

Am I Qualified?

Michael Ward, MAAA, FSA
Life Insurance Company of the Southwest

CAVEATS

- ▶ I am not a lawyer. I cannot give legal advice, and this presentation does not do so.
- ▶ The information presented in this session was developed by me alone, and I thus represent myself only in presenting it.
- ▶ I have taken great care in formulating the information, and I trust it helps you maintain your qualifications.
- ▶ Some of this is very involved, and I beg your patience in understanding the information. I think it's important.
- ▶ If you have questions that arise from this discussion today, I encourage you to talk among yourselves and, if appropriate, to seek guidance from a member of the ABCD.

What do I have to do to comply?

All actuaries in the U.S. who are members of any of the five U.S. actuarial organizations **MUST** abide by the requirements of

- ▶ The Code of Professional Conduct and its 14 Precepts
- ▶ The Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States
- ▶ The Actuarial Standards of Practice that relate to the work the actuary is undertaking

On the other hand, Practice Notes, the Applicability Guidelines, and other perhaps useful documents are not binding requirements.

Code of Professional Conduct

- ▶ “The purpose of this Code ... is **to require** Actuaries to adhere to the high standards of conduct, practice, and qualifications of the actuarial profession....”
- ▶ “An Actuary **shall comply** with the Code.”
- ▶ “An Actuary who commits a **material** violation of the provisions of the Code **shall be** subject to the profession’s counseling and discipline procedures.”
- ▶ “PRECEPT 2. 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.”

Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States

- ▶ “An actuary who issues a **Statement of Actuarial Opinion** when providing Actuarial Services **must** satisfy the General Qualification Standard.” (Section 2 - General Qualification Standard)
 - ▶ “An actuary **must** have met ... requirements for basic education and experience and continuing education **before** issuing a Statement of Actuarial Opinion.” (Section 2 - General Qualification Standard)
 - ▶ “The Statements of Actuarial Opinion for which Specific Qualification Standards currently should be met are the following:
 - ▶ NAIC Life and A&H Annual Statement
 - ▶ NAIC Property and Casualty Annual Statement
 - ▶ NAIC Health Annual Statement(Section 3 - Specific Qualification Standard)
- We’ll not spend any time on the Specific Qualification Standards today.

Qualification Standards

- ▶ What is a **Statement of Actuarial Opinion**?
 - ▶ an opinion
 - ▶ expressed by an actuary
 - ▶ in the course of performing **Actuarial Services**
 - ▶ intended by that actuary to be relied upon by the person or organization to which the opinion is addressed

Qualification Standards

- ▶ What are **Actuarial Services**?
 - ▶ Defined in *the Code* this way:
 - ▶ professional services
 - ▶ provided to a Principal (client or employer)
 - ▶ by an individual acting in the capacity of an actuary
 - ▶ including the rendering of
 - ▶ advice
 - ▶ recommendations
 - ▶ findings, or
 - ▶ Opinions
- based upon actuarial considerations

The General Qualification Standard

Both of two requirements must be met.

1. Basic Education and Experience Requirement

a. Must be

- ▶ a Member of the Academy or
- ▶ a Fellow or Associate of the SOA or the CAS or
- ▶ a Fellow of the CCA or
- ▶ a Member or Fellow of ASPPA or
- ▶ a fully qualified member of another IAA-member organization; and

b. Must have three years of responsible actuarial experience, which is defined as work that requires knowledge and skill in solving actuarial problems; and

c. Must be knowledgeable, through examination or documented professional development, of the Law applicable to the Statement of Actuarial Opinion.

(continued)

The General Qualification Standard (cont'd)

Both of two requirements must be met.

1. Basic Education and Experience Requirement (continued)

In addition, in order for an actuary to issue Statements of Actuarial Opinion in an area of practice covered by

- a. a specialty track offered by the SoA or
- b. The exams of the CAS or the ASPPA,
one of the following must be met:

- ▶ Attain the highest possible actuarial designation in an IAA full-member organization (other than the Academy) and
 - ▶ Complete a specialty track in the area of actuarial practice relevant to the subject of the SAO –or–
 - ▶ Have a minimum of one year of responsible actuarial experience in the area of actuarial practice relevant to the subject of the SAO under the review of an actuary who was qualified to issue the SAO at the time the review took place

or

- ▶ Have a minimum of three years of responsible actuarial experience in the area of actuarial practice relevant to the subject of the SAO under the review of an actuary who was qualified to issue the SAO at the time the review took place

(continued)

The General Qualification Standard (cont'd)

Both of two requirements must be met.

1. Basic Education and Experience Requirement (continued)

Now for the good news.

- ▶ Enrolled Actuaries are deemed to meet the basic education and experience requirement of the General Qualification Standard in the pension practice area.
- ▶ An actuary need only satisfy the basic education and experience requirement in an area of practice once.

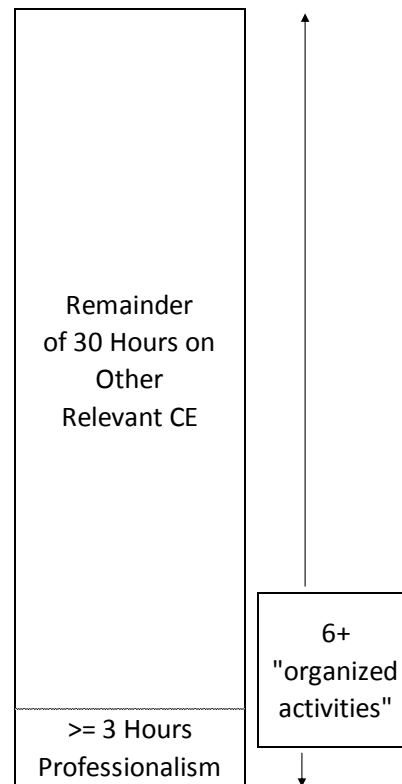
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The General Qualification Standard (cont'd)

Both of two requirements must be met.

2. Continuing Education Requirement

Actuaries *are required* to complete *and to document* each year



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The General Qualification Standard (cont'd)

Both of two requirements must be met.

2. Continuing Education Requirement

When must the 30 CE credits be earned?

- ▶ Typically in the Calendar Year preceding the year in which the actuary issues the SAO
- ▶ If the 30-hour requirement is NOT met in the year preceding the time when an actuary must issue an SAO, then
 - ▶ the shortfall can be earned in the same year *prior to issuing the SAO* and
 - ▶ the hours earned to satisfy the shortfall cannot be applied to satisfy the CE for the current year

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The General Qualification Standard (cont'd)

Both of two requirements must be met.

2. Continuing Education Requirement

Example

James McActuary earns 30 hours CE credit in 2014 and meets all other General Qualification Standard requirements. He can issue SAOs in his area of practice in 2015.

In 2015, Mr. McActuary earns 33 hours of CE credit, none of which involve professionalism. In 2016, Mr. McActuary must earn 3 hours of professionalism credit before issuing SAOs. Those 3 hours of professionalism credit do not meet his requirement—for professionalism or otherwise—toward credits required to issue SAOs in 2017.

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The General Qualification Standard (cont'd)

Both of two requirements must be met.

2. Continuing Education Requirement

What is *relevant* CE?

CE is “relevant” if

- a. it broadens or deepens your understanding of one or more aspects of the work an actuary does OR
- b. the material expands your knowledge of practice in related disciplines that bear directly on an actuary’s work OR
- c. it facilitates your entry into a new area of practice.

Relevant CE also includes business and consulting skills topics and professionalism topics.

It’s your responsibility to make a reasonable, good-faith determination.

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The General Qualification Standard (cont'd)

Both of two requirements must be met.

2. Continuing Education Requirement

What activities count for CE?

- a. “Organized Activities” include conferences, seminars, webcasts, in-person or online courses, or committee work that is directly relevant to the area of practice of the subject of the SAO. A requirement is that the activity involves interaction with actuaries or other professionals working for different organizations.
- b. “Other Activities” might involve reading articles, statutes, regs, books, or papers or even writing them; listening to recordings or watching videos of relevant seminars or webcasts; studying for actuarial exams; and others.

Special rules may apply to EAs.

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The General Qualification Standard (cont'd)

Both of two requirements must be met.

2. Continuing Education Requirement

Are there any special rules?

- a. An actuary who issues an SAO that blends elements from two or more areas of actuarial practice is deemed to meet the Standard if the actuary meets the basic education and experience requirement in any one area.
- b. An actuary who issues SAOs in multiple distinct areas of actuarial practice must fully satisfy the basic education and experience requirement in each area.
- c. Two or more actuaries whose basic education, experience, and CE complement each others' may jointly issue an SAO if their collective basic education, experience, and CE are appropriate to all areas covered by the SAO.

All actuaries must consider Precept 2 of the *Code* prior to issuing any SAO.

For details, consult the *Qualification Standards* and the *Code*.

Acknowledgement of Qualification

“A Statement of Actuarial Opinion should include an appropriate acknowledgment of qualification....” (section 5)

The *Qualification Standards* provides this as a guide:

“I, [Name], am [Position] for [Company]. I am a member of the American Academy of Actuaries [or other organization] and I meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.”

I provided the following to a state insurance commissioner on a document I was requested to submit:

“The author represents both the Company and himself as a professional. He is a Member of the American Academy of Actuaries and meets the *Qualification Standards* of the American Academy of Actuaries to render the actuarial opinions contained herein.”

Discussion Item

An actuary works for a large insurance company.

He obtained his fellowship in the SOA or CAS a dozen years ago and is a member of the American Academy of Actuaries.

His title within the organization is “Assistant Actuary.”

He works in valuation and has three students, none of whom has professional credentials, reporting to him.

He did not complete the 30 hours of CE in 2013.

He informed company management in late 2013 that he would not complete the 30 hours of CE.

He continues to perform his job in 2014.

Comment on the situation.