

Comment 8—8/13/2021—9:17 a.m.

I commend the drafting group for the improvements made to the first exposure draft. That said, I believe the second exposure draft still has areas for improvement. These are discussed below.

1. **Absence of requirement for current membership.** I agree that current membership in an actuarial association is not relevant for the Basic Education requirement of the USQS, but am concerned with a perhaps unanticipated result. Under the new wording, an actuary that is not currently a member of any actuarial association can validly claim that they meet the USQS, despite not being subject to any discipline process or Code of Conduct. I personally would not consider such an actuary to be qualified to give a statement of actuarial opinion in the U.S.. (Note that even an expelled actuary that is no longer a member of any actuarial association can claim compliance with the new USQS.)

Precept 2 of the Academy’s Code of Conduct says “*An Actuary shall perform Actuarial Services only when the Actuary is qualified to do so on the basis of basic and continuing education and experience, and only when the Actuary satisfies applicable qualification standards.*” The focus of the USQS on basic education, continuing education and experience makes sense given the wording of Precept 2, but the last phrase of that precept (i.e., “*and only when the Actuary satisfies applicable qualification standards*”) leaves open the inclusion of an additional requirement with regard to being subject to a discipline process. I recommend that the USQS include such a requirement (i.e., for the opining actuary to be subject to a professional code of conduct and discipline process.)

Possible approaches to address this issue include:

- Requiring the opining actuary to be subject to the US Code of Conduct, and
 - Requiring the opining actuary to be a member of an actuarial professional association with a suitable code of conduct and discipline process. Note that all associations that are members of the International Actuarial Association (IAA) are required to have such a code of conduct and discipline process. Given the Academy’s recent history with the IAA, I could understand a preference not to reference the IAA in the USQS, so perhaps other alternatives can be found that don’t require being subject to the US Code or being a member of an IAA full member association.
2. **Definition of “relevant” for continuing education.** I believe that the current definition of “relevant” in section 2.2.6 is suboptimal and would discourage meaningful continuing education (CE). The current wording requires the CE to be “bear directly” on the actuary’s current work, broaden their understanding of their current work, or prepare them for work in a new area. Yet many major advances in actuarial techniques come when actuaries look at how things are done outside their current area of work. The wording in 2.2.6 should allow CE that exposes an actuary to a variety of techniques to address actuarial problems, with the possibility that some of these may be “dry holes” (as that term is used in the oil exploration industry). Otherwise, the USQS is encouraging in-the-box actuaries that operate with blinders on, forever ignorant of how their work can

be improved. Summary Recommendation - expand “relevant” to include “exposure to new and different techniques for addressing actuarial problems”.

3. **Omission in section 3.1.2 (Alternative Basic Education)** – This section allows an actuary to meet the Basic Education requirement via “*responsible work and/or self study*”, but only requires documentation of the self-study option. That documentation is relatively stringent – i.e., a signed statement from a qualified actuary that the self-study took place. A similar documentation requirement should exist for the other option of “*responsible work*”. Recommend changing the second sentence from “*through self-study*” to “*through responsible work and/or self study*”.
4. **Reference to “published actuarial principles” in Section 4.2** - It is unclear what this term is referring to. The only published principles I’m aware of currently are the recently reinstated CAS Ratemaking Principles. If this term references what is effectively a null set, is it still needed?
5. **Section 5 bias towards consulting actuaries.** The wording in this section is unchanged from the prior version. That wording creates problems for in-house actuaries, as it seems to require boilerplate language to be added to all regular communications within their firm. This was addressed several years ago via an interpretation (essentially a work-around) suggested by Academy staff. That work-around was for a single annual communication to the firm of in-house actuaries that listed those actuaries that met the USQS.

Reliance on such a work-around is, in my opinion, sloppy and shows a bias towards the consulting profession in the development of this section. At a minimum the work-around should be included in the list of FAQs. Preferably this workaround would be added directly in Section 5 wording.

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