there are many such individuals. Their home association Codes of Conduct expect them to be qualified, yet the Academy proposes to create a barrier that would require that their work not be relied upon for some period of time regardless of their level of expertise or experience as actuaries practicing elsewhere in the world, until they could clear the familiarity hurdle. Is an FIA who is newly located in North America any less qualified to work on US business than an FSA who took the Canadian track in basic education, or an ACAS who qualified under the new CAS Exam 6-International? All three such actuaries are required by the Qualification Standards themselves under paragraph c) to have appropriate, documented knowledge of the applicable laws, practices and principles, but only the FIA would have to qualify (and pay) for Academy membership.

Would it not be more appropriate for the Academy Qualification Standard -at a minimum- simply to cite the list of acceptable qualifications already contained in the membership requirements? I would then further argue that the current list is unreasonably biased toward English-speaking, exam-based organizations. There are highly qualified actuaries all around the world who clearly meet any reasonable basic education standard. If we are trying to combat bias in the profession, let’s start with our own basic education requirements. Here is a list of other actuarial organizations that have basic education admissions requirements as least as rigorous as the ASA or ACAS designation. Note that this list is not exhaustive but would certainly move the Academy in the right direction. You could even include a statement at the end of the list to the effect that actuaries who do not hold membership in any of the listed organizations may request that the Academy add their organization to the list.

(and I may be expressing my own bias here, as most of these organization are based in Europe):

Aktuarvereinigung Österreichs (AVÖ) (Austria)

Institut des Actuaries en Belgique (Belgium)

Instituto Brasileiro de Atuária (IBA) (Brazil)

Actuarial Institute of Chinese Taipei

Den Danske Aktuarforening (Denmark)

Eesti Aktuaaride Liit (Estonia)

Suomen Aktuaariyhdistys (Finland)

Institut des Actuaire (France)

Deutsche Aktuarvereinigung e. V. (DAV) (Germany)

Institute of Actuaries of India

Israel Association of Actuaries

Institute of Actuaries of Japan

Het Koninklijk Actuarieel Genootschap (Netherlands)

Den Norske Aktuarforening (Norway)

Instituto dos Actuários Portugueses (Portugal)

Actuarial Society of South Africa

Instituto des Actuarios Españoles (Spain)

Svenska Aktuarieföreningen (Sweden)

Association Suisse des Actuaire (Switzerland)

Part of my concern with the proposed qualification standard is that it is not only unreasonable for actuaries who wish to provide SAOs regarding US business, it also invites other organizations to follow suit. CAS members frequently practice outside the US for short or

extended periods of time. Would we expect a CAS member who takes a position in the London home office of a multinational insurance company to be essentially useless for a year or more? How about CAS members practicing in Zurich? Tokyo? Representative of the US-based organizations have worked very hard to ensure that the CAS and SoA credentials are recognized as basic education qualifications all around the world. What are we to say to those same actuarial organizations and/or regulators who point out that the same courtesy is not extended to actuaries qualified under their admissions processes?

Suggested revised wording:

- a. **Basic Education: Have achieved a Fellow or Associate designation from either the Society of Actuaries (SoA) or the Casualty Actuarial Society (CAS), or have achieved the Enrolled Actuary (as defined in section 2.1.1.) designation or the highest designation offered by one of the Actuarial Associations listed in Appendix 6.**

2.1: note, again, that present or prior Academy membership has nothing to do with whether the actuary is qualified.

2.1 d) (1) What is meant by a “particular subject” within an area of actuarial practice? This seems like it should be defined somewhere, as it could be open to many interpretations: Broad categories such Reinsurance? Ratemaking? Financial reporting? Or detailed (“particular”) subjects: Medicare rate filings? New York Auto rate filings? North Carolina Captive Insurance opinions? Catastrophe models? Would I be correct if I interpreted this to mean that, as an FCAS who studied short term insurance loss reserving (a “particular subject”?) I am qualified to work in health insurance reserving, but probably not in health insurance ratemaking because the CAS’s coverage of health ratemaking is minimal? Or did you have something entirely different in mind?

I’m also not sure you’ve solved the “CAS doesn’t offer tracks” issue that some actuaries find with the current qualification standards. Does a CAS member “choose” a specific practice area?

This section also seems to be conflict with 2.3.2, which states that an actuary only needs to meet the basic education requirement in one area.

2.1 d) (2) and (3) Does having experience *in the particular subject* significantly raise the bar from the current requirements? Under the current QS, an actuary can switch practice areas with one or three years of general experience in the new practice area. This new wording could be interpreted to mean that the actuary who switched from life insurance to health insurance but only worked in ratemaking would need a new 1 or 3 years of experience to do health reserving. Was that intentional? Why?

2.2.8: Can we drop this? My understanding is that it started with the idea that an hour’s presentation really only provided 50 minutes of CE, because introductory materials and breaks were not educational. In practice, a 1.5 hour session at a meeting converts to 1.8 CE credits now,

completely defeating the purpose of defining an hour as 50 minutes. As a member of the CAS committee that reviews CE, I have never seen an actuary report a 1.5 hour breakout session as less than 1.8 credits. So the 50 minutes is an hour conversion is pointless. Either make the requirement 24 real hours or make it 30. Don't say that it's 30 when it's really 24.

6.2: Substantiating compliance should be extended to include when requested as part of a compliance review conducted by an actuarial association of which the actuary is a member.

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