



AMERICAN ACADEMY *of* ACTUARIES

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Mary D. Miller, MAAA, FCAS
Academy Past President

May 10, 2018

Kris DeFrain, FCAS, MAAA, CPCU
Director of Research and Actuarial Services National Association of Insurance
Commissioners (NAIC) Central Office

Re: CASTF Attestation Proposal

Dear Kris:

The American Academy of Actuaries appreciates this opportunity to comment on the April 9 exposure draft that the Casualty Actuarial and Statistical Task Force (CASTF) has issued containing potential changes to the P/C Statement of Actuarial Opinion Instructions to address the CASTF's "Attestation" charge.

The Academy agrees the Board of Directors that is appointing a Qualified Actuary should obtain documentation of the Actuary's qualifications. Requirement c of paragraph 1 requires that documentation be provided to the domiciliary Commissioner upon appointment. We believe requiring the documentation to be included in the Board minutes and available for regulatory review would be less burdensome for regulators and more consistent with the NAIC's risk-focused surveillance and examination process. This gives the regulator access to the documentation without implying that they need or intend to review the documentation for every company.

If it is desired that the documentation be provided every year, we suggest instructing the Board to require the actuary to provide it annually in acknowledgement of the fact that the states regulate companies, not individual actuaries. We agree that the Academy's form of Attestation is one that could be used to document qualification and support the language that specifies its acceptability to a Board of Directors.

We understand this exposure to be seeking comment specifically on the Attestation element of CASTF's charge and not on the other changes in other sections of the exposure draft that address the definition of a "qualified actuary". However, as we have previously commented, we believe the definition should simply say a member of the American Academy of Actuaries who meets its *Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States*. We do not agree with

expanding the definition to “any” organization that has adopted Academy-promulgated standards of conduct, practice, and qualification.

The U.S. Qualification Standards (USQS) have provided a basis that has in fact been clear and appropriate for the U.S. actuarial profession to understand how an actuary must be qualified in order to issue statutory statements of opinion. While other organizations have individually chosen to adopt what the Academy has promulgated, and they presumably will continue to do so, only Academy membership can provide the NAIC and state regulatory authorities with the assurance that all actuaries signing statutory statements of opinion in the U.S. are and will be subject to the standards of conduct, qualification, and practice that the Academy promulgates. Additionally this would also maintain consistency with other laws and regulations requiring actuarial credentials.

Finally, the Academy believes that it is in the best interests of the states and the actuarial profession in the U.S. to require Academy membership. The Academy is the only organization that requires familiarity with U.S. laws and practices, and, in cases where applicants’ are non-residents of the U.S. or residents of less than three years, evidence of such familiarity must be submitted and specifically individually approved before one is admitted for membership. No other actuarial organization provides that criteria for membership. While other actuarial organizations are becoming increasingly global in both membership and focus, the Academy remains the national association established specifically to be the one independent professional organization with the purposes of establishing standards of professional practice and conduct for U.S. practice. This is why we believe only Academy membership should be identified as the required membership credential for a “qualified actuary.”

Sincerely,

A handwritten signature in black ink, appearing to read "Mary D. Miller".

Mary D. Miller, MAAA, FCAS
Past President
American Academy of Actuaries