



AMERICAN ACADEMY *of* ACTUARIES

April 14, 2010

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Life & Health Actuary
North Carolina Department of Insurance
1201 Mail Service Center
Raleigh, North Carolina 27699-1201

Subject: Definition of Qualified Actuary

Dear Mr. James:

It has come to our attention that in recent communications with American Academy of Actuaries (Academy)¹ staff, you have indicated that the North Carolina Department of Insurance is considering revising its definition of a qualified actuary in its regulations in connection with actuaries signing health statements of actuarial opinions (SAOs). Currently, the North Carolina regulations define a qualified actuary as either a member of the Academy or a member of the Society of Actuaries (SOA). We understand that the Department is considering changing the definition to a member of the Academy and a member of the Society of Actuaries.

We believe that the current definition of qualified actuary is preferable for the following reasons:

1. All actuaries credentialed by *any* of the U.S.-based actuarial organizations who issue statements of actuarial opinions in the U.S. are required to meet the U.S. qualification standards that are promulgated by the Academy on behalf of the entire profession and be qualified to perform such work under Precept 2 of the Code of Professional Conduct. In connection with the issuance of the actuarial opinion for the NAIC Health Annual Statement, Section 3 of the current U.S. qualification standards generally requires actuaries to meet certain additional basic education, exams, experience, and continuing education requirements to reinforce such actuary's qualifications in the context of providing the health annual statement opinion, and this section applies equally to MAAAs and ASAs and FSAs. Therefore, requiring membership in both organizations may be unnecessarily costly for the practicing actuary and adds no additional requirements, with the possible exception, noted below, for an exceptionally small number of actuaries credentialed 27 years ago.
2. The proposed change would not allow, for example, Casualty Actuarial Society (CAS) members who are Academy members but not necessarily SOA members, who become qualified to issue health Statements of Actuarial Opinions under the U. S. qualification standards to issue such statement without being required to join a third actuarial organization (the SOA).

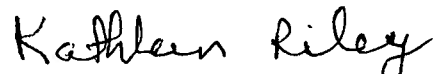
¹ The American Academy of Actuaries is a professional association with over 16,000 members, whose mission is to assist public policymakers by providing leadership, objective expertise, and actuarial advice on risk and financial security issues. The Academy also sets qualification, practice, and professionalism standards for actuaries in the United States.


3. Requiring membership in the SOA, in addition to membership in the Academy, does not necessarily strengthen the definition of a qualified actuary because in order to be eligible for Academy membership, the actuary must already have earned his or her credentials from one of the other actuarial organizations or be credentialed by the Joint Board for the Enrollment of Actuaries.
4. The definition of a qualified actuary and the use of "and" versus "or" was recently discussed by the National Association of Insurance Commissioners during the redesign of the health actuarial opinion, and ultimately the participants decided to retain the use of "or" in the case of actuaries who did not take SOA exams but were otherwise qualified to issue such SAOs.

During the period from May 1982 through November 1983 a closed group of people working in the actuarial field for several years were eligible to take a health service corporation actuarial exam administered by the Academy in order to obtain their MAAA designation to sign the NAIC Health Annual Statement opinion; however, that group was limited to approximately 75 individuals and the Academy ceased offering such examination after 1983. In the event North Carolina makes its proposed change to the qualified actuary definition we would strongly recommend allowing these people, who have practiced in the health actuarial field for over 20 years, to continue to be qualified without the need to obtain their ASA or FSA.

We would be happy to discuss this issue with you further. Please feel free to contact Tim Mahony or Sheila Kalkunte at 202/223-8196 at your convenience.

Sincerely,


Kathleen Riley, FSA, MAAA, EA
Vice President, Professionalism
American Academy of Actuaries


Shari Westerfield, FSA, MAAA
Chair, Committee on State Health Issues
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