

New 2022 U.S. Qualification Standards for Practicing Actuaries



- **Esther Becker** – ACAS, MAAA, Partner, Central Zone Leader, Oliver Wyman
- **Matt Knepper** – ACAS, MAAA, Director of Channel Operations, Main Street America Insurance
- **Pat Teufel** – FCAS, MAAA, Adjunct Professor, Actuarial Science Program, University of Connecticut



Disclosures



Legal Disclosure

The views expressed by the panelists are their own and may not necessarily reflect do not necessarily represent the official statements or opinions of the ABCD, ASB, any boards or committees of AAA or CAS, or any other actuarial organization, nor do they express the opinions of their employers.



Non -Legal Disclosure

The US Qualification Standards, ASOP's and Code of Conduct allow for grey areas of interpretation. Anytime you have a question on any other professionalism document or situation consult the ABCD.





Agenda

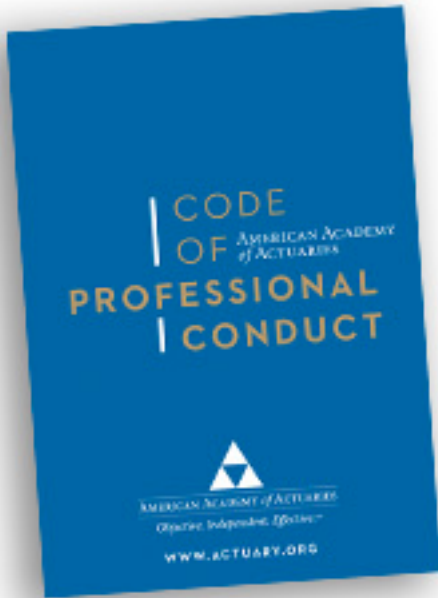
1. What are our Professionalism Requirements
2. Overview of the US Qualification Standards
 - a) What are the USQS and who do they apply to?
 - b) What is a “Statement of Actuarial Opinion”
 - c) Section 2 - General Requirements
 - d) Section 3 - Specific Requirements
 - e) Acknowledgement, Recordkeeping and CAS Attestation



What are CAS Professionalism Requirements?



CAS Code of Professional Conduct



Precept 1: Professional Integrity

Precept 2: Qualification Standards

Precept 3: Standards of Practice

Precepts 4 - 6: Communications & Disclosure

Precept 7: Conflict of Interest

Precept 8: Control of Workproduct

Precept 9: Confidentiality

Precept 10: Courtesy & Cooperation

Precept 11: Advertising

Precept 12: Titles and Designations

Precepts 13 -14: Violations of the Code of Professional Conduct



CAS Code of Conduct 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.

2-1 It is the professional responsibility of an Actuary to observe applicable qualification standards that have been promulgated by a Recognized Actuarial Organization for the jurisdictions in which the Actuary renders Actuarial Services and to keep current regarding changes in these standards





Overview of the US Qualification Standards & Recent Changes





What is the USQS' Purpose?

- Per Precept 2 – AAA members are only intended to perform “Actuarial Services” when qualified to do so
- Which means having achieved basic education and experience requirement, maintaining continuing education and only when one satisfies the Qualification Standards
- May include advice and *opinions* based upon actuarial considerations, ...
- Including the issuance of **Statements of Actuarial Opinion**



Who does the USQS apply to?

Definition of an Actuary

Previous:

- One who is a member of the Academy, ASPPA, CAS, CCA, SOA or any actuarial organization that is not U.S based but requires its members to meet the Qualification Standards when practicing in the United States. (*Section 1 footnote*)

Current:

- One who is subject to the *Code of Professional Conduct* by being a member of a U.S. based actuarial organization, regardless of if they are also members of the American Academy of Actuaries, are subject to the USQS (*Section 1*)






Statement of Actuarial Opinion

For purposes of the Qualification Standards, a “Statement of Actuarial Opinion” (SAO) is an opinion expressed by an actuary while performing Actuarial Services and intended by that actuary to be relied upon by the person or organization to which the opinion is addressed.

In other words – almost everything you do as an actuary!!





Some Characteristics of Statements of Actuarial Opinion

- Internal company communication if contains actuarial content intended to be relied upon
- Can be Written or Oral
- Does not need to be formal report (e.g email)
- May or may not be a public document
- Must have actuarial content !

Examples of SAO

SAO

- Reserve opinions
- Rate filing documentation
- Expert testimony
- Ratemaking opinion
- Pricing opinion
- Management reports on actuarial topics




May Contain SAO

- Slide presentation
- Speech
- Phone conversation
- Data call certification



When is USQS *not* intended to apply

- Actuary by training but holds position that is non-actuarial in nature or has non-actuarial aspects
- May issue oral or written statements by virtue of the positions they hold and not because they are actuaries
- USQS not intended to apply to such statements, even though they may happen to have actuarial aspects
- If common for those holding comparable positions, whether or not they happen to be actuaries, to issue such statements, this is evidence that the USQS are not intended to apply.



Which of these is a Statement of Actuarial Opinion?

- A. The 2020 Calendar Year Loss Ratio is 58.5%
- B. The San Diego Padres will win the 2022 World Series.
- C. “We need to re -underwrite the book to achieve a lower loss ratio” – Chief Underwriter who has actuarial credentials
- D. Auto claims frequency was down in 2020.
- E. Homeowners claims severity will continue to rise.
- F. A 2020 Actuarial Opinion on company claims liability for the NAIC annual statement.





Section 2 - General Qualification Standard





Section 2

General Qualification Requirements

An actuary who issues a Statement of Actuarial Opinion when providing Actuarial Services must satisfy the General Qualification Standard.

- A. Basic Education Requirements
- B. Experience Requirements
- C. Continuing Education Requirements



General Qualification Requirements

Basic Education and Experience



Have achieved a Fellow or Associate designation from either the Society of Actuaries (SOA) or the Casualty Actuarial Society (CAS), have achieved the Enrolled Actuary (as defined in section 2.1.1) designation, or be a current or former Member of the Academy.



Have ***three years*** of responsible actuarial experience, which is defined as work that requires knowledge and skill in solving actuarial problems.



Be knowledgeable, through education or documented professional development, of the U.S. Law applicable to the Statement of Actuarial Opinion, and U.S. actuarial practices and principles.

“Law” is defined in the Code of Professional Conduct as statutes, regulations, judicial decisions, and other statements having legally binding authority.



General Qualification Requirements

Basic Education Requirements

Previous Language:

Be a Member of the Academy, a Fellow or Associate of the SOA or the CAS, a Fellow of the CCA, a Member or Fellow of ASPPA, or a fully qualified member of another IAA -member organization

New Language:

Have achieved through education or mutual recognition a Fellow or Associate designation from either the Society of Actuaries (SOA) or the Casualty Actuarial Society (CAS), have achieved the Enrolled Actuary (as defined in section 2.1.1) designation, or be a current or former Member of the American Academy of Actuaries through its approval process





General Experience U.S.-Specific Knowledge



New Language (2.1.c)

“Be knowledgeable, through education or documented professional development, of

- 1) the U.S. Law applicable to the Statement of Actuarial Opinion, and
- 2) U.S. actuarial practices and principles.

“Law” is defined in the Code of Professional Conduct as statutes, regulations, judicial decisions, and other statements having legally binding authority.



General Qualification Requirements

Subject Area Knowledge

New Language(2.1.d)

“In order to issue Statements of Actuarial Opinion in an **area of actuarial practice** or any particular subject within an area of actuarial practice...”

Fellows have two options:

2.1.d.(1)(i): **Fellow** in SOA, CAS, or highest designation in a non-U.S. actuarial organization; **AND** have completed relevant education to the subject either when an actuary attained their designation or by completing additional education relevant to the subject of the SAO.

2.1.d.(1)(ii): **Fellow** in SOA, CAS, or highest designation in a non-U.S. actuarial organization; **AND** have *one year of experience in the particular subject under review of an actuary qualified to issue the SAO*

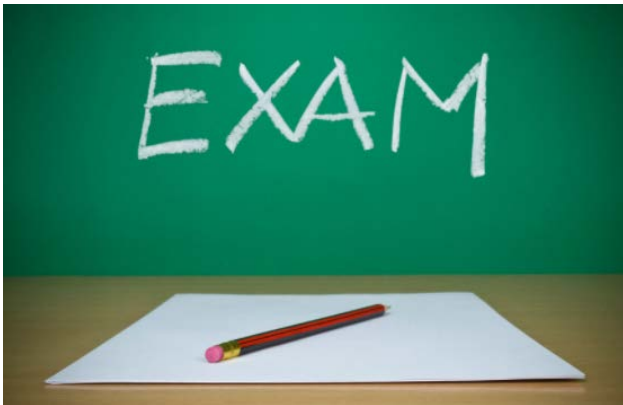
Associates will need to comply with 2.1.d.(2) which requires *three* years of experience in the particular subject *under review of an actuary qualified to issue the SAO*



General Qualification Requirements

Basic Education and Experience

Only need to meet Basic Education and experience requirement once



If an actuary met the basic and experience requirement under prior versions of the USQS, the actuary is not required to meet any subsequent version of basic education and experience requirements of the USQS.

New General Qualification Requirements Continuing Education



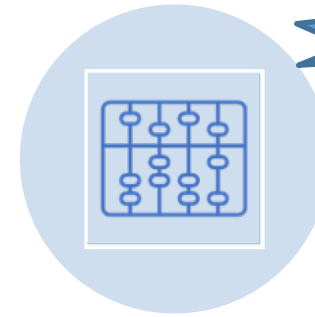
AT LEAST 30 HOURS
EACH YEAR OF
RELEVANT
CONTINUING
EDUCATION.



AT LEAST 3 OF THE
30 HOURS MUST BE
ON
PROFESSIONALISM
TOPICS.



AT LEAST 6 OF THE
30 HOURS MUST BE
ORGANIZED
ACTIVITIES.



AT LEAST 1 HOUR
MUST BE ON BIAS
TOPICS

General Qualification Requirements

What is Relevant?



1. Does it broaden understanding of the work an actuary does?
2. Does it expand knowledge of related disciplines that bear on an actuary's work?
3. Does it facilitate entry into a new practice area?

It is an actuary's responsibility to make a reasonable, good-faith determination of what continuing education opportunities will enhance an actuary's ability to practice in a desired field.



General Qualification Requirements

What is Professionalism?

- Topics covered include content on the Code of Professional Conduct (Code), Actuarial Standards of Practice (ASOP) and related actuarial professional guidance
- Studying, reviewing, or providing input on an Exposure Draft of an ASOP
- Studying or reviewing the Code
- Studying or reviewing qualification standards
- Serving on the ASB or the ABCD
- Serving the CAS Professionalism Education Working Group (*shameless plug!!*)



ACTUARIAL STANDARDS BOARD

Just because a session covers “ethical behavior” does not make it professionalism content.



General Qualification Requirements

What is Organized?

Interaction with other actuaries working for different organizations

Conferences

Seminars

Live Webinars

In-person or on-line course

Committee work

In-house meetings count only if there is an outside speaker.

Webinars and virtual meetings count if they are *Interactive*





General Experience Bias Topics

New Wording (2.2.6.b)

Bias topics include content that **provides knowledge and perspective** that assist in *identifying* and *addressing* biases that may exist in data, assumptions, algorithms, and models that impact Actuarial Services.

Biases may include but are not limited to *statistical, cognitive, and social biases*



General Qualification Requirements

General Business Skills

New Language (2.2.6.a)

General business skill topics include content that assists in developing client relationship management skills, presentation skills, communication skills, project management, and personnel management.



General Qualification Requirements

Does DE&I count as professionalism, bias or general business skills?

AAA FAQ #47

Diversity, equity and inclusion (DE&I) training may count toward professionalism, bias or general business skills. As an example, the training may count as professionalism if focused on how DE&I should be considered in complying with the Code & ASOP's. Company ethics courses closely aligned to professional conduct may also count as professionalism.



General Qualification Requirements

CE Requirements

- 50 minutes = 1 hour of CE
- Generally earned the calendar year before making a SAO **or** may be earned in the same year if the hours are earned **before** issuing a SAO **and** are not counted for the next year.
- Excess hours can be carried forward 1 year
- Max of 3 hours of general business skills
- Certify on CAS website each year



General Experience

What if you just got your ACAS?

An actuary must have met the following requirements for basic education and experience and continuing education before issuing a Statement of Actuarial Opinion

- There is **no** grace period for CE. You must meet the CE requirements for the CURRENT year if making SAOs.
- The CAS application for membership now requires an initial attestation.
- CAS CE policy says that attestation not due until the end of the year but does reference different requirements for USQS.
- **YOU MUST MEET ALL REQUIREMENTS IF YOU ARE A NEW ACAS ISSUING AN SAO**



Which precept of the Code of Conduct is cited in the first paragraph of the USQS

- 1
- 2
- 3
- 14



Which is NOT true according the USQS

- An hour of CE is defined as 50 minutes
- There must be at least six hours of "organized activities"
- There must be at least three hours of "business skills"
- The total requirement is 30 CE hours per calendar year



According the USQS, which of the following would NOT be an organized activity?

- Watching a recorded webinar on Stochastic Reserving
- Watching a live webinar on Interest Rate Generators
- Attending a CAS Webinar
- Participation on a CAS or AAA research committee



According to the USQS, Continuing Education is relevant if:

- It meets the "look in the mirror" test from Precept 2
- It broadens or deepens one's understanding
- It's sanctioned by an IAA member organization
- All of the above



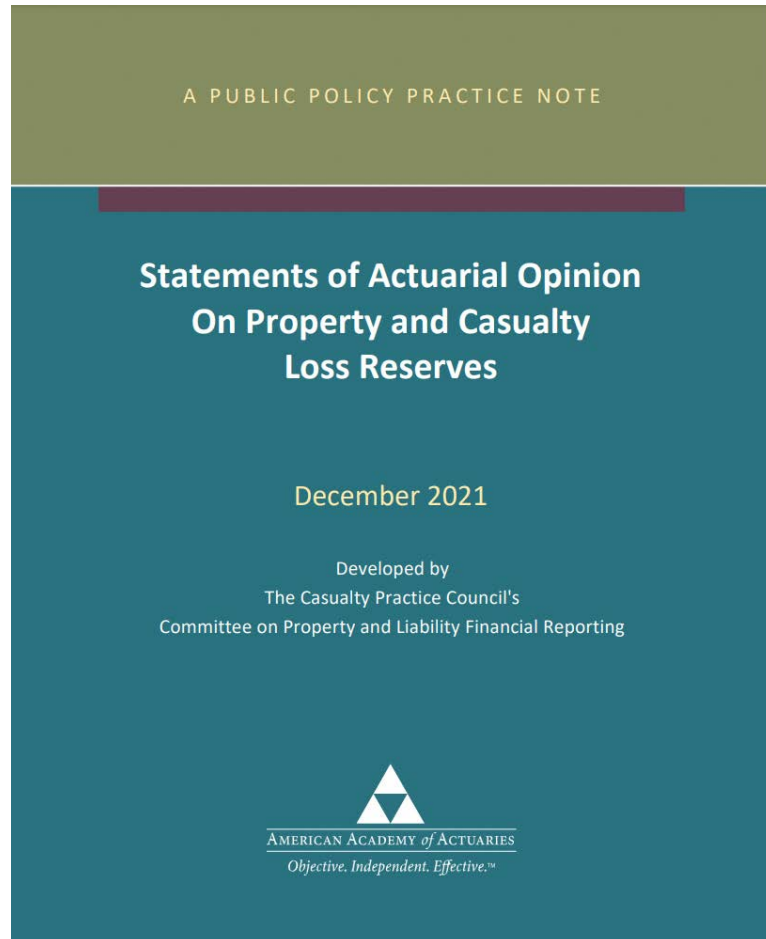


Section 3 - Specific Qualification Standards



Section 3

Specific Requirements



Specific Requirements for CAS Actuaries only apply if you are an Actuary issuing a Statement of Actuarial Opinion, NAIC Property and Casualty Annual Statement

(Appointed Actuaries)





Specific Requirements Basic Education

An actuary should successfully complete relevant examinations administered by the ..the Casualty Actuarial Society 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.

The NAIC has defined this as an ACAS with credit for CAS Exam 6 US (Finance and Regulation) and CAS Exam 7 (Estimation of Policy Liabilities, Valuation, and ERM)





Specific Requirements Basic Education

New Language (3.1.1.2)

- An actuary should successfully complete relevant examinations administered by the American Academy of Actuaries, the Casualty Actuarial Society, or the Society of Actuaries on the following topics:



Specific Requirements

Experience Requirement



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.

Specific Requirements CE Requirement

Minimum of 15 hours relevant to

- Principles of insurance and underwriting
- Principles of ratemaking
- Statutory insurance accounting and expense analysis
- Premium, loss, expense, and contingency reserves;
- Social insurance.

At least 6 of the 15 hours must be *interactive*

- These 6 hours can also count for the General CE requirement

Must meet other general requirements

- In order to meet Specific CE requirements, you must also meet general CE requirements





Acknowledgement of Qualification Recordkeeping & CAS Attestation



Section 5

Acknowledgment of Qualification

A Statement of Actuarial Opinion should include an appropriate acknowledgment of qualification, such as the following:

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.

See ASOP 41 for additional guidance



Documentation and Attestation

- Actuaries must keep appropriate timely records that their CE requirements have been met.
- Records should be maintained for at least 6 years

Notes: An hour equals 50 minutes.

Total hours must include at least 6 hours of organized activities, at least 1 hour of bias topics, at least 3 hours of professionalism, and a maximum of 3 hours of business skills topics.

Continuing Education Hours									
Date	Sponsor or Activity	No. of hours	Subject	Area of actuarial practice	Specific Qualification Standard	Organized Activity Y/N	Professionalism Y/N	Bias Topics Y/N	Business Skills Y/N



Documentation and Attestation

- CAS requires members to attest to their CE compliance at the end of every year. Not attesting by January 31 will result in the member marked as “Not in Compliance” on the CAS website.
- CAS office will randomly select about 1% of the membership to review CE records for compliance (about 100 records).
- Excel sheet available on the CAS website that meets CAS, AAA, and NAIC requirements



Specific Requirements

NAIC Requirements for Appointed Actuaries

- Must attest to meeting Specific Requirements when attesting on CAS Website

COMPLIANCE STATUS

My Account Menu ▾
Back to My Profile

Attestation Year	Attestation
2012	I have comp
2013	I have comp
2014	I have comp
2015	I have comp
2016	I have comp
2017	I have comp
2018	I have comp
2019	I have comp
2020	I have comp
2021	I have comp

Edit - Individual CE Attestation

name: Williams Kendall P.
attestation year: 2021

Required

compliance attestation: I have complied - NAIC Statement of Act

Please select
I have complied
I have complied - NAIC Statement of Actuarial Opinion
I have not complied
Not providing actuarial services
US Qualification Standard

Save Cancel

- For 2021 CE, must track additional documentation for Specific CE in addition to documenting USQS requirements. (Not required for 2022 CE)

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

A one-hour training led by your company HR partner on increasing diversity hiring practices would count as

- Interactive CE
- Professionalism CE
- General Business Skill CE
- None of these



As a newly minted ACAS. Which USQS must you meet in order to make a SAO

- Basic Education
- Three years Experience
- Continuing Education
- All of these



When and Where do CAS members attest to meeting CE requirements

- Every January on the CAS website
- Every December on the CAS website
- By July 1 on the American Academy Website
- Attestation is not required



Which of the following is NOT part of the 2022 changes to the USQS

- Required to have a U.S. based basic education credential or be a current or former AAA member
- Applicable experience requirement changes to 4 years.
- New guidance on general business skills
- Additional 1 hour of Bias training required



Certain one hour CE sessions could meet both Bias and Professionalism requirements

- True
- False
- I don't know
- I hit the wrong button





Questions?

