

Current Issues
for Your
12/31/2020
Statement of
Actuarial
Opinion and
Reserve Report

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Presentation Topics

- COVID 19 and the impact on your Statement of Opinion and Reserve Report
- Review of Qualification Changes Implemented by NAIC in 2020 and upcoming CAS CE log changes for 2021
- Appointed Actuary Qualification Documentation



COVID-19 Impact on Statement of Actuarial Opinion and Reserve Report

- Statement of Actuarial Opinion
 - Scope, Relevant Comments, and Opinion Sections
- Actuarial Report
- Questions & Answers

- These materials are provided for general educational purposes only and should not be relied upon for any purpose.

COVID-19 issues may affect many aspects of reserve analysis

DATA	APPROACH	ASSUMPTIONS	COLLECTABILITY	USE OF WORK OF ANOTHER
<ul style="list-style-type: none">• Types• Sources• Segmentation• Adjustments	<ul style="list-style-type: none">• Methods used• Weights to methods	<ul style="list-style-type: none">• Adjustments• Judgments	<ul style="list-style-type: none">• Reinsurance cessions• Large deductibles	

- In addition, views on uncertainty, risk factors and the potential for the risk of material adverse deviation (RMAD) may differ from the past.
- These issues need to be considered when drafting the Statement of Actuarial Opinion (SAO) and the Actuarial Report.
- We will look at several examples.

SAO – Scope section

Provider of Data

NAIC SAO Instructions example language:

- *“In forming my opinion on the loss and loss adjustment expense reserves, I relied upon data prepared by _____ (officer name and title at the Company).”*
- Generally, data and information may be received from the Chief Actuary or CFO.
- Material additional information may be received related to COVID claims.
 - E.g. estimates for a large block of business interruption claims reflecting assumptions regarding the outcome of coverage disputes and applicability of reinsurance.
 - This information may be received from the Chief Claims Officer.
- Should consider if appropriate to list two Company officers as data providers.
 - Depends on the materiality of the additional information.
- Might encourage a single officer (e.g. the Chief Actuary or CFO) to take responsibility for the entire body of data and information.
 - Cleaner, mitigates the possibility of misunderstanding or gaps in responsibility.

SAO – Scope section

Valuation Date

ASOP No. 36:

- *“2.13 Valuation Date: The date through which transactions are included in the data used in the unpaid claim estimate analysis.”*
- Certain data for specific analysis may be valued at a different date than the standard data.
 - E.g. The value of COVID-19 business interruption and D&O claims may reflect judicial decisions through January 31 after year-end.
- In that case and if material, should list multiple valuation dates.
- This may be similar to prior instances of large natural catastrophe events occurring late in the year, where the value of the related claims reflected a valuation date later than year-end.

SAO – Relevant Comments section

Material Changes in Assumptions and/or Methods

NAIC SAO Instructions :

- *“Methods and Assumptions: If there has been any significant change in the actuarial assumptions and/or methods from those previously employed, that change should be described in a RELEVANT COMMENT paragraph.”*
- According to ASOP No. 36, the actuary should consider whether the changes are likely to have had a material effect on the actuary’s unpaid claim estimate.
- If the changes likely had a material effect, the nature of the changes should be disclosed.
 - The actuary is not required to quantify the impact of the changes.
- If the actuary is not able to determine if the changes likely had a material effect, the actuary should disclose the nature of the changes and that the materiality is unknown.
- In the SAO, the description of the changes may be brief.
- But in the Actuarial Report, the description should be comprehensive with supporting exhibits as appropriate.

SAO – Relevant Comments section

Material Changes in Assumptions and/or Methods (continued)

- Examples of changes in assumptions and/or methods that may be material:
 - Segregating direct COVID-19 related claims and estimating separately.
 - COVID claims may have “unexpected” effect on claim frequency, severity, expected loss ratio, loss development, average LAE, and may cause distortions to the analysis
 - COVID claims may be considered to have higher uncertainty than non-COVID claims and require a wider range of reasonable estimates.
 - COVID claims may be considered “not estimable” due to high degree of uncertainty.
 - May choose to use different projection methods or models for COVID-19 claims.
 - Consideration of exposure/premium volume decreases due to economic recession, and possible resulting mix changes.
 - May consider different risk and claim characteristics for the reduced volume (e.g. auto claim frequency and severity, workers compensation claims in a work-from-home environment).
 - May consider the timing of recognition of exposure/premium decreases versus loss decreases (e.g. workers compensation payroll/premium decrease may not be recognized until premium audit, timing of auto premium rebates).
 - May adjust various assumptions due to estimated mix change by geography or class (e.g. claim frequency, claim severity, expected loss ratio, loss development).

SAO – Relevant Comments section

Material Changes in Assumptions and/or Methods (continued)

- More examples of changes in assumptions and/or methods that may be material:
 - Reflection of changes in the claim notification, quantification and settlement processes.
 - Business slowdowns may cause delays throughout the claim life-cycle.
 - Potential for greater propensity to settle claims.
 - Reflection of a revised “seasonality” of premium and/or loss volume.
 - E.g. volume reduction in March, followed by gradual increase toward normal level.
 - May affect premium earning pattern, realization of price changes, loss development patterns.
- Example of SAO language.
 - “A material change in actuarial methods was made in the analysis supporting this opinion. The workers compensation COVID-19 related claims were excluded from the data used in the standard methods. The unpaid losses for the COVID-19 related claims were estimated using a model utilizing specific assumptions for claim frequency and severity by state and class.”

SAO – Relevant Comments section

Ceded Reinsurance

NAIC SAO Instructions :

- *“The Appointed Actuary’s comments on reinsurance collectability **should address any uncertainty associated with including potentially-uncollectable amounts in the estimate of ceded reserves.** ... The comment should also reflect any other information the Appointed Actuary has received from management or that is publicly available about the capability or willingness of reinsurers to pay claims.” (emphasis added)*

- There is potential for disputes between insurers and reinsurers regarding coverage. For example, for business interruption claims:
 - Differences in coverage language between primary and reinsurance contracts.
 - Definition of an “event” for reinsurance aggregations in catastrophe covers.
 - Time clauses, number of occurrences.
 - Definition of “natural perils”.

- The Appointed Actuary should understand what assumptions regarding collectability are reflected in the carried reserves and in his/her estimates, and the uncertainties related to those assumptions.

SAO – Relevant Comments section

Ceded Reinsurance (continued)

- Example SAO language:
 - “The Company has a large ceded reserve with regard to business interruption claims related to COVID-19. The Company’s reinsurers are disputing a portion of the cession totaling \$XX million. The inability of the Company to collect on that cession would be material to its [surplus/reserves]. My analysis assumes that such cession will be [collectable/ uncollectable/ partially collectable].
 - Description of approach and rationale for the estimated ceded amount should be included in the Actuarial Report.
- Potential for a “binary” situation.
 - Result could either be fully collectable or fully uncollectible.
 - Consider if a reasonable basis to estimate the likelihood of collectability.
 - Consider if it is reasonable to assume full collectability (or no collectability).
 - If no reasonable basis, might consider a qualified opinion which excludes the cession from the scope.

SAO – Relevant Comments section

Company-Specific Risk Factors

NAIC SAO Instructions :

- *“Company-Specific Risk Factors: The Appointed Actuary should include an explanatory paragraph to describe the major factors, combination of factors or particular conditions underlying the risks and uncertainties the Appointed Actuary considers relevant.”*
- For many companies, the effects of COVID-19 have likely increased the company’s risks and uncertainties related to the reserves.
- It is appropriate to include a concise list of the risks and uncertainties in the relevant comment.

SAO – Relevant Comments section

Company-Specific Risk Factors (continued)

- Example SAO language:
 - *“In my evaluation, I considered the following risk factors which increase the uncertainty inherent in the Company’s loss and loss adjustment expense reserves:*
 - *Uncertainty related to regulatory, legislative and judicial decisions regarding coverage of COVID-19 related claims*
 - *Potential slowdown in claim notification, quantification and settlement processes which could affect future loss development patterns and settlement amounts*
 - *The effects of changes in mix of business by geography and class on claim frequency, severity, loss ratio, loss development, ...*
 - *Potential premium reduction upon premium audit of workers compensation policies*
 - *The aggregation of COVID-19 related losses for outwards reinsurance purposes, and the collectability of disputed reinsurance cessions related to business interruption claims*
 - *The collectability of workers compensation large deductible recoveries*
 - *Assumptions made regarding changes to accident year 2020 claim frequency and severity due to COVID-19 may ultimately prove to be optimistic*
 - *... (many more examples are possible!)”*

SAO – Relevant Comments section

Risk of Material Adverse Deviation (RMAD)

NAIC SAO Instructions :

- *“Risk of Material Adverse Deviation: ... The Appointed Actuary should explicitly state whether or not he or she reasonably believes that there are significant risks and uncertainties that could result in material adverse deviation.”*
- The presence and effects of COVID-19 may not require change to the structure of the RMAD relevant comment.
- However, the potential for increased risks and uncertainties may cause the actuary to more seriously consider if an RMAD is present, even for companies which have not previously had an RMAD.

SAO – Relevant Comments section

IRIS Test 13

NAIC SAO Instructions :

- *“If the Company’s reserves will create exceptional values under the NAIC IRIS Tests for One-Year Reserve Development to Policyholders’ Surplus, Two-Year Reserve Development to Policyholders’ Surplus or Estimated Current Reserve Deficiency to Policyholders’ Surplus, **the Appointed Actuary must include RELEVANT COMMENT on the factors that led to the unusual value(s).**” (emphasis added)*
- IRIS Test 13 is based on the assumption that the ratio of unpaid losses and LAE to the latest year net earned premium should be consistent from year to year.
- There are various reasons why COVID-19 may cause the reserves to premium ratio to be higher than in prior years.
 - Level of unpaid [business interruption/ medical malpractice/ workers comp/ D&O] claims much higher than normal.
 - Reduced premiums for some segments results in a change in mix by line of premiums and reserves.
- Actuary must explain in the SAO the cause of the unusual test value.

SAO – Relevant Comments section

Other topics

- Workers compensation retrospective premium asset or unearned premium liability.
 - Negative premium audits could be significant in 2021.
 - Thus an asset for retrospective premium could be overstated (or a liability could be understated).
 - The actuary could consider if the item is material, and if a relevant comment is warranted.
 - If including a relevant comment, would list the amount of the item on Exhibit B, line 14

SAO – Opinion section

Qualified opinion or No opinion

- Referring back to the “binary” claim situation on page 10, of disputed reinsurance cessions:
 - If the potential claim amounts are material enough, and
 - If the actuary concludes that they do not have a reasonable basis to estimate the liabilities, then
 - Could consider issuing a qualified opinion, excluding the disputed cession amounts.
- If the actuary concludes that they do not have a reasonable basis to estimate the majority of the reserves:
 - Which could arise due to a lack of necessary data and information for a very material portion of the reserves,
 - Consider a “No Opinion” opinion.
 - The actuary is required to describe the reasons why no opinion is given.
 - A regulator (and the company) may not look favorably on a “No Opinion” opinion, so every effort should be made to obtain the needed information.

SAO – Opinion section

Use of Work of Another

NAIC SAO Instructions :

- *“If the Appointed Actuary has made use of the work of a non-actuary (such as for modeling) for a material portion of the reserves, that individual must be identified by name and affiliation and a description of the type of analysis performed must be provided.”*
- Example 1: Use the work of the company’s General Counsel (or outside counsel) for assessment of the outcome of suits and disputes related to coverage for a large number of business interruption claims and related reinsurance coverage.
- Example 2: Use the work of a workers compensation third party administrator (TPA) for assumptions about long-term health effects of COVID-19 on claimants (and the corresponding effects on unpaid losses).

SAO – Opinion section

Use of Work of Another (continued)

ASOP No. 36 takes the disclosure requirement further:

- *“The actuary should only make use of another’s analyses or opinions when, in the actuary’s professional judgment, it is reasonable to do so. In making this determination, the actuary should consider the following:*
 - *a. the amount of the reserves covered by another’s analyses or opinions in comparison to the total reserves subject to the actuary’s opinion;*
 - *b. the nature of the exposure and coverage;*
 - *c. the way in which reasonably likely variations in estimates covered by another’s analyses or opinions may affect the actuary’s opinion on the total reserves subject to the actuary’s opinion; and*
 - *d. the credentials of the individual(s) that prepared the analyses or opinions.”*
- **And further: “If the actuary makes use of an analysis or opinion of another not within the actuary’s control for a material portion of the reserves, **the actuary should disclose whether the actuary reviewed the others’ underlying analysis. If a review was conducted, the actuary should disclose the extent of the review including items such as the methods and assumptions used and the underlying arithmetic calculations.**” (emphasis added)**

The Actuarial Report should explain and elaborate on all aspects of the SAO

NAIC SAO Instructions:

- *“The Actuarial Report must contain both narrative and technical components. **The narrative component should provide sufficient detail to clearly explain to Company management, the Board of Directors, the regulator or other authority the findings, recommendations and conclusions, as well as their significance. The technical component should provide sufficient documentation and disclosure for another actuary practicing in the same field to evaluate the work. This technical component must show the analysis from the basic data (e.g., loss triangles) to the conclusions.**” (emphasis added)*
 - And further: *“The Actuarial Report must also include: ... Extended comments on trends that indicate the presence or absence of risks and uncertainties that could result in material adverse deviation.”*
-
- The Actuarial Report is a confidential document, versus the SAO which is a public document. Thus, the Actuarial Report should be more comprehensive and transparent in its presentation.

Review of NAIC Changes in 2020 and upcoming CE log changes for 2021

Updated Actuarial Opinion Instructions

Updates to the Actuarial Opinion Instructions

- Main changes
 - Need annually to provide a qualification document to the Board, but can go through management
 - Confidential, but available to the regulator on request
 - Requires an accepted designation
 - New FCAS, ACAS, FSA-GI accepted if they meet basic education standard
 - Starting with designations earned in 2021 or later, Appointed Actuary must have current exam 6 US and 7, substitutions are not allowed
 - Clarifies that all appointed actuaries (AA's) must be subject to the Code of Conduct and the ABCD
 - CAS, SOA, or AAA membership meets this requirement



Polling Question(??)

- Which of the following members meet Basic education requirements to sign an NAIC Appointed Actuaryreserve opinion
 - Elizabeth is a newly minted FCAS, passed all of her exams since 2010, and took Exam 6US
 - Mark obtained his ACAS in 2008, which included passing exam 7 US in 2007 but does not have his FCAS.
 - Julie obtained her ACAS in 1995, which at the time included 7 exams. Julie has an excellent knowledge of U.S. Insurance regulation.
 - All of the above meet the requirements

Do I meet Basic Education Standard?

- If you are currently signing Actuarial Opinions, the answer is most likely **yes**.
- FCAS
 - Passed Exam 6 U (2011 to present)
 - Passed Exam 7 US (2000-2010)
 - Passed Exam 7 & 8 (prior to 2000)
- ACAS + Exam 7
 - Exam 6 U & 7 (2011 to present)
 - Exam 6 & 7 US (2000 – 2010)
 - Exam 7 & 8 (2000 and prior)

Some obtaining ACAS's prior 2000 need to document obtainment of knowledge from 6 U (regulation)



Recertification Initiative

New CE recording requirements for Appointed Actuaries (AA's)

Updates to the Recertification Process (Activities)

- Started with the reviewing consultants' comments proposing more formal recertification process
- NAIC accepted the CAS/SOA offer to help
 - Joint CAS/SOA task force formed to provide input
 - Task force examined recertification process in other professions (accounting, medical, legal)
 - Proposed a recertification process centered on CE
 - NAIC accepted the proposal, and the task force is implementing



Polling Question(??)

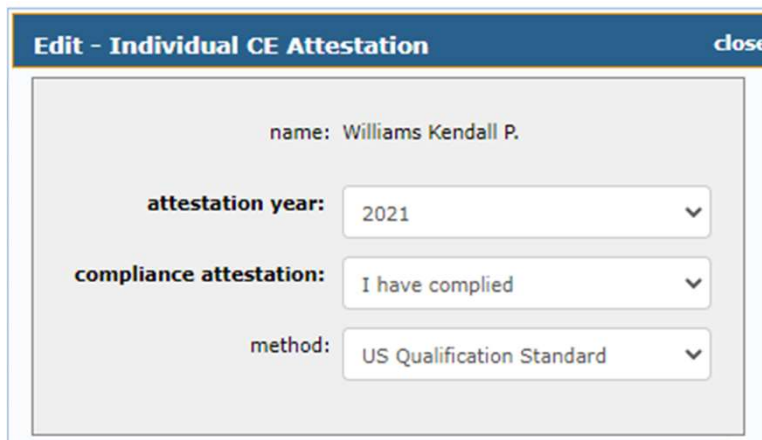
It is December 15th, 2020. You have completed your enough Continuing Education in 2020 to meet the USQS standards for an appointed actuary, and will be signing opinions in Febaury 2021 for 2020 Annual Statements. What should you attest on your CAS Profile

- Attestation year 2020, “I have complied”
- Attestation year 2020, “I have complied – NAIC Statement of Actuarial Opinion”
- Attestation year 2021, “I have complied”
- Attestation year 2021, “I have complied – NAIC Statement of Actuarial Opinion”

Updates to the Recertification Process

- **New in 2020**

- Annual attestation expanded to include current requirements for AA's
- i.e. you could attest you meet the USQS, or that you both meet the USQS and NAIC AA qualifications even if you aren't currently an AA



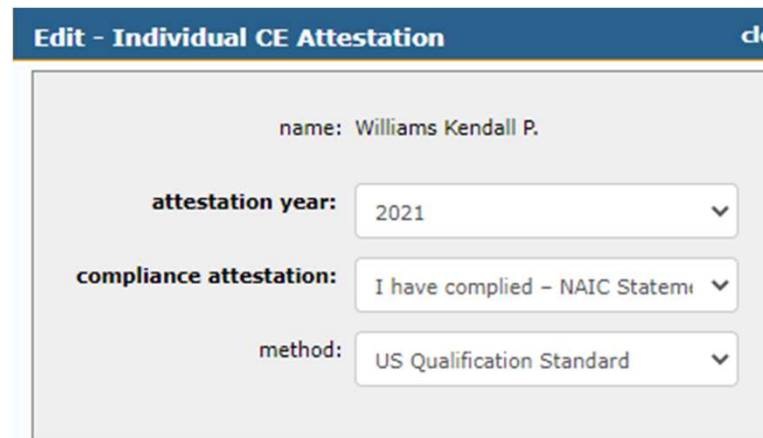
Edit - Individual CE Attestation close

name: Williams Kendall P.

attestation year: 2021 ▼

compliance attestation: I have complied ▼

method: US Qualification Standard ▼



Edit - Individual CE Attestation close

name: Williams Kendall P.

attestation year: 2021 ▼

compliance attestation: I have complied - NAIC Statement ▼

method: US Qualification Standard ▼



Updates to the Recertification Process

- **2021**

- Candidate that do NOT fill in their attestation by February 1, 2021 for the 2021 year will be listed as not in compliance on CAS website
- Email sent to all members that had not attested for 2021 on January 4th.
- Cas Attestation is for current year. You should attest you are qualified to give SOA's during this year, based on the CE you obtained last year (i.e. attest for 2021 based on CE obtained in 2020)



Updates to CE Documentation

- 2021

- Expanded mandatory confidential NAIC reporting of CE detail log by AA's to their member organization (CAS, SOA, AAA)
- Anonymous annual reporting of CE summary statistics by CAS/SOA to the NAIC
- The CE requirements for AA's **do not change**. Just reporting and review processes
- NAIC may wish to change requirements for AA's once they have seen the summary reporting



Updates to CE Documentation

- Expanded requirements would apply to AA's only, not to all CAS/SOA/AAA members
 - Or those that wish to be qualified to sign opinions
- For documentation of 2020 CE for 2021 attestations, all appointed actuaries will need to add an additional documentation of NAIC CE categories in their existing process
- Preference is to be in Excel to ease reporting
- **Optional** Excel reporting form will be available on CAS website
- Excel reporting form may become **standard** for all appointed actuaries in 2021 for 2022 attestations.
- Required reporting to your organization (CAS, SOA, AAA) in the specified format
- Focused higher coverage of review of CE
- Reporting summary statistics to NAIC on types of CE AA's are taking



Updates to the Recertification Process (CE Documentation)

- For CE that meets Specific Education Requirements (USQS 3.3)

<https://content.naic.org/sites/default/files/inline-files/Appointed%20Actuary%20CE%20Categories.docx>

1. Law and Regulation
2. Policy form/coverage/underwriting/marketing
3. Reinsurance
4. Reserves
5. Requirements & Practice Notes
6. Business Skills
7. Other



Updates to the Recertification Process (CE Documentation)

- Several categories have sub-categories
- 2. Policy form/coverage/underwriting/marketing
 - Form/Coverage
 - Premium rates/Ratemaking
 - Underwriting and/or marketing
- 3. Reinsurance
 - Statutory accounting
 - Reinsurance collectability
 - Reinsurance collateral
 - Reinsurance reserving
- 4. Reserves
 - Reserving Data
 - Reserving Adjustments
 - Reserving Calculations
 - Reserving Analysis
 - Statutory accounting



Appointed Actuary
Qualification Documentation -
A Regulator's Observations

TDI | Sources

- The following slides present a brief summary of the qualification documentation requirements.
- For complete information, please refer to:
 - *NAIC Annual Statement Instructions – Property/Casualty, Actuarial Opinion* (NAIC SAO Instructions)
 - [*Regulatory Guidance on Property and Casualty Statutory Statements of Actuarial Opinion, Actuarial Opinion Summaries, and Actuarial Reports for the Year 2020*](#), prepared by the NAIC Actuarial Opinion (C) Working Group of the Casualty Actuarial and Statistical (C) Task Force (AOWG Regulatory Guidance)
 - [*Statements of Actuarial Opinion on Property and Casualty Loss Reserves*](#), released by the Academy's Committee on Property and Liability Financial Reporting (COPLFR Practice Note)
 - [*Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States Including Continuing Education Requirements, effective January 1, 2008*](#) (USQS)
- Note: the NAIC SAO Instructions and AOWG Regulatory Guidance are included as appendices to the COPLFR Practice Note

TDI | Qualification documentation

Appointed Actuary

- Provides qualification documentation to Board of Directors, directly or through company management, **at appointment and annually** thereafter

Company/ Board

- **Reviews** the qualification documentation
- **Documents** the company's review
- Provides the qualification documentation to regulators upon request or during a financial examination

Regulators

- May request qualification documentation for various purposes
 - When an Appointed Actuary is newly appointed
 - During a financial examination
 - At other times?

TDI | What should be included?

- The 3 main items below are requirements stated in the NAIC SAO Instructions.
- The bullet points below each item are from the AOWG Regulatory Guidance document, intended “to provide clarity and timely guidance... regarding regulatory expectations.”

Brief biographical information

May include:

- Professional actuarial designations(s) and year(s) first attained
- Insurance or actuarial coursework or degrees
- Actuarial employment history – company names, position titles, years of employment, and relevant information regarding the type of work (e.g., reserving, ratemaking, ERM)

How definition of “Qualified Actuary” is (or will be) met

- Including **enough detail** to demonstrate satisfying **each component** of the definition

Description of responsible experience relevant to the subject of the SAO

- **Relevant** to the company’s structure (e.g., insurer, reinsurer, RRG), lines of business, or special circumstances
- May include specific actuarial experiences or education (through organized activities or readings)

TDI | Definition of “Qualified Actuary”

(i) USQS Specific Qualification Standard

Basic Education

Experience

Continuing Education

(ii) “Accepted Actuarial Designation”

FCAS, ACAS, or FSA-GI

Subject to noted conditions
(specific exams or substitutions required)

(iii) Member of an actuarial organization subject to certain requirements

American Academy of Actuaries, Casualty Actuarial Society, and Society of Actuaries each meet the requirement

Note: the instructions allow an exception to parts (i) and (ii) for “an actuary evaluated by the Academy’s Casualty Practice Council and determined to be a Qualified Actuary for particular lines of business and business activities.”

TDI | Specific Qualification Standard

Basic education

- “An actuary should **successfully complete relevant examinations ... on the following topics**: (a) policy forms and coverages, underwriting, and marketing; (b) principles of ratemaking; (c) statutory insurance accounting and expense analysis; (d) premium, loss, and expense reserves; and (e) reinsurance.” (USQS, Section 3.1.1.2)
- Alternative basic education: “An actuary may also satisfy the basic education requirement by acquiring comprehensive knowledge of the applicable topics through responsible work and/or self-study. To comply with the basic education requirement through self-study, an actuary must obtain a signed statement from another actuary who is qualified to issue Statements of Actuarial Opinion under the specific qualification standard being met.” (USQS, Section 3.1.2)

Experience

- “An actuary must obtain at least three years of **responsible** experience **relevant** to the subject of the Statement of Actuarial Opinion **under review by an actuary who was qualified** to issue the Statement of Actuarial Opinion at the time the review took place under standards in effect at that time. Although this experience need not necessarily be recent, it must be relevant to the subject of the Statement of Actuarial Opinion.” (USQS, Section 3.2)

Continuing education

- “To satisfy the Specific Qualification Standards, an actuary must obtain sufficient continuing education to maintain current knowledge of applicable standards and principles in the area of actuarial practice of the Statement of Actuarial Opinion. At a minimum, an actuary must complete 15 credit hours per calendar year of continuing education that is **directly relevant to the topics identified in Section 3.1.1**. A minimum of 6 of the 15 hours must be obtained through experiences that involve interactions with outside actuaries or other professionals, such as seminars, in-person or online courses, or committee work that is directly relevant to the topics identified in Section 3.1.1.” (USQS, Section 3.3)

TDI | Accepted designation - special situation

“FCAS/ACAS qualified under the 2018 and prior Statement of Actuarial Opinion instructions can use the noted substitution rules to achieve qualification under the new instructions by demonstrating basic and/or continuing education of the required topics including material in CAS Exam 6 (US) and section A of CAS Exam 7 (in the May 2019 CAS syllabus).” (NAIC SAO Instructions)

- Applies to FCAS or ACAS earned prior to 2021 only
- May substitute experience and/or continuing education for CAS Exam 6 (US) or CAS Exam 7
- Qualification documentation **must explain how the Appointed Actuary obtained knowledge of the applicable topic(s)**

TDI | General Regulatory Guidance

- Use professional judgment when preparing the documentation
- Not necessary to use sample wording or format, although some sample wording is provided
- Consider what's important for the Board of Directors to know about your qualifications
- Documentation should be relevant to the subject of the SAO
- Provide enough detail to demonstrate satisfying each component of 'Qualified Actuary' definition
- Consider providing expanded detail on continuing education hours to meet the Specific Qualification Standards

Summarized from [2020 AOWG Regulatory Guidance](#)

TDI | Observations from a small sample

- The sample of qualification documentation reviewed generally met the basic requirements from the NAIC SAO Instructions.
 - ✓ Included biographical information
 - ✓ Explained (most of) how the Appointed Actuary met the definition of “Qualified Actuary”
 - ✓ Described the Appointed Actuary’s experience
- The level of detail regarding the experience and continuing education requirements varied widely.

TDI | Observations: not enough information

- A few examples of not enough information being included:
 - Did not state whether the actuary, an ACAS, had credit for CAS Exam 6 (US) or CAS Exam 7
 - Did not address meeting the Specific Qualification Standard or having obtained an Accepted Actuarial Designation
 - Stated that the actuary met a requirement but included no explanation

TDI | Observations: level of detail - CE

Sample language from AOWG Regulatory Guidance:

"Continuing education: met (or expected to be met) through a combination of **[industry conferences; seminars (both in-person and webinar); online courses; committee work; self-study; etc.]**, on topics including _____ **(provide a brief overview of the CE topics. For example, 'trends in workers' compensation' or 'standards of actuarial practice on reserving.')**. A detailed log of my continuing education credit hours is available upon request."

- Most followed the sample language without adding much
- Examples of topics listed:
 - loss reserving and professionalism
 - NAIC opinions, standards of actuarial practice and reserving
 - loss reserving, statements of actuarial opinion, and reserve variability
 - (none listed)
- Most state the CE log is/will be "available upon request"
- One included the CE log as an attachment
- None included expanded detail on continuing education hours to meet the Specific Qualification Standards, as encouraged in the AOWG Regulatory Guidance

TDI | Observations: effective documentation

- Some documents very effectively demonstrated that the Appointed Actuary was qualified. In general, these documents included more than the minimum level of detail required by the instructions.
- A few examples:
 - Complete CE log included
 - Detailed resume included
 - Tailoring statements to the specific company
- Some documents also included an explanation of the definition of Qualified Actuary (quoted from the NAIC SAO Instructions) – I believe this would be extremely helpful to a Board of Directors or company management.

TDI | Final considerations

- Will someone reading your qualification documentation be able to conclude that you do, in fact, meet the definition of Qualified Actuary?
- Beyond drafting your qualification documentation and providing it to the company – does the Board of Directors understand that the documentation needs to be reviewed and the review needs to be documented?

Thank You

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